

Anthony Poljak

28 March 2006

Independent Pricing and Regulatory Tribunal
Level 2
44 Market Street
SYDNEY NSW 2000

Dear Sirs/Madams,

Re: Objection To Proposed Train Fare Increases
 City Rail Submission March 2006

Please find following my submission in relation to the proposed increase in City Rail's ticket prices. In light of the continuing poor performance by City Rail (in my opinion), I remain **opposed to any fare increase at all until such time as there is measured and verifiable improvement in the performance of all facets of City Rail's operation.**

The last independent customer survey was completed in June/July 2005, and there has been a growing number of problems since then. I was not surveyed, but this is the first time I have actually voiced my thoughts and concerns. I'm sure there are many other "quietly dissatisfied" City Rail customers out there.

My Background

I live at Strathfield, and commute daily by train to work in the City. I have done so for over 20 years. Strathfield is one of the better serviced stations in the City network, predominantly due to its role as a rail hub. So I don't see, or feel the effects of, the full range of problems.

During that time I have watched the general state of the rail system decline – caught between generally rising patronage but stagnant capacity, crumbling and poorly maintained infrastructure, moderate improvement in carriages (final replacement of the "red rattlers", but lack of air conditioning, and problems and delays with the "Millennium" train), declines in customer service, growing crime problems, complex interwoven track system, increased inefficiency and "error" levels, and an absolute lack of planning and investment for the future.

Grounds for Objecting to the Proposed Price Increase

There are many, ranging from general issues to the more specific.

1. City Rail Improvements – A Fallacy and a Mirage

The State Government Transport Minister, Mr John Watkins, has tried to support the proposed fare increases by stating that there has been positive improvement in the rail system, and that this justifies the fare increases. He should try and catch a train regularly, and for more than a few stops.

In fact, as an unhappy customer (one of many I suspect), I can not think of any area of service quality that has improved in recent years. In my view, City Rail's performance has not even "turned the corner yet". In all key areas – reliability, punctuality, customer service, carriages, safety – the network continues to operate at well below reasonable customer expectations. The simple test would be to go and survey the customers on any platform in the network on any given day.

2. City Rail Measures Improvements – Only Measure Is Customer Satisfaction

Rail Corp says that it has put in place new KPI's to measure performance, and that there has been a marked improvement. We (the customers) know this to be false from experience. If anything, City Rail performance continues to weaken, not improve.

A survey of about 2,500 customers back in June/July 2005 is the sole basis for assessing customer feedback. What about more recent thoughts by customers? And what about the other 1 million plus customers that use the network? The sample size seems too small, and the survey opinions needs to be more "current" to be relevant.

The whole City Rail performance measurement, which seems to be the basis for requesting price rises, needs to be even more thorough and more independent.

3. Improve the Service, don't Gouge the Customers

City Rail needs to start determining where it should be (let's aim at world best practice for public/private urban rail infrastructure), and start heading there quickly and purposefully. The rail lines need to be untangled, the network expanded, trains to run frequently and on time. More customers will come back to City Rail, revenue will grow, and who knows, frequent price rises may not be needed.

If the offering is good, customers (and hence revenue growth) will come. But it is time to stop gouging the current suffering customers for more money, with continual promises of improvement that never eventuate.

I would venture to say that the level of customer complaints are down because most people are fed up complaining.

4. Real Performance Improvements and Investment to Come First

The State Government and Rail Corp need to start planning and investing now to improve City Rail's performance, so that the network can cope with current and expected future demand. Once this has visibly commenced, and current service improved, based on any positive feedback from customers, then, and only then, should any price increase be even considered.

As customers, we keep seeing “advertising” on City Rail tickets about unraveling the “spaghetti” track system. When does this start? Exactly what will be done, and how will the network look and work at completion? How will it proceed? Is it on schedule? When will it be completed? We need to see tangible progress and results, and be kept fully informed.

5. No Recent Price Increases for City Rail – Rightly So

City Rail notes that it has not been able to increase prices significantly since August 2003. Agreed. But that is due to poor performance. In this regard, nothing has changed. Performance has not improved at all (if anything, it is getting worse), so there should be no price increases at this time. How can City Rail honestly say that on time running has improved dramatically, when it changed the rules to allow “5 minutes late” to be deemed “on time”. Good results can be actually achieved, or it seems they can be created.

From what I can see during the daily peak times, City Rail trains are running at over capacity, so there must be revenue growth for City Rail through increased full paying passenger numbers at peak times, even though there has been no price increases since August 2003. Yet it seems there hasn't been (according to City Rail). If City Rail can not attract new passengers at a time of relatively low train fares (according to City Rail), improved performance (according to City Rail), and considerably higher fuel prices (acting as a motor vehicle deterrent), then this suggest that here are major impediments to gaining potential customers. Simple. People have left City Rail and will drive, despite high fuel prices.

It seems that City Rail is running at well over 100% capacity utilisation in peak times, is happy not to fix this, and now wants to try and squeeze more revenue out of non-peak customers.

The real financial problem at City Rail seems to be the steadily rising cost side of the business. So, each time costs get out of hand (apparently annually), City Rail seeks to have a significant increase in prices. Perhaps it is time for a management team that is more commercial in its dealings, focusing on performance and cost control.

I find it quite unreasonable to partially support a requested price increase by saying “that passenger numbers will not decrease much of we raise them”. We may still use the service, as some of choose not to drive or catch a bus, but that does not mean we are either happy with it, or should be forced to pay “as much as City Rail can make us pay before we leave”.

Finally, City Rail complains that its prices are at the lower end of the international range. Perhaps that is because service also remains at the lower end of the international scale too.

6. Where Is All The Money Going?

What is happening at City Rail? City Rail complains about costs rising more than CPI. How can costs be rising at closer to 10%pa with inflation at around 3%pa? Something appears to be seriously wrong within City Rail, and it starts with management.

It is time perhaps to cut senior executive salaries, become more efficient in operating, tendering, and all cost side issues (without impacting on safety, and not necessarily making a large amount of people redundant). I would guess that costs are rising as City Rail remains a bloated, inefficient, top heavy bureaucracy. Salary and wages should be one of City Rail's main costs, and this should not have risen by more than inflation – for senior executives as well as general staff.

Steel prices are rising, but this has been telegraphed for many years now. If City Rail can not manage this cost (long term contracts, price hedging?), then are we to also benefit from ticket price reductions when the price of steel is falling in future?

It is time for transparency, accountability and above all, positive action. It may well be time to replace management, and give the new team a clear mandate for change. The culture of the place needs to change.

7. Pricing Strategy Flawed

With peak hours services already in a mess – running late, not running at all, overcrowded – the only incentive for people to use the network at other times is the discounted ticket price. This is more an incentive for “full paying” customers that currently use the network in peak times to switch, or as an incentive for “full paying” customers that have already chosen to use the system in non-peak times to keep doing so.

There are also many others (pensioners, lower income families, etc) that make greater use of non-peak services.

One of the biggest problems facing City Rail is that it can't seem to increase capacity at peak times, and there are more and more people trying to use the network at this time. If capacity equals 100%, then peak hour usage must be at 120+%, and rising.

It would seem imperative that either (a) capacity is increased at peak times, or (b) City Rail tries to migrate customers to non-peak usage to smooth out the overall usage patterns and strain on the network (and the main method is to offer attractive price discounts).

However, what is City Rail now trying to do? Significantly increase off-peak fares to try and raise revenue. Without the existing level of price discount, there will be far less incentive for customers to use the network outside peak times (other than the delays and stress that they will likely endure during peak hours).

For example, all those city train commuters that have delayed their trips to 9.30am to miss the peak will and enjoy the lower fare will in future, under City Rail's proposal, have to almost pay the same fare amount. The discount gap may no longer be just reward for people delaying and altering their schedules to avoid peak times.

This type of proposed pricing structure will; (a) push more people back to peak time usage, and (b) make City Rail off-peak travel less attractive in general. City Rail may gain more total revenue (even from fewer customers), but network congestion and other problems will likely increase as a result.

Unless City Rail improves the network, including peak time capacity levels, the current off-peak price discount level (at around 40%, as opposed to City Rail's request for it to be reduced to 25%) should be retained to encourage more users to defer their travel to non-peak times.

8. Ongoing City Rail Problems

As rail passengers, we expect and can live with the occasional unforeseen problem, such as those caused by severe storms. However, the City Rail network continues to be plagued by operational failings far too regularly. Often it is the same errors, failings and mistakes that were made earlier. Repetitive, and indicative of a lack of learning and improvement. City Rail's approach appears to be reactive – wait for the problems to happen, and try and fix each problem individually.

The most common problems with the City Rail service are outlined below.

- **trains running late/skipping stops** - this problem continues, despite City Rail "moving the goalposts" to deem trains up to 5 minutes late as being "on time". What next, 10 minutes or 15 minutes late is "on time"? How many times do we have to listen to that announcement - "trains are running late and out of timetable order". And trains "skipping" stops to try and catch up is not a solution, but a reflection of serious underlying, and unresolved, problems.
- **trains being cancelled** - often the announcement is "for today only". But it is heard on too many days for too many trains. It seems clear that trains are pulled out of service to try and make the (fewer, more crowded) remaining trains run closer to time.
- **train and platform cleanliness** – despite the apparent good efforts by the on-train cleaning staff, they are losing. Increasing patrols and fines may help, but so would restoring the rubbish bins to platforms. It would be cost effective for City Rail, and I doubt if potential bombers would suffer too much hardship with the bins gone. Bring them back - perhaps bigger sized (but with limited lid opening space), clear (see through) bins strategically placed and clearly marked.
- **customer communication** – this remains poor. Staff are to blame to some extent, but I guess many are too shy or frustrated to speak up when

all they have to deliver is either bad or inaccurate news. The system's failings, and lack of control and order, are largely to blame. Station announcements differing from train guards announcements. Sometimes either is different to what is on the indicator boards. Station announcements that are often too late or totally incorrect. If the system is so mixed up that staff don't even know what is happening, what hope do passengers have.

- **train sizes** – why are there still 6 car trains at peak times? Overcrowding at peak times has been a problem for quite some time. It only appears to be getting worse. At Strathfield, more people are commuting from surrounding suburbs to this station in the hope of getting on to a “fast” train to the City. But with more people on the platforms, and trains often arriving full or close to it, the train journey is often not a pleasant experience.
- **air conditioning problems** – even though the “red rattlers” are gone, amazingly, many of the “newer” carriages do not have air conditioning. Again, the travel experience on hot and cold days (but especially hot days) remains unpleasant. However, to make matters worse, even the air conditioned carriages tend to be too cold on hot days, and too warm on cold days. People generally dress for the season – such as jackets and jumpers in winter. Can't the air conditioning be set at, and maintained at, reasonable temperatures – consistent and constant year round?
- **on board safety/network safety** - I don't have any evidence to comment too much on network safety, except to say that the lack of any major accidents does not necessarily equate to a safe system, although I do hope that it is not just good fortune. Despite inbuilt safety redundancies, the number of signals and points failures, with such a “criss-cross” track set-up, is always of concern.

Safety on the platforms is also a major issue, and the lack of platform staff at various stations and times of the day/night is an ongoing concern. Cameras are only part of the solution. Focused, quick acting staff with communication links to emergency services are vital.

Carriage safety may be one area where limited improvement has been made. I have no personal experience in this regard, but make relatively short trips (City/Strathfield mainly) and generally before 10pm at night. But there is still much to be done before customers can feel safe at all times, as from City Rail's submission, there are still about 2,500 offences annually on the City Rail network (based on first quarter 05/06 figures).

In Conclusion

Until such time as there is overwhelming independent evidence that indicates improvement in City Rail's overall performance, I remain opposed to allowing any price increases for City Rail, let alone the large rises (mainly in off-peak pricing) that City Rail is now proposing.

In the interim, it is time for City Rail, Rail Corp, and the State Government to stop the talk and rhetoric, and begin the long, hard and costly process of fixing up our neglected and underperforming rail system.

Any commercial product that was offered to the market flawed and not performing as stated would simply fail. Trying to then rise prices to survive and mask poor performance is simply arrogant, and is similarly doomed to failure.

I would be quite willing to pay a reasonable price for good service. But not a premium price for poor service. My continuing patronage of City Rail should not imply that I am satisfied with what I am getting for my money.

It is time for positive change, before it is too late. Unless this occurs, our rail network will continue to falter, and more potential customers will switch to our already clogged roads. Citywide gridlock is fast approaching.

Anthony Poljak