

Independent Pricing and Regulatory Tribunal of NSW  
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Mark Binotto

**Re: CityRail's fares review submission received on 2 March 2006**

Quantifying the fare increase

RailCorp proposes a fare increase of 2.9% from 1 July 2006, equivalent to projected CPI inflation for 2005/06. In addition, RailCorp is proposing discount variations in offpeak fares. The fare increase is considered reasonable given:

- *CityRail performance has returned to high levels after a period of poor service;*

I don't know where and how Cityrail has obtained these figures, but trains still run late and services are cancelled on a regular basis. Off peak train service has been scaled down to a point where services are not value for money at the present time, they would be worse value for money in the future if a price hike is a reality. CityRail already submits that community patronage is stagnant at the present time, if a price hike occurs, then those individuals who occasionally use the service will return to driving cars to their destination. The people who will end up paying these fares will be those already unable to afford private transport such as low income recipients, so a price increase will only affect these people adversely.

- *CityRail's fares have fallen in real terms for nearly three years;*

This maybe the case, but CityRail has, in parallel, had a more unreliable service in the corresponding 3 years.

- *CityRail's fares are charged at a discount to alternative public and private car transport;*

Look, who likes sitting on a platform of a train station waiting half an hour for a train to take them somewhere and possibly having to do the same to get back from their destination? The rail service should, logically be swifter than taking the road system, but it is not. Additionally a family of 4 (adults and 2 children) will find it cheaper to hop into a car and go someplace then buying 4 tickets. Given that the increase is on off peak travel and not during peak hour times when it is usually used by office workers it would be fair to say that the patronage of off peak train travel is done by family groups or a couple of individuals travelling together. If they could financially afford the alternative, which is to own and drive a car, they would already given up on CityRails poor off peak timetable and unreliability.

- *CityRail's fares are currently at the lower end of comparative international rates;*

I do not believe this. If I was to look at Singapore, Manila or Bangkok I would discover that these cities more efficient, modern and reliable train system would be on par with Australia antiquated train system that CityRail acknowledges is all 'tangled up'. If they are referring to Europe in this statement, then the price parity should be based on purchasing power and not exchange rates. The New York City only cost a \$1.50 for any journey on the extensive network. For example, one way journey all the way to Coney Island, which is 20 km away from upper Manhattan is still only a \$1.50

- *studies have shown that the impact of fare changes on typical CityRail passengers (predominantly professional or white collar workers travelling to and from their CBD workplace) only results in a relatively small drop-off in patronage (i.e. an inelastic response to fare changes); and*
- *rail is the most environmentally friendly of public transport and private car alternatives.*

This is the weakest argument of all for the increase in the off peak fares. Those people who catch the peak time trains are indeed professionals who are earning reasonable wages to work in the city. But their wages are not high enough to be able to drive to work and pay the high cost associated with using parking stations. So yes, they are a captured market forced to use a hopeless product. But the users of the off peak train services are not interested in using trains because of its environment benefits; they are using it because there is no other alternative for them. If CityRail and the NSW government were really concerned about the environment, there would be an increase in services, less cancellations and late trains and give value back to users, who will be able to sit in air conditioned trains all the time, wasting time sitting on platforms and put the new Millennium trains on all train routes. The Illawarra lines most modern train is the Tangara, but the rest are usually the older trains. CityRail won't improve services for the community because they acknowledge that, regardless of the poor services, those that have no reasonable alternative will continue using it.

Regards

Mark Binotto

8 March 2006