



**Submission to the
Independent Pricing and Regulatory
Tribunal of New South Wales**

**CityRail Fare Review
StateRail Authority of NSW**

May 2003

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Appendix A: CityRail income & expenses 1997/8 to 2002/3

1 Executive summary

StateRail is committed to:

- Safe and secure, clean and reliable movement for our customers
- Friendly, accessible and informative service, in a financially responsible manner.

StateRail is investing in a range of initiatives to improve customer service and provide a safer, more reliable and comfortable rail experience.

It costs \$5.9 million a day to run the suburban rail network, including buying, maintaining and cleaning rail carriages.

Revenue from fares raise less than \$1.3 million a day.

The Government pays for most of the balance. This cost \$1.3 billion in 2001-02 and is forecast to grow to \$1.5 billion in 2002-03.

In 1999-00 fares paid for 26.7 per cent of the costs of running the suburban rail system. Last year that had fallen to 24.0% and is forecast to fall further this year to 21.7%.

In the past year service quality throughout StateRail has improved. Nearly 92 per cent of peak services ran on time in the year to March 2003.

In the same period only 0.5 per cent of scheduled services were cancelled.

Major improvements in the last year include – 300 transit officers, shorter cleaning cycles, rollingstock refurbishment, new rail carriages, canopies, station upgrades, and enhanced passenger security systems.

This involved spending more than \$418 million on capital projects.

The cost of running the rail network has risen by \$440 million in the past three years as a result of improvements in reliability, rail safety and passenger comfort.

In the same three-year period rail fares fell by 3.2 per cent in real terms.

City Rail did not seek real fare increases because of acknowledged service problems, including a significant drop in on-time running in 99/00 before the Olympics.

Submission

Clearly service can be further improved.

In the coming year the SRA will be further improving the service and quality of rail travel by spending

- \$182 million on purchasing new train carriages;
- \$36 million on extending the rail infrastructure;
- \$36 million on upgrading existing train carriages;
- \$24 million on station upgrades;

- \$65 million in security services and
- \$47 million in rollingstock and station cleaning.

CityRail seeks a fare rise for 2003-04 that would see increased contribution of the farebox to the cost of running the suburban rail network.

In light of the Ministerial Inquiry being conducted into public transport fares, it would be appropriate to consider CityRail's proposed fare increase for the next twelve months in respect of CPI and should take into account service improvements, with longer term pricing paths to be considered by the Inquiry.

2 Introduction

2.1 Background

StateRail provides government passenger rail services through its CityRail and CountryLink operations. CountryLink services are not subject to determination by the Independent Pricing and Regulatory Tribunal (IPART) and are not included in this submission.

CityRail operates services to metropolitan Sydney and surrounding regional areas as far as Dungog and Scone in the Hunter Valley to the north, Lithgow to the west and Goulburn and Bomaderry in the south. During 2001-02, CityRail provided 276.4 million passenger journeys across 306 Stations.

CityRail is responsible for the provision of passenger rail services. It owns the trains, owns and operates stations, provides train crews and station staff and sells tickets through a network of ticket offices and vending machines. It also provides train control and signalling staff who control the movement of trains around the network.

CityRail's trains use the rail network owned and operated by the Rail Infrastructure Corporation (RIC). CityRail pay an access fee to the RIC together with part of the funding to the RIC for capital investment in new infrastructure.

StateRail's CityRail operations are declared "government monopoly services" under Section 4 of the Independent Pricing and Regulatory Tribunal Act 1992, making all fares for CityRail services subject to determination by IPART.

Rail fare levels balance many competing objectives. Some of the issues considered in setting public transport fares include:

- An equitable split between users of the system, other beneficiaries and taxpayers
- A desire to maximise public transport patronage due to the environmental and social benefits
- Raising sufficient revenue to fund operations and improvements.

Over the last three years fares have declined by 3.2 % in real terms increasing the burden on the taxpayers and reducing the funding available for initiatives to improve customer service. There are several ways the contribution to CityRail from taxpayers could be reduced. These include:

- Greater farebox revenues through higher ticket prices
- Greater farebox revenues through reduced fare evasion
- Improvements in efficiency and reductions in total costs

StateRail is examining ways of reducing costs and improving efficiency, however the trend for increasing service expectations drives costs faster than savings can be realised. This can be observed in the costs of increased station security, the addition of Transit Officers, improved information, easy access improvements and the enhanced on-board information and comfort of the new rolling stock. Cost cutting in areas of customer service, reducing expenditure on rail system growth as Sydney expands or not upgrading trains is not supported by customers.

2.2 Recent changes to the rail sector

As a result of portfolio changes after the recent New South Wales election, the new Transport Services Minister, Mr Michael Costa has announced a restructure to better provide safer public transport, greater reliability and enhanced cleanliness.

Stages one and two of the restructure involves:

- Creation of the Transport Safety and Reliability Regulator who is independent and answerable directly to the Minister. The independent regulator will have the authority to investigate transport accidents, set safety standards, advise Government on appropriate performance standards and conduct safety and performance audits.
- Restructuring Transport NSW by replacing the nine existing divisions with a NSW Ministry of Transport comprising four branches focussed on providing policy advice to the Minister.
- Separating the roles of Director General of Transport and Coordinator General of Rail.
- Integrating the greater metropolitan region functions of the RIC with StateRail commencing January 1, 2004.

The restructure is the first step in increasing accountability and transparency at all levels of the transport system. It will also separate out policy from operations enabling each group to focus on their area of responsibility.

2.3 About StateRail business and markets

StateRail operates passenger rail transport throughout NSW via the CityRail and CountryLink services. CityRail provides travel between Dungog in the Hunter, Lithgow in the west and Goulburn and Bomaderry in the south. Long distance travel is provided by CountryLink, which operates services throughout NSW and to Brisbane and Melbourne.

CityRail provides services to three major market segments:

- Commuters travelling to and from work – especially to the Sydney CBD, lower North Shore and Parramatta where the majority of employment is located. The majority of commuter travel occurs between the peak hour periods of 6am to 9am and 4pm to 7pm.
- Leisure and off-peak travel, with the most common destinations also being the Sydney CBD and major centres. Travel is spread more evenly throughout the day, encouraged by lower off-peak fares.
- Special events – major sporting fixtures, Easter Show, New Year Eve, and other events at Homebush Bay. Event travel comprises two peaks before and after the event, most often on weekends.

The CityRail system is designed to cater for the capacity needs of the commuters as they represent the maximum rail passengers on the system at any one time. This results in commuters driving the costs of the system supporting the argument that commuters should pay a higher fare than off-peak passengers.

The leisure and off-peak segment offers a growth opportunity as it utilises existing capacity and resources during periods of low demand from the commuter market.

CityRail is contracted to offer discounted fares to many groups including students, senior citizens, pensioners and welfare recipients. The NSW Government funds these concessions to ensure equitable access to rail services for all members of the community. CityRail also offers half fare travel for children less than 16 years of age and family discounts.

CityRail offers a range of ticket products to encourage customers to plan ahead and obtain discounts by purchasing multi-trip tickets, travel in the off-peak or combine rail, bus and ferry tickets when using multiple modes of transport.

2.4 Our customers

CityRail provides rail services to customers with different needs and varied service expectations.

Customer profiles show almost half of all journeys made on a weekday are commuters travelling to work or on work-related trips (1). Social/recreational and educational trips are the next most popular reason for taking rail travel. Journeys on weekends are predominantly social/recreational trips.

The income distribution data shows rail travellers' fall into two main groups – about 32 % earning income less than \$11,000 pa representing the student and retired customers and about 40 % representing employed commuters engaged in white collar activity (2).

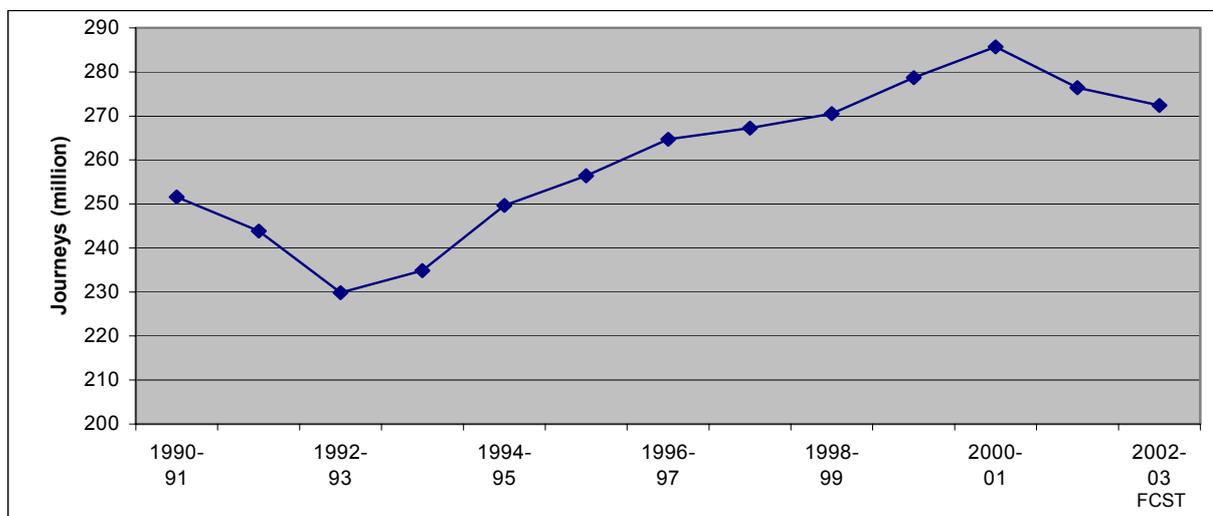
Ticket purchase patterns also reflect customers needs with 30 % of customers purchasing single and return tickets, 21 % purchasing off-peak and concession tickets and 49 % purchasing periodicals. The commuters, who drive the needs of the system and thus the costs, are also the customers who are most likely to take advantage of the discounted periodical tickets. A reduction in the discount for weekly and other periodical tickets towards a maximum of 20 % off the price of ten single tickets is not unreasonable to allow CityRail to recover a greater share of operating costs.

(1) Department of Transport , Train Users in Sydney 2001

(2) Department of Transport Household Interview Survey 1999

2.5 CityRail annual passenger journeys

Graph 2.5 CityRail Passenger Journeys



Note : Excludes Olympic patronage (1)

CityRail patronage has grown by 20 million journeys since 1990 and 42 million journeys since the low experienced during the 1992 recession.

CityRail growth has averaged 0.7 % pa since 1990 with significant growth in patronage in the lead up to the Olympics. This was due to the rise in temporary visitors to Sydney and the growth in events located at Olympic Park.

Periods of falling patronage in 1975/8, 1991/2 and 2001/2 correspond with periods of national economic downturn, improved road networks and the increased affordability of cars after the introduction of GST in 2000.

Patronage growth impacts the capital investment required to grow system capacity and services as well as increasing the operating expenses.

Various surveys have identified a large range of factors, apart from price, that determine a person's choice of transport. A major factor given by car users is the inaccessibility of buses or trains. Flexibility and door to door travel times have been identified as more important than cost for car users. Only 20 % of public transport users in the Household Travel Survey stated they used public transport because it was cheaper. A study by The Centre for International Economics showed changes in fares do not have a major impact on patronage levels

Whilst patronage has grown over the last five years, the growth has occurred in discounted tickets with periodical and weekly tickets increasing by 9 % whilst single and return tickets declined by 5 %, reducing the revenue per journey as more customers take advantage of the generous weekly discounts.

(1) StateRail Stations Operations data

2.6 External benefits of rail

In addition to rail being a very efficient mode of transport it provides significant social, environmental and investment benefits to the community. The availability of CityRail services provides a substantial private benefit to individual rail users, road users and the community at large (1).

A peak CityRail train can carry 2,400 passengers throughout its journey and over 1,200 passengers at the peak maximum loading point, usually approaching the CBD. Two trains can move as many people as an hour of peak traffic on one lane of freeway (2) or 35 fully laden buses (3).

These benefits are particularly significant for large employment centres such as the Sydney CBD. Without the extensive rail services currently provided by CityRail the city would need to provide an additional 100,000 car parking spaces and 1,700 additional buses (4). The congestion and environmental cost would also be significant. Air and noise pollution would increase significantly without the extensive rail system servicing Sydney.

Other beneficiaries of the rail system are the property holders in the city and along the rail corridor who realise higher property prices as a result of the availability of the rail services. Car users also benefit by the reduction in road traffic from the many users who opt to catch a train rather than drive and the reduction in road accidents from having fewer drivers on the road. If CityRail did not operate, workers driving to the CBD would encounter significant additional daily traffic delays.

These beneficiaries, as well as the general community who benefit from the environmental gains, contribute towards the rail operating and infrastructure costs through the Government contributions funded from taxes.

A study to quantify the value of CityRail to the community of NSW was undertaken by StateRail during 2001 (5). It noted is important to quantify the benefits and costs of CityRail to:

- assist the community in understanding the magnitude of the benefits they receive
- assist in the formulation of policies to address the appropriate level of expenditure by the community and
- facilitate project evaluation/investment decisions.

Note :

- (1) Centre for International Economics 2000. The Economic Benefits and Costs of CityRail to the Community.
- (2) Based on an occupancy rate of 1.2 people per car
- (3) Based on 70 passengers per bus
- (4) Based on half using car and half taking a bus
- (5) StateRail study by Rail Development 2001

CityRail provides direct benefits and costs through the provision of rail services to the people of Sydney and regional areas. Indirectly it effects benefits and costs associated with the metropolitan transport system through its operation as a substitute for private transport.

The provision of the rail system impacts on:

- road congestion
- traffic noise
- traffic accidents and
- car operating costs

to the extent to which demand for private transport is reduced by the supply and demand for CityRail services.

The study has calculated the value of CityRail as the sum of:

- the producer surplus/loss (CityRail operating loss),
- rail user benefits (consumers perceived benefits above the fare they pay),
- avoided congestion and
- externality costs (increased accidents, air and noise pollution, greenhouse gas emissions and road damage).

The sum of these costs and benefits is a net benefit to the community of the order of \$850 million per annum. The benefit to subsidy ratio calculated is 2.0 reflecting every dollar invested by the community in CityRail returns a \$2 benefit.

2.7 Fares comparison

CityRail provides a value for money service to customers. Comparison of travel modes in Sydney shows customers pay less and arrive at their destinations faster via rail than by other public transport alternatives.

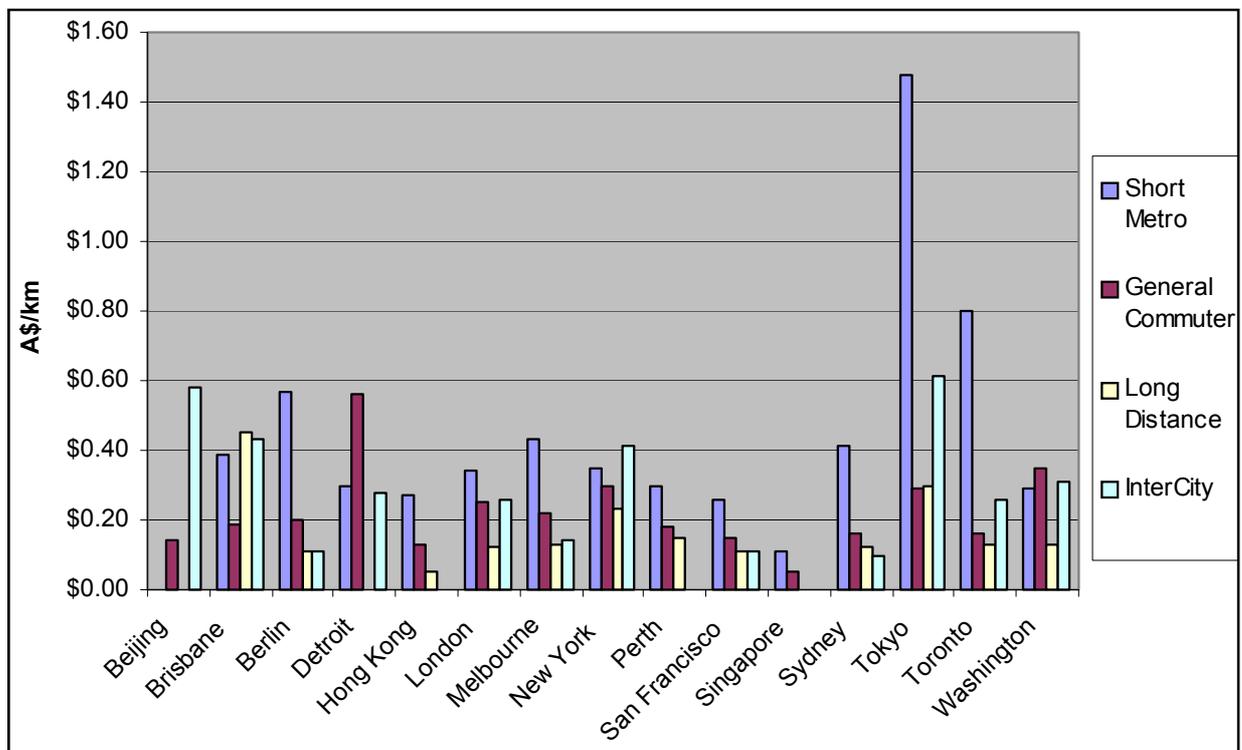
Comparisons of CityRail fares against other public transport options in Sydney show rail fares are significantly lower than the alternatives of bus and ferry. Apart from two section bus fares (up to about 3.2km) which are covered by rail in a 0-5km ticket, rail fares are in the order of 25 % lower than buses and over 60 % lower than ferries. This is despite rail services costing significantly more to provide than bus and ferry services due to the infrastructure requirements.

The lower rail fares are partly a result of the lower price increases awarded over the past three years where rail fares increased by a nominal 13.8 % whilst bus fares increased by 16.0 % and ferry fares increased by 16.3 %.

In addition to rail fares being lower than alternative modes of transport, rail also offers a faster service. Journey time comparisons show rail journeys are significantly quicker than both bus and ferry journeys.

Faster rail journeys are very important to customers, as journey time is a key variable determining rail patronage.

Graph 2.7 Fare Comparison Australian & International Railways



Prepared by Arup Transportation Planning in January 2002 for the RIC

Graph 2.7 above compares the cost of rail travel in Sydney with other Australian and international cities. The comparison shows adult single peak fares are relatively cheap in Sydney in comparison with other cities.

Sydney was ranked:

- 6th cheapest of the nine international cities for short metro trips.
- 4th cheapest of the ten international cities for general commuter trips.
- 4th cheapest of the eight international cities for long distance trips.
- Cheapest overall of the eight international cities for InterCity trips.

Whilst Sydney is relatively expensive for the short metro style trip (up to 6km) it becomes comparatively cheap as the journey distance increases. With the geographic spread of the Sydney population the majority of customers have journeys greater than 5km.

2.8 IPART's determinations

2.8.1 Major review findings

In 1996, IPART performed a major review of public transport fares which resulted in IPART recommending that real increases of 15 % in CityRail fares be achieved over the next four years to achieve a more even balance between taxpayers' and customers' contributions to the rail system. The tribunal and CityRail identified various anomalies for correction, such as reducing the generous discount for weekly and periodical ticket purchasers.

Other recommendations that resulted from the final report included:

- Endorsement of the rationalisation of the fare structure.
- Endorsement of the master fare schedule.
- Recommendation that CityRail continue to pursue a reduction in costs and improvements in productivity to improve cost recovery.

2.8.2 Status of fare restructure

Consistent the strategy over the past few years, CityRail is moving to make the fare structure easier for customers to understand and more efficient to manage. This can be achieved by streamlining the number of fares offered and simplifying the relationship of all tickets to the adult single fare.

Whilst some rationalisation has occurred to date, there are still areas where fares are lower than those that would result from a strict application of charges per kilometre. The generous discount given to weekly and periodical tickets is another area where improvements are still required.

Adjustments proposed in this submission include a reduction in the discount on the off-peak adult return fare in preparation for introducing an off-peak single fare when integrated ticketing is introduced. This reduction in discount is sought to ensure CityRail's revenue position remains unchanged with the introduction of the off-peak single fare.

2.8.3 Last year's determination

In 2002 StateRail sought and was awarded a nominal weighted average increase of 2 % in CityRail fares.

In IPART'S 2002 determination several issues were raised for action. Progress on the implementation of those issues is detailed in section 2.9 below.

2.9 Issues raised in the 2002 determination

2.9.1 Customer Service Commitment

CityRail has developed and released a Customer Service Commitment to outline the level of customer service CityRail is working to achieve. It sets out service reliability and passenger service standards, which provide a focus for continuous improvement. The release of the Customer Service Commitment in 2001 was the first step in defining target service levels and reporting performance against the targets. As part of this process the Customer Service Commitment is being updated for release in July 2003 with more extensive information. CityRail on-time peak running and service reliability performance data is published on the CityRail web site www.cityrail.info. Additional statistics will be provided on the web site from June 2003 to provide a more extensive measure of performance.

2.9.2 Efficiency studies for CityRail

CityRail has commenced an analysis of operations and operating costs as part of a move to define efficient costs. The scope of work is and will be discussed with the Coordinator General of Rail and the new Transport Safety and Reliability Regulator to ensure a comprehensive study is carried out.

2.9.3 Assessing social impacts

CityRail has investigated the possibility to introduce a TravelTen type product for the inner city area where automatic gates are in operation. However, due to the prohibitive cost and operational changes required this product will be introduced on smartcards with integrated ticketing. This rollout is planned to commence in mid to late 2004.

2.9.4 Environmental Issues

CityRail provides many more benefits to the community apart from the obvious role in providing efficient and low cost transport. Understanding the many diverse benefits the community obtain from the rail system is an integral part of determining the resources the community should contribute to the rail system.

CityRail has prepared an evaluation of the "Value of CityRail to the Community of NSW" which analyses the external benefits of rail to NSW residents to:

- Assist the community in understanding the value they receive from the rail system.
- Assist in formulating policies to address the level of appropriate expenditure by the community.
- Facilitate project evaluation/investment decisions.

The preliminary findings from this study have been discussed in section 2.6 The external benefits of rail. Once the study is completed the findings will be provided to IPART in full to assist the community in understanding this important issue.

2.9.5 CityRail service standards

CityRail has developed an extensive range of performance indicators that will be published on the CityRail web site from June 2003. Whilst on-time peak running and service reliability statistics have been included on the site they will be enhanced to show a more extensive measure of performance.

2.9.6 Customer satisfaction surveys

A customer satisfaction survey was carried out in 2002 and published in the Annual Report. This showed a CityRail Customer Service Index of 78 %, up from 70 % in 2000. This score measures customer satisfaction on a cross section of key service dimensions including safety, cleanliness and reliability.

2.9.7 On -time running

CityRail agree that whilst on-time running is an important measure of system performance and very important to customers, it is one of many performance indicators that define the level of service to the customer. As noted in 2.9.5 CityRail has been releasing additional statistics and will enhance these for public review on the CityRail web site from June 2003.

3 CityRail's 2002-03 performance

3.1 CityRail Customer Service Commitment

CityRail's service standards are outlined in the CityRail Customer Service Commitment 2002-03 which is printed in brochures and displayed on the CityRail website in English, Spanish, Vietnamese, Arabic, Chinese and Greek. Performance against these standards is monitored on a regular basis and reported on the website. The Customer Service Commitment is currently being updated and is scheduled for re-release in July 2003.

3.1.1 Service Reliability

Performance

CityRail aims to operate reliable and punctual train services. The key targets outlined in the CityRail Customer Service Commitment and the Community Service Obligation Agreement with the Government are for 99 % of peak timetabled services to operate and for 92 % of peak services to arrive within three minutes of their scheduled arrival time (five minutes for Intercity services).

A summary by month for the last 12 months is included in the following tables.

Suburban (3 min) and Intercity (5 min) Daily Peak Services On-Time Running
12 Months to March 2003
(Adjusted for force majeure)

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
% Services On-time	95.1	92.8	91.5	92.6	92.8	94.2	93.7	91.4	92.7	93.3	83.3	87.9	91.7

On-time running for the twelve months ending March 2003 achieved 91.8 % just below the target of 92 % of peak services operated. Performance in April has been considerably better than in February and March with peak services averaging 91.7 % on-time.

Suburban and Intercity Daily Peak Services Operated
12 Months to March 2003

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
% Services Run	99.6	99.7	99.4	99.5	99.6	99.4	99.5	99.5	99.6	99.5	98.9	99.3

Peak timetabled services for the twelve months ending March 2003 achieved 99.5 % of service operated against the target of 99 % .

Initiatives

Both StateRail and the RIC have a strong focus on service reliability. A joint rail improvement coordination group, chaired by the Coordinator General of Rail, meets monthly to review performance and initiatives to further improve reliability and safety. Projects underway that specifically relate to service reliability improvements include:

- The incident recovery project to develop and practice emergency response plans for critical parts of the CityRail network.
- The \$15 million upgrade of Sydenham Signal Box.
- The replacement of overhead wiring on the city underground between Redfern and Goulburn Street.
- The \$10.5 million turnback at Central was completed in September 2002.
- The \$13 million upgrade of the Bankstown Line.
- The \$4 million upgrade of North Shore Line.
- The \$15.6 million Rail Management Centre was commissioned in December 2002.
- The \$28 million duplication of the Richmond Line between Marayong and Quakers Hill was completed in July 2002.

3.1.2 CityRail Trains

Fleet

CityRail uses around 90 % of its fleet to run the weekly timetable; 10 % of the fleet is usually out of service for maintenance or refurbishment except when major events like the Royal Easter Show require a higher fleet utilisation. The fleet utilisation of CityRail compares favourably with that of other railways.

CityRail's fleet asset management plan is updating the CityRail fleet with new improved trains. Section 3.2.2 outlines the significant investment in metropolitan, outer suburban and Hunter trains over the next 3 years.

Fleet maintenance is a high priority for StateRail. The cost of major periodic maintenance of CityRail trains has increased from \$99.4 million in the 2000-01 to \$156 million in 2002-03. This is a result of the strategy to reduce the cycle for the refurbishment of key rolling stock equipment including door equipment, window replacement, seats, Tangara air conditioning and a makeover of the train exterior through the presentation workshop.

The Millennium trains have been well received for their accessibility, ride quality, customer information system, low noise levels, high comfort levels and in-built security systems. However, they are the most technically complex train ever purchased by StateRail and are experiencing teething problems. Four Millennium trains entered revenue service in 2002-03 but were withdrawn on 10 April 2003 because of their impact on service reliability. They will be reinstated when the technical problems have been resolved.

Accessibility of CityRail trains

All new trains are designed to maximise functional accessibility for all passengers. Improved access features on new trains such as the suburban Millennium and the Hunter and Outer Suburban carriages include:

- Audio-visual passenger information
- Hearing augmentation for passengers with hearing impairment
- Allocated wheelchair space and designated priority seating for mobility impaired passengers
- Accessible help points
- CCTV monitoring
- Safety features for passengers with vision impairment including colour contrasting, audible door closing signals and down-lighting at doors
- Accessible toilets on long distance services.

Cleaning

Train cleanliness continues to present a challenge. All carriages are cleaned internally every day and receive external cleans once a week. Major cleans (detailing) are done every 30 days. Every effort is made to promptly attend to damage caused by vandals.

Since the removal of rubbish bins from 25 stations for security reasons, there has been an increase in the amount of litter left on trains. This in turn has required additional turnaround cleans and litter removal in-service. The number of cleaners engaged in keeping CityRail trains clean and removing graffiti has increased 74.6 % since 1994-95. The cost of addressing vandalism on CityRail trains alone is likely to be \$11 million in 2002-3.

Unlike buses, rail customers are allowed to eat and drink on trains, creating one of the major sources of rubbish.

3.1.3 System Safety

On 31 January 2003 a CityRail train derailed near Waterfall and seven people, including the driver lost their lives. A Commission of Inquiry has been established to investigate the causes of the accident and the adequacy of safety management systems and to identify any safety improvements deemed necessary.

- The rail industry in New South Wales has introduced or is in the process of introducing a large number of safety improvements following recommendations of the Special Commission of Inquiry into the Glenbrook rail accident.

Like other passenger railways StateRail regards the platform-train interface as a key risk area. In 1998 StateRail introduced the platform gap reduction program to reduce the risk of passengers falling between the train and platform. An audit was conducted to identify where gaps could be reduced without impacting on train movements and work commenced. In August 2002, The Minister for Transport approved a five year extension to the program to include a further 73 locations at a cost of \$5.4 million. A total of 98 platform edges have been modified to date, of which 18 have been completed in the 2002-03 financial year at a cost of \$1.7 million. This initiative has resulted in a 21 % reduction in incidents of people falling in the gap.

3.1.4 Passenger Security

CityRail's security system compares very favourably with that of other railways. In recent years new technology has been introduced to improve surveillance and provide a more secure environment for rail customers. More than 7,000 high intensity lights were installed across all stations to eliminate dark spots in the late 1990s, over 700 Help Points were installed in 2002 and 5,960 CCTV cameras were installed on stations in 2000-2001. The Millennium trains have six CCTV cameras in each carriage.

A major security initiative in 2002-03 has been the recruitment and training of Transit Officers who perform revenue protection, customer service and security functions. To date, there are 300 Transit Officers employed on the network and there will be 500 by the end of 2004. It is StateRail's intention to have a high visibility of Transit Officers, security guards, police and other uniformed railway staff to provide CityRail customers with a sense of security and to prevent crime.

Feedback from CityRail customers relating to visible increases in security, particularly the deployment of well-trained Transit Officers, has been very positive.

3.1.5 CityRail Stations

Accessibility

StateRail has a strong commitment to improve public transport for the whole community.

StateRail contributes to the Transport Disability Action Plan, which is displayed on the website for Transport New South Wales and is updated annually.

StateRail is continuing to implement a program to provide easy access at many stations throughout its network. All new stations are designed and constructed to maximise functional accessibility for passengers with disabilities. The task of making existing CityRail stations accessible is a large and complex one due to the design of most of the older stations in the network. Many of these stations have narrow island platforms and stairs which present problems for people with disabilities, people with luggage and/or with children in strollers.

The Easy Access program commenced in 1994 and to date 65 CityRail stations have been upgraded. Further detail on the Easy Access program can be found in Section 3.2.1.

Two additional programs designed to improve boarding safety include:

- A progressive \$5 million program to retrofit warning tactiles on the edge of platforms at stations that were upgraded to Easy Access without them.
- \$986,000 to provide access to portable boarding ramps at all stations throughout the CityRail network.

Other initiatives previously discussed that have had a positive impact on the accessibility of CityRail stations for passengers with disabilities include the platform gap reduction program and the installation of high-density lighting, CCTV and accessible help points on all CityRail stations.

Car Parks

In addition to the multi-level car park at Holsworthy, StateRail provided a new 39-space car park at Broadmeadow costing \$545,000 and upgraded the car park at Glenfield at a cost of \$400,000 to provide 72 parking spaces.

Canopies

In 1998 StateRail embarked on a program to gradually extend canopies on platforms to provide weather protection for passengers. Canopy extensions allow passengers to board trains along more of the platform which reduces the delays in loading trains when it rains, improving on-time running. As at end 2001-02 a total of 28 stations had been provided with extended canopies. Since then additional canopies have been completed at Gosford, Lidcombe and Wyong. A further six locations – Dapto, Campbelltown, Liverpool, Glenfield, Ingleburn and Warwick Farm – will be provided with extended canopies this year at a cost of \$1.9 million.

Passenger information

StateRail is pursuing a range of initiatives to improve information for all passengers including those with disabilities. These include:

- \$30.3 million invested in 2002-03 to improve destination and train running information on CityRail stations:
 - 72 % have public address/digitised announcement systems
 - 10.3 % have electronic, real-time visual destination displays.
- CityRail signage upgrade program has 45 stations to be completed in 2002-03
- Progressive program to install hearing loops in CityRail booking office windows
- Further upgrading the CityRail website to improve navigability and user friendliness
- E-mail notification of track work and planned track closures to subscribers

3.1.6 Customer Feedback

StateRail has made significant improvements to the processes for handling complaints this financial year. From July 1, 2002 a centralised Customer and Government Relations Unit took responsibility for managing and monitoring customer feedback. During this time the average time for following up complaints with phone calls to customers reduced from an average of six days to less than two days. As at end March 2003 the average times for responding in writing to [1] written complaints is nine working days and [2] queries is eight working days. Audits are carried out each month and outstanding cases are reviewed.

The 2002 customer satisfaction survey showed a CityRail Customer Service Index of 78 %, up from 70 % in 2000. This score measures customer satisfaction on a cross section of key service dimensions including safety, cleanliness and reliability.

3.2 Capital Works Improvements

During 2002, the NSW Government announced a major package of measures to improve safety, reliability and passenger comfort. There was a significant injection of additional Government funding for capital works.

StateRail's overall capital budget for 2002-03 is \$443.54 million (\$267.4 million for rollingstock, \$6.1 million for depots, \$56.1 million for infrastructure, \$67 million for stations, \$6.2 million for information technology and communications and \$39.9 million for other projects).

3.2.1 Stations

StateRail is budgeted to spend \$67 million in upgrading CityRail stations in 2002-03.

Easy Access

StateRail is implementing a program to provide easy access at many stations throughout the rail network. The Easy Access program commenced in 1994, and to date 65 stations have been completed to date at a value of \$298 million.

In 2002-03, the budget for the Easy Access program is \$37.8 million. During this financial year Easy Access facilities have been completed at Beresfield, Thornton, Riverwood, Maitland, Beverly Hills, Fairfield, Campsie, Padstow, Marayong, Rockdale (including rail/bus interchange), Kiama, Oak Flats (including rail/bus interchange), Holsworthy (including multi-level car park).

Works are currently underway at Clyde, West Ryde, Miranda, Kings Cross, Cabramatta, Granville, Mt. DrUITT, Guildford, and Summer Hill.

Design works are currently underway for another 21 stations.

The scope of a typical Easy Access upgrade includes:

- Lift/s;
- Tactile tile indicators;
- Improved lighting & CCTV;
- Family accessible toilet;
- Canopies to provide covered access;
- Disabled car parking;
- Station re-painting.

New Stations

A relocated and new station, bus-rail interchange, commuter car park and taxi rank were constructed at Oak Flats. Construction was completed in February 2003 at a total cost of \$6.4 million.

The new facilities were designed to service the 2000 rail passengers currently using the station each week and the 350 weekly bus passengers who use services in the area.

Upgrades

Station upgrade initiatives previously outlined include:

- New and upgraded carparks at Broadmeadow and Glenfield.
- Passenger information: upgraded LED indicators and new Station Passenger Information (SPI) systems on stations.
- Platform gap reduction program: to reduce the horizontal gap at the platform edge. A total of 98 platform edges have been modified to date, of which 18 have been completed in the 2002-03 financial year at a cost of \$1.7 million. This initiative has resulted in a 21 % reduction in fall incidents.
- Canopies: the installation of extended canopies at various stations to providing additional shelter to passengers and reduce delays on loading trains when it rains.

3.2.2 Fleet rolling stock

During the 2002-03 financial year, StateRail will expend \$267.4 million on new and enhanced rollingstock.

Millennium train

The Millennium train project comprises of the design, construction and maintenance of up to a total of 201 rail cars in three stages:

- Stage 1 involves 81 cars at a total project cost of over \$277 million;
- Stage 2 involves the procurement of 60 cars at a total project cost of \$189 million;
- Stage 3 procurement is still being evaluated.

To date, StateRail has accepted 11 x 4 cars sets (44 cars) as part of Stage 1, with the balance of 37 cars forecast to be completed by the end of 2003.

The introduction of the Millennium cars will enable the retirement of the older Tulloch cars from service and allow the operation of more eight-car trains.

New Outer Suburban Rail Cars (Intercity Cars)

On February 13, 2003, StateRail awarded a contract to A Goninan & Co. Ltd to design and construct 41 new outer suburban cars. These cars will service the growing demand for train services in the outer suburban areas of the South Coast, Central Coast and Lower Blue Mountains and in the Sydney metropolitan fringe. These cars are differentiated from suburban cars in that they are designed for longer travel journeys,

New Hunter Rail Cars

On 9 December 2002, StateRail awarded a contract to A Goninan & Co. Ltd to design and construct 14 new Hunter Rail Cars. The total project cost is \$102 million with the cars available for service in 2005.

3.2.3 Rail infrastructure

During 2002/03 financial year, StateRail will spend \$56.1 million on rail infrastructure projects.

Amplification

The Government's Action for Transport 2010 Plan identified the need for the duplication of the Richmond Line to Quakers Hill by 2002. This project was completed in July 2002 at a total cost of \$28.6 million.

Enhancements

StateRail is in the process of carrying out OH&S upgrades at a number of stabling yards. The stabling yards frequently date back to the 1920's, as do the existing electric train maintenance centres and do not comply with contemporary OH&S requirements.

Work such as lighting, paths, amenities and security has already been undertaken at several sites including Blacktown, Hornsby, Penrith and Campbelltown.

Expansion

StateRail is expanding the capacity of the Blacktown Stabling yard by 3 x 8 car sets at a cost of \$12.3 million. This additional capacity will allow for stabling of Millennium trains and growth in services in the Blacktown area. Estimated completion date is late 2003.

Turnbacks

Work has been completed on the Central turnback to improve flexibility in the timetable and operations.

3.2.4 Operations

During the 2002/03 financial year, StateRail built, fitted out and established the Rail Management Centre (RMC) at a cost of \$15 million.

The RMC will provide improved communications and coordination of staff responsible for real time train operations, staff and crowd control and safety and security management.

3.3 Revenue Protection

CityRail has increased the focus on revenue protection significantly over the last year. Initiatives introduced include:

- 300 Transit Officers trained and operational by the end of June with a further 200 planned by the end of 2004.
- Random checking of customer tickets on trains as well as at station barriers to ensure customers are purchasing the correct ticket.

4 Pricing structure objectives

CityRail support the tribunal and Treasury position noted in earlier determinations that an appropriate goal in setting fares is full cost recovery on the CityMet operations. As noted earlier, the significant external benefits to the community that result from the provision of CityRail services can be used as an argument to support below rail costs continuing to be funded by the taxpayer.

CityRail additionally propose further structural changes with the generous discount for weekly and periodical fares being reduced towards a maximum of 20 % in the metropolitan area. Simplification of the fare bands and the relationship of individual fares to the single fare is also desirable to make it easier for the customer and improve operational efficiencies.

4.1 Short Term

In light of the Ministerial Inquiry being conducted into public transport fares, it would be appropriate to consider CityRail's proposed fare increase for the next twelve months in respect of CPI and service improvements, with longer term pricing paths to be considered by the Inquiry.

4.2 Medium Term

4.2.1 Integration with the Integrated Ticketing Project

As part of the introduction of integrated ticketing scheduled to commence in late 2004, CityRail is reviewing all fares to simplify fares where possible.

The previously identified TravelTen type ticket will be introduced when integrated ticketing commences. The cost and risk involved in introducing it before this date is not justified.

5 Structural Changes

5.1 Short Term

5.1.1 Rationalisation of the Distance Bands

CityRail propose reducing the number of distance bands by eliminating the 195 and 235 km bands and replacing the 305 and 305+ bands with a 255+ band.

5.2 Medium term

5.2.1 Introduction of TravelTen type product

CityRail has evaluated the feasibility of introducing a TravelTen type product in the CBD before the commencement of integrated ticketing, however the costs and risks involved do not support an early introduction. This style of ticket is planned to be available on the CityRail network as part of the integrated ticketing rollout.

6 Compliance with 2002 determination

CityRail adjusted the designated fares in accordance with the 2002 determination.

The issues raised in the 2002 determination and the status of CityRail action for each issue is outlined in section 2.9 Issues Raised in the 2002 determination

7 Conclusion

This submission outlines a case for a fare increase to improve the cost recovery of CityRail operations. The increase in farebox revenue will assist in rectifying the current funding imbalance where rail users fund only 22 % of the rail costs and taxpayers fund 78 %.

The increase in fares should be considered in light of the real 3.2 % decline in fares and the increase in the cost of operating the rail network by \$440 over the past three years.

The significant expenditure requirements of the rail system for new trains, stations and track improvements in addition to the significant operating costs to maintain the existing infrastructure, necessitate the need for users to contribute more towards rail costs.

CityRail is focused on providing a high level of customer service. Improvements over the past year reflect this focus which will be continued through the many initiatives currently underway. The enhanced performance reporting, to commence from June 2003, will provide customers with timely and more extensive feedback on CityRail progress in achieving these improvements.

Appendix A: CityRail Income and Expenses

Excluding the Olympics

Dollars of the Day \$m	97/98	98/99	99/00	00/01	01/02	02/03
	Actual	Actual	Actual	Actual	Actual	Forecast
	97/98 \$m	98/99 \$m	99/00 \$m	00/01 \$m	01/02 \$m	02/03 \$m
Revenue						
Operating						
Farebox revenue	370.3	391.1	453.4	460.3	463.1	463.9
Revenue from other rail organisations	121.8	102.3	81.7	82.7	80.8	46.4
Other income	44.3	48.0	72.0	65.0	55.1	62.9
Non operating						
Finance Revenue	7.8	8.3	6.8	6.2	6.7	2.4
Lease premium ALC stations					1.1	3.4
Asset sale proceeds	2.0	4.4	21.2	0.3	0.2	
Total Revenue	546.2	554.1	635.1	614.5	607.0	579.0
Expenses						
Operating						
Labour costs	613.1	584.0	525.5	639.3	619.4	653.3
Security contract services	9.5	28.0	32.6	37.9	39.8	34.7
Access fees	320.6	303.5	321.2	330.9	375.1	402.7
Electricity	21.0	21.1	21.7	28.4	25.5	28.1
Major Periodic Maintenance of Assets	103.2	97.0	92.3	99.4	117.5	156.0
Other Operating	185.2	194.8	205.3	197.1	161.9	174.9
Non-recurrent operating expenses						
Severance	13.5	24.1	7.4	4.5	3.0	4.6
Non-cash						
Depreciation	157.6	136.9	135.8	138.5	145.2	152.3
Asset revaluation decrements	3.6			-		
Non operating expenses						
Finance charges	21.9	21.2	14.5	17.0	12.7	10.3
Fixed assets written off /sold	36.8	72.9	47.9	71.3	30.1	49.4
Capital grants made to THE RIC	7.3	38.7	42.4	99.2	151.1	53.5
Total Expenses	1,493.3	1,522.2	1,446.6	1,663.5	1,681.3	1,719.8
Transfer Charge/allocation to CountryLink	(65.0)	(66.7)	(57.5)	(62.2)	-	-
Total Allocated Expenses	1,428.3	1,455.5	1,389.1	1,601.3	1,681.3	1,719.8
Surplus/shortfall () before Govt funding	(882.1)	(901.4)	(754.1)	(986.8)	(1,074.3)	(1,140.8)
Government Grants:-						
Government Grants - Concessions	133.5	143.3	152.6	165.5	167.3	169.2
Government Grants -CSO services	290.8	279.0	243.9	299.8	394.4	466.4
Total CSO Revenue	424.3	422.3	396.5	465.3	561.7	635.6
Government Grants - other	433.9	460.5	424.6	561.4	521.7	599.4
Government Grants	858.2	882.8	821.1	1,026.7	1,083.4	1,235.0
Net result	(23.9)	(18.6)	67.0	39.9	9.1	94.2

Financial Performance

Income and expenditure figures for CityRail for 1997-98 to 2002-03 are summarised in Appendix A. Historical figures are provided in dollars of the day. Farebox revenue figures do not include GST, which is collected on behalf of the Australian Taxation Office. The figures also exclude revenues and costs in 1999-00 and 2000-01 associated with the Olympic and Paralympic Games.

Government contributions have not been included in the total revenue line in order to give a clearer picture of performance.

2001-02 Actual Results

The actual 2001-02 result before Government contributions was a deficit of \$1,074.3 million, \$87.5 million more than in 2000-01.

The increase was split between operating items of \$61 million and non-operating items of \$27 million. Non-operating include financing, (profits)/losses on the sale of assets and capital grants made to RIC.

Operating Items

There was a small nominal increase in farebox revenue in 2002-02 of 0.6 % or \$2.8 million.

Whilst passenger journeys declined by 3.3 % as a result of lower CBD employment, CityRail's farebox revenue was offset by the June 2001 IPART determination.

During 2001-02, labour costs declined by \$20 million, due to reduced superannuation charges despite the application of the 4 % increase of the 2001 Enterprise Bargaining Agreement. Frontline staff numbers also increased over this period.

There were also increases in non-labour expenses. Security contract costs increased by \$2 million reflecting an increased security presence at selected stations and train depots to reduce vandalism. Access charges paid to the RIC increased by \$44 million to cover infrastructure maintenance and renewal as well as network control. Major periodic maintenance of rollingstock increased by \$18 million reflecting an acceleration of train maintenance.

Electricity costs decreased by \$3 million and other operating costs decreased by \$32 million.

Non Operating Items

The increase of \$27 million was mainly due to:

- higher capital grants to RIC. These grants are used to upgrade RIC's infrastructure and result in operational benefits to CityRail offset by
- lower asset write off costs.

2002-03 Forecast Results

The forecast 2002-03 result before Government contributions is a deficit of \$1,140.8 million, \$66.5 million more than in 2001-02.

Operating items are forecast to increase by \$138 million offset by non-operating items decreasing by \$71 million.

Operating Items

Farebox revenue is forecast to remain flat with only a \$0.8 million or 0.2% increase. Whilst passenger journeys will decrease from 276.4 million journeys to 272.4 million journeys the farebox revenue will increase due to the July 2002 IPART determination.

During 2002-03 labour costs are forecast to increase by \$34 million, due to increased security and other operations staff. The security contract service costs will decrease by \$5 million as Transit Officers replace contract security staff.

Non-labour expenses also are forecast to increase. Access fees paid to RIC will increase by \$28 million and rollingstock maintenance costs will increase by \$39 million as a result of the reduction in the maintenance cycle.

Electricity costs are forecast to increase by \$3 million and other operating costs by \$13 million.

Non Operating Items

The decrease of \$71 million is mainly attributable to:

- lower capital grants to RIC \$98 million offset by
- higher asset write off costs.

Consistency of the Results with Prior Years

The basis of allocating costs from CityRail to CountryLink in 2001-02 is consistent with the method agreed with IPART in 2001 and supported in an independent review by PriceWaterhouse Coopers.

In 2001-02 the allocations to CountryLink have been made in individual line items rather than being consolidated.