

Stephen Hodgkinson
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Submission to IPART review of rail fares

Mr James Cox Kensington NSW
Acting Chairman
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Dear Mr Cox,

I am writing to make a submission to the IPART review of rail fares.

When the then NSW Premier froze rail fares for 2004-05, his decision was made in the context of not punishing commuters with higher charges due to the poor performance of the rail system. Whilst that response seemed reasonable at the time, in reality the absence of any increase over the last few years has been yet another means by which the government has starved the rail system of much needed operating revenue.

Accordingly, I support an increase in the price of rail fares **providing** the increase applies to all users of the rail system. Every user should pay a reasonable price for using the rail network and any increase should apply to all users rather than targeted groups. Whilst a submission from a user in support of a fare increase may seem unusual, ultimately realistic pricing is in the long term interests of users through ensuring the viability of the rail system.

A key question, then is what sort of increase should apply and what can consumers expect in return for any increase.

Changes to Off Peak Fare Structure

A significant increase in off-peak fares as proposed by RailCorp seems quite inequitable when off-peak rail services were cut significantly with the 2005 timetable. Any significant increase in off-peak ticket prices should be accompanied by an increase in off-peak services.

One argument proposed by the Railcorp submission for substantially increasing off-peak fares was that these fares are available for use any time after 9:00am, including during the evening peak period. One solution to ensure that off-peak fares are only available during off peak periods would be to change the present basis of off-peak tickets and introduce a three hour off-peak fare, for use only between 9:00am and say 4:00 pm. This would be of particular relevance on the shorter distance suburban routes. To encourage off-peak usage, there is also merit in having off-peak discounts on single fares.

If off-peak fares are to be increased substantially, then for longer distance journeys the return portion should be able to be completed the following day, instead of the present same day requirement. To encourage weekend usage, this could be confined to the longer intercity routes.

For marketing reasons, off-peak fares should be substantially cheaper than full fares to encourage off-peak usage. A marketing strategy that encourages use of the rail network should be part of any proposal to make substantial changes to the price of off-peak rail fares.

Complexity of Fare Structure

The present structure of rail fares is very complex and the distance calculation basis has seen little change for a long time.

Current rail fares depend enormously on the class of user. For example, a one way ticket from Katoomba to the city for an adult costs \$11.40, a student concession \$5.70, a child under 16 \$3.50, a pensioner excursion \$2.50 and a school student \$0.00. The adult full fare return is \$22.80, and an adult off-peak return \$14.00. This pricing structure is absurd, way too complex and has no logical basis other than being a crude form of taxation whereby some users subsidise others.

In attempting to model the present fare structure, Cityrail automatic ticket machines have around 300 buttons (one for each station); each with four types of tickets (single, return, off-peak return and weekly) and four different fare classes (adult, child, other half fare and pensioner). This theoretically gives several thousand different possible fare combinations, which is an excessively complex ticketing structure.

Little appears to have come from previous IPART reviews to tackle the inconsistencies in ticket prices. Pensioners continue to pay virtually nothing and school children still travel for free. It is hoped that the present review will address these inconsistencies and not just increase full fares and half fares.

The 2.9% increase in fares is described in the Railcorp submission as an average increase. It is of concern as to how the average is proposed to apply across various tickets as some tickets increase by substantially more than 2.9%. The higher than average increases for short distance travel is likely to discourage rail use for short trips. It is worth noting that the rail network should be useful for short distance travel as not everyone wants to travel between outer suburbs and Central.

Any review of rail fares should simplify the fare structure. It would be much simpler to move to a system of zone pricing and have tickets available in only adult or half fare concession.

Pensioner Excursion Fares

Pensioner excursion fares were increased by the State Government last year, though the level of discount is still very large and has to be supplemented by millions of dollars in government subsidies to Railcorp by way of social program funding. A \$2.50 pensioner excursion all day fare across all rail and bus services across the entire CityRail network without any time of use restrictions is excessively generous.

The irony with this approach is that the State Government has often stated publicly that fare box revenue represents only 20-25% of overall operating costs for the rail network and yet has been unwilling to charge more realistic fares for the most heavily subsidised users. This irony is further compounded as the State Government has used the poor overall cost recovery ratio as justification for making further cuts to services. It is worth noting that cost recovery on full fare adult tickets is somewhat higher than the 20% figure quoted.

For many years, rail ticket pricing appears to have been set to either buy votes or at least not antagonise certain voters, yet the present state of the rail network would suggest that rail is now likely to be a vote loser come the next state election. Thus there is little to lose by starting to reform pricing onto a more rational business basis for all users. If the pensioner excursion ticket concept is to be retained, then restriction on time of use is warranted.

Whilst concession cardholders may be able to travel for virtually nothing, this is of limited benefit if there is little to travel on. The reduction in off-peak services during 2005 really struck hardest at those who need the service most. The reduction in viable weekend services due to excessive levels of track work also means that those who possibly can will avoid the system altogether and so rob the system of higher yield passengers and prevent it being competitive with road based alternatives.

The State Government needs to stop seeing public transport as "welfare on wheels" and start to see it as a vital component of a liveable and sustainable city.

School Transport

The present school transport travel scheme under which school children travel for free is absurd and the cost of the scheme is excessive. It is highly questionable whether the community gets value for money from the school transport scheme cost of \$400 Million plus per year.

A charge should be levied for all new travel passes issued for school travel, with the charge being based on a **proportion** of the relevant rail fare or Travel Pass ticket applicable for the journey. Using this ticket basis will also provide a common basis for school travel passes with other fares and simplify future revision. It would also ensure that the cost of school passes bore some relationship to costs rather than having some arbitrary charge. Some continuing government subsidy is however justified and so the proportion charged could initially be set at around 10-25 percent of the relevant fare.

By way of example, a rail journey from Strathfield to the city for a child under 16 costs \$1.50 one way, \$3.00 return and \$12.50 for a weekly return. In the absence of the school transport travel scheme, the fare for a ten week term would thus otherwise be around \$120.00. Charging \$20-50 per term (or \$80-200 per year) for such travel is not unreasonable. Certainly it is a cost, but many children spend more than that amount over the same period in the school canteen. It is worth noting that in general, the children who travel the longest distances and are thus the biggest beneficiaries of the present scheme is weighted towards those attending selective or independent schools.

A number of trade offs could be implemented if charging for school rail travel passes were introduced. So for example, the minimum distance from school eligibility criteria could be abolished. Setting a realistic price for the travel pass could also enable their use for purposes other than solely to and from school within defined hours. If school travel passes used the smart card technology, the price could for example be adjusted to enable weekend use at a less heavily discounted fare.

To overcome transitional issues, the introduction of charging could also be phased in over several years. It could alternatively only be introduced for new passes or when a child changed schools to avoid the situation of having the rules changed after a parent has made a commitment to a particular school. This would of course complicate the implementation of charging, though may be relevant where students travelled a very long distance to school as the price of the school pass would otherwise be significant.

Providing 'free' school transport only encourages children to grow up with a view that services do not have to be paid for, which in the long run is unhelpful. Ultimately all services have to be paid for by somebody and it is inequitable that some users do not have to pay anything for using the rail network.

It is worth noting that school children in Melbourne have to pay for school travel passes and so introducing a charge in Sydney can hardly be claimed to be a novel proposal.

The failure of previous IPART reviews to implement even a nominal yearly charge per student travel pass has surely been a lost opportunity and should not be passed over again on this occasion.

Network Performance

Reliability has improved significantly since the introduction of the new timetable in September 2005. Whilst there is still much room for improvement to reach levels of a few years ago, on-time running is substantially better than it was prior to the new timetable. There is however a need to return to the previous definitions of 'late' trains to provide consistent comparison with previous years. Widening the definition of 'late' from three minutes to five or six minutes does absolutely nothing to improve network performance. To loosen the definition of lateness is not much consolation if it means a missed appointment. A late or cancelled train also has a bigger impact when the service frequency is poor.

To make substantial and lasting improvements to network reliability beyond that achieved with the new timetable will require substantial capital investment and greater commitment of resources to maintenance.

Rail commuters are less likely to object to paying an increase when they see some direct return for the additional fares. Some of the increase in ticket revenue could be directly allocated to specific programs, such as better train cleaning/presentation, improvements to critical infrastructure or better refurbishment of rolling stock in order to reduce the risk of equipment failures that impact on train reliability.

New Cityrail Weekend Timetable

The significant reduction in off peak rail services from 2005 on many of the main suburban routes was a big step backwards for metropolitan Sydney. Sydney is a city of over four million people and as such needs a viable weekend rail system.

The government justification for the introduction of the reduced weekend timetable was based at the time on having insufficient drivers to effectively operate the network. This argument no longer applies as the Railcorp submission indicates that driver numbers have now met (and exceeded) Railcorp targets.

If insufficient numbers of drivers really were the issue, then there is a need to develop timetables that provide more frequent services, yet be operated more effectively. Thus, having shuttle services on some parts of the network to major junctions may be a solution rather than having a timetable that runs every service to and from the Central on weekends. Whilst this would require investment in strategically located turn back facilities, these turn backs would also provide greater operational flexibility.

Sydney needs more frequent weekend services, not less. This is so since weekend rail travel is spread more widely over the whole network and has fewer trips to/from the CBD. The ability to change trains to complete a journey is thus more important and needs frequent services on each sector to be effective.

Shorter waiting times are also important for people to be encouraged to use the system on weekends. Under the new timetable, major centres such as Bankstown or Liverpool have only two services per hour to anywhere else as does the inner west line. Bondi Junction has only four services per hour to/from the city. This level of service is surely unacceptable.

The NSW government must give a commitment to restoring weekend services as soon as possible in any review of rail fares.

Excessive levels of Trackwork

From July 2003, CityRail revised the system used for weekend track work, with the stated aim that disruptions would be staged by sectors to reduce the overall disruption. Instead, the consequence of this new approach appears to be even greater disruption so that whole sectors are now without trains all weekend.

The extent of service disruptions caused by weekend track work is excessive. On any one weekend, typically between 10 and 20% of stations have **no rail service at all** as whole sectors are shut for routine maintenance. Whilst an alternative bus service is always substituted, the additional journey times (as stated on the CityRail web site) for the alternative buses are clearly intended to discourage people from using that part of the network at all on the affected weekends.

For example, during the weekend of 25-26 March 2006, there were no trains north of Strathfield or Gordon to the Central Coast or Newcastle. Thus some 67 stations of the 306 on the Cityrail network had no rail service all weekend. On the week ending 01-02 April 2006 there will be no trains west of Blacktown and so some 29 stations will be without a rail service. The alternative bus service is not an effective substitute.

These examples are not isolated instances as the various sectors of the network are closed completely on maybe 4-6 weekends per year. One weekend per year may be reasonable, but 4-6 is excessive. Track possessions are not confined to weekends and now there are regular weekday evening closures too. Some sectors are also closed for whole weeks at a time during major works. Sectors with four or more parallel tracks are also often shut down, which is ludicrous. Track work disruptions have got to the stage where there are now few sectors of the CityRail network that are planned to run normally over any fortnight period.

The real (and perceived) unreliability of the service provided on the residual weekend rail network adversely affects weekend patronage. The poor availability also contributes indirectly to the growing weekend road congestion around Sydney, as many people have no alternative but to drive if they don't want to spend all day travelling. Weekend road congestion is now a major issue in Sydney, as anyone trying to drive around the metropolitan area on weekends can testify.

Reducing the level of disruption for planned track work must be part of any future operating plan for the rail network.

Any proposal to significantly increase off-peak rail fares must be accompanied with strategies to reduce the unacceptably high levels of disruption imposed by weekend trackwork without compromising on network maintenance. There are ways to achieve this better performance as is evident on virtually every other rail network around the world.

Future Augmentations

There is a need for the State Government to develop a comprehensive plan for the short and medium term future, state publicly what the plan is and commit serious money to it. The 2001 "Christie" report was an excellent examination of current and future rail network needs. The State Government has however been very slow to act on that review and there is now an urgent need to increase the 'reach' of the rail network into areas not presently served by rail. Among other recommendations, the Christie report identified a need for three new 'metro' style lines physically separate from the existing network. The three proposed metro lines (Miranda-City-Dee Why; Parramatta-Drummoyne-City-UNSW-Sydenham; Hoxton Park-Parramatta-Castle Hill) would if built, transform travel around the Sydney metropolitan area.

The Rail Clearways program is worthwhile, though does not go nearly far enough and will do little to break the network into discrete sectors. With the completion of the proposed plan, the system will be only marginally less tangled than at present and all of the present 'flat' junctions will remain. Bankstown, Airport, Campbelltown, Inner West and South line trains will still share the same city circle route. Northern, Western, North Shore and Richmond line trains will also share the same city route. Whilst capacity will be increased with the Rail Clearways program, the potential for disruptions would appear to be much the same as at present. Despite the advertising claims of the State Government, "*a sick passenger on a train at Berowra will still affect trains at Parramatta*" in exactly the same manner as at present.

In developing any new rail transport plan, there is a need to revisit the Action for Transport 2010 plan produced in the late 1990's.

One of the key objectives in the NSW Government "Action for Transport 2010" plan was to **reduce** car dependency not **increase** car dependency. If this was a key objective, why has the State Government persisted in pursuing a motorway construction policy that actively **increases** car dependency at the virtual exclusion of expenditure on infrastructure on other transport modes? Why has the State Government done so little over the last decade to provide rail transport access to areas that do not have any ?

By 2007, all of the motorway projects in "Action for Transport 2010" will be complete (Eastern Distributor, M5 East, Cross-City tunnel, M2 to Gore Hill and Western Sydney Orbital). The State Government is now examining further motorways (M4 East, M4-Botany link and M2 – F3 Pennant Hills link, even though these projects were not mentioned in "Action for transport 2010".

On the other hand, virtually all of the new rail projects in "Action for Transport 2010" remain paper projects. The Airport line was largely complete at the time "Action for Transport 2010" was published and the Parramatta to Chatswood line has been truncated into an Epping to Chatswood line. The other rail projects in "Action for Transport 2010", viz: the Bondi Beach railway, the Hornsby to Newcastle high speed link, Sutherland to Wollongong high speed link, the Hurstville to Strathfield line and the Liverpool Y link all appear to have been quietly forgotten. It took until 2005 for the government to announce the north west line to Castle Hill and south west line to Leppington, and this project will not be completed for at least another decade at the earliest. The intercity high speed rail links are now of critical need as the parallel motorway links approach saturation.

There are also substantial rolling stock needs for the CityRail network as 498 of the oldest non air conditioned suburban carriages will need replacement in the next few years. Specific programs to allocate some of any increased revenue towards these capital needs would also make the fare increases more acceptable.

Conclusion

The State Government needs to stop seeing public transport as a form of “welfare on wheels” and using ticket pricing as an extension of the tax system. Instead, there is a need to start seeing public transport as a vital component of a liveable and sustainable city. All users should pay for use and all pay a reasonable share. Having realistic ticket prices for all users of public transport (and not just those who are perceived as being able to pay) will help to improve the viability of the public transport system.

Yours Faithfully,
Stephen Hodgkinson