

**Kevin Eadie**

Chief Executive Officer  
Independent Pricing and Regulatory Tribunal of NSW  
Level 2, 44 Market St, Sydney, 2000.

Dear Sir,

CITYRAIL FARE REVIEW, 2006

This submission provides some reasons why IPART should reject RailCorp's proposal, dated February 2006, for an increase in CityRail train fares.

The overarching reasons for rejecting RailCorp's submission are that it is biased, makes careless assumptions, contains half-truths and misleadingly selective "facts", makes convenient exaggerations and omissions, and contains many conclusions which cannot logically be drawn from the material presented. IPART should be concerned that RailCorp has the audacity to place such poorly prepared and inaccurate material before both itself and the Minister for Transport.

This submission is in four parts-  
Item 1 cites just one example of RailCorp's failure of logic.  
Item 2 analyses the flawed logic behind one aspect of RailCorp's increasing costs.  
Item 3 addresses the political context of RailCorp's claims.  
Item 4 draws some conclusions.

#### 1 - CITYRAIL'S SUBMISSION IS ILLOGICAL

Many of CityRail's arguments for a fare rise are illogical. Their very first argument (p3) says-

"RailCorp has to date absorbed the cost of fares not increasing in line with inflation since the last review due to past poor performance, which has **increased the burden on NSW taxpayers who do not access the rail system**" (my emphasis).

It has NOT "increased the burden on NSW taxpayers who do not access the rail system". It has increased the burden on ALL taxpayers. Note that even those taxpayers who "do not access the system", **benefit** from the reduced traffic congestion and air pollution brought about by the very existence of the CityRail train network.

The ensuing pages of the RailCorp submission are riddled with similar misleading statements. I urge IPART to scrutinize all of RailCorp's claims for further half-truths, omissions, and lack of logic.

#### 2 - PREMISE FOR SLOWER TIMETABLE IS FALSE

In September 2005 CityRail introduced a new, slower, suburban train timetable. Part of the increase in CityRail's costs has been caused by the need for more trains, train crews, and

other resources, to service the slower timetable. Implicitly, since permissible maximum train speed is related to the quality of the track, much of the expenditure on track upgrading over the last decade will have been wasted. (I note that the irony of CityRail seeking to charge higher fares for a slower service has not been lost on passengers).

Somewhere in the transport bureaucracy, a belief seems to have developed that, in order to run trains safely, they have to run slower. The Minister for Transport has attributed this philosophy directly to the findings of the Special Commission of Inquiry into the Waterfall Rail Accident. I suspect that he may have reached his conclusion based on misleading information provided to him by RailCorp. In Parliament on 13 September 2005, The Minister said "The Opposition is simply unable to make the logical link between safety and speed that was made by Justice McInerney in the Waterfall recommendations".

In a search of the public documents issued by the Inquiry, I have been unable to find such a "logical link". In a letter to the minister dated 19 September 2005, I asked the minister to give me direct references from the Inquiry, to substantiate his statement to Parliament. In his reply, dated 9 January 2006, he provided no such direct references. He said "there are a number of references throughout both the final report and the Inquiry's interim report concerning the relationship between speeding (sic), timetabling of services and rail safety". He went on to say that "new safety measures introduced following the [Waterfall Inquiry] made the previous timetable unworkable."

Thus, it seems these "safety measures", developed between the various safety regulators and RailCorp, can be held responsible for the slower timetable. These safety measures appear to be too conservative. CityRail services now attain much lower average speeds than comparable railways. Trains dawdle into stations, the driver fearing draconian penalties for over-running the end of the platform, and there are now unnecessarily extended dwell times at platforms. There is a further wealth of anecdotal information, especially on the Internet, ridiculing the slowness of the timetable.

The rationale for slowing the September 2005 timetable appears flawed, and neither fare-paying passengers nor other taxpayers should be asked to pay for it. CityRail makes much of its improved on-time-running, (page 5), without admitting that the improvement has been brought about by slower trains and the redefinition of an "on time" train to now include trains running up to 5 minutes behind schedule.

### 3 – POLITICAL CONTEXT

The fare rise proposal cannot properly be considered without placing it in a political context. I would urge IPART to seek input from other government agencies as to the likely economic effects on the performance of the NSW economy, should any fare rise cause a drop in CityRail patronage. I note also that, despite ten years of political rhetoric (from the present government) about making public transport more attractive compared to private motoring, the Premier still boasts of his achievement in halving the toll for motorists using the Cross City Tunnel, while his Transport Minister, in supporting the RailCorp submission, advocates train fare increases of up to 38% (Action for Public Transport submission, p2). This is hardly conducive of motorists using public transport. Many commentators have observed the increasing use of "spin" in government announcements. An expansion of this theme may be found on page 18 of the Sydney Morning Herald of 27 March 2006, in economic writer's Ross Gittins' article headed "Victim of virtual government". Gittins says "The Government's

chronic problems with the trains are a direct result of years of preferring the flashy over the important-but-boring”.

#### 4 - CONCLUSION

There is something very wrong with the present running of railways in NSW. The trains run too slowly and the rationale for doing so is flawed. I am confident that some future NSW railway administration will show that it is possible to operate a safe railway at speeds comparable with other “World Class” suburban railways. Until that occurs, CityRail cannot justify any increase in fares.

Kevin Eadie,

31 March 2006.

F\22\IPART06.1