

REVIEW OF CITYRAIL FARES 2006

Submission from the Transport Panel of the Sydney Division of Engineers Australia (formerly the Institution of Engineers Australia)

March 2006

1. Introduction

The Transport Panel of the Sydney Division of Engineers Australia is a committee of practicing transport engineers who serve the body of professional transport engineers in Sydney by, among other things :

- promoting excellence in transport systems, analysis techniques in education;
- providing expert guidance on transport issues to Institution members and others; and
- encouraging informed debate on transport issues.

The Committee members are not employed by Engineers Australia and this submission represents the view of the Transport Panel Committee, not that of Engineers Australia or the organisations which currently employ the Committee members.

2. Summary

As in previous years, we submit that:

- IPART should clarify the objectives that public transport is being provided to satisfy, as an essential precursor to assessing fare options;
- IPART should consider the flexibility offered by modern ticketing technology;
- There should be comparability between bus and train fares, but if there is to be a differential then buses should be cheaper than trains and not the other way round;
- Off-system tickets, especially discounted multi-modal tickets, should be more strongly promoted;
- There should be a difference between peak and off-peak fares, with peak fares reflecting the cost of providing the additional resources required only for peak services; and
- The process of annual fare changes should take place in the context of a long-term plan.

Elaboration of these points now follows, after some initial background comments.

3. Background

The Independent Pricing and Regulatory Tribunal (IPART) is charged under the *Independent Pricing and Regulatory Tribunal Act 1992* with the annual

regulation of services supplied by government monopolies, which in transport are (under Schedule 1 of the Act) the State Rail Authority (CityRail only) and the State Transit Authority. The current Inquiry will determine maximum fares for declared government monopoly passenger transport services provided by Railcorp's CityRail business.

4. Objectives

We have made the point to several previous inquiries that until relevant objectives are set for public transport, it will not be possible to evaluate options rigorously. Possible objectives (not necessarily mutually exclusive) include:

- Equitable access providing 24-hour, 7-day-a-week accessibility to those who do not use cars
- Commuters: coping efficiently with highly peaked journey-to-work movement
- Schoolchildren: coping efficiently with highly peaked journey-to-education movement
- Competitiveness: offering a viable alternative to private car use
- Commercial viability: offering an acceptable return on assets
- Sustainability: developing a system to provide urban mobility for a future date when unconstrained private mobility is more difficult

We will not repeat our views at length, save to observe that evaluation of options depends on their assessment, which in turn depends on performance measures, which in turn should be derived from objectives.

5. Technology for Better Ticketing and Traveller Information

The subject of public transport fares can no longer be considered in isolation from firstly the manner in which the fares are applied as a technology issue and secondly as a means of demand management.

- **Ticketing Technology.** Technology applicable to fare structures should be considered fully in the setting of the fares and the manner in which ticketing or other fare collection is applied. For example the imminent use of smart-card technology should be considered in the fare structure because this new technology will permit much greater flexibility in setting fares and offering incentives than has been possible in the past. This possibility should be considered fully by IPART and could form the basis of a wider or subsequent inquiry.
- **Traveller Information to Encourage Greater Use of Public Transport**
The use of public transport is not a fixed or predictable demographic parameter. There is, anecdotally at least, an untapped potential to increase the use of public transport with consequential benefits in environmental and economic terms. This will be influenced by more attractive pricing systems and fare structure and collection technology

Perhaps even more importantly the use of public transport will increase with greater access to timely and accurate transport information that is generated for door-to-door journey planning and pricing. The same

infrastructure that manages fares and ticketing can also provide information about all public transport modes and options (including taxis) as an alternative or supplement to the use of private vehicles (park and ride for example).

The Transport Panel recommends that the scope of the IPART inquiry is broadened to include these two aspects that relate with fares and other matters considered by IPART, namely:

- Advanced ticketing technology
- Improved traveller information to encourage greater use of public transport

6. Comparability between train and bus fares

The Panel believes that urban rail fares cannot be considered in isolation from bus fares. Figure 1 shows the on-board (cash)¹ fares for bus and rail (both ordinary single and as part of an off-peak return²). The rail fare in most situations is cheaper than the bus fare, except for relatively short journeys. We suggest that there should just be a single public transport fare scale (as recommended by the Unsworth Review for public and private buses, but including rail fares as well).

It seems hard to justify trains being cheaper than buses when, in the eyes of most users, trains are a superior product (when they can be directly compared) and are also much more expensive to provide. The flagfall for fares should probably be a reflection of the fixed costs of the mode compared with the variable costs of the service. This would suggest a higher flagfall for rail. Government subsidy of rail fares but not bus fares should be considered an explicit policy choice rather than a historical legacy.

¹ Unlike the bus system where only a limited range of tickets can be purchased on-board the bus, all CityRail tickets can be purchased at the station and in one sense can be considered off-board purchases. Our on-board comparisons are for the regular rail tickets and the “off-board” tickets for the discounted tickets to provide comparability with bus fares.

² The CityRail fares bands are measured in kilometres. Whilst our conversion process of one bus section equals 1.62 kilometres is an approximation, we believe it is appropriate for the purpose of comparing fare scales between modes.

Figure 1 Comparison of On-Board Fares

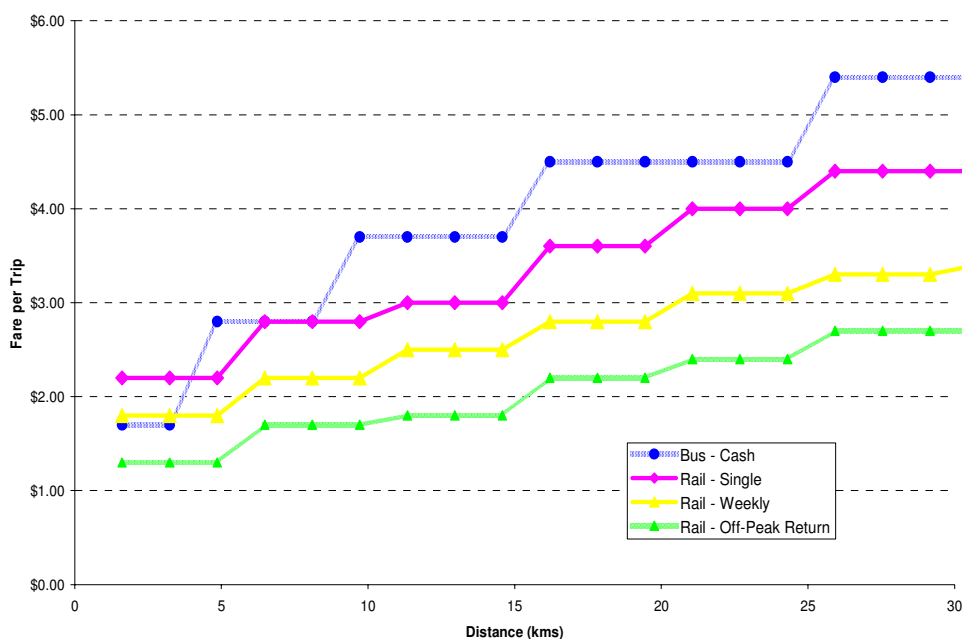


Table 1 makes the same point about comparability of bus and train: again, it shows how rail fares (especially off-peak returns) are cheaper than bus fares.

Table 1 Comparison of Fares Between Modes (per journey)

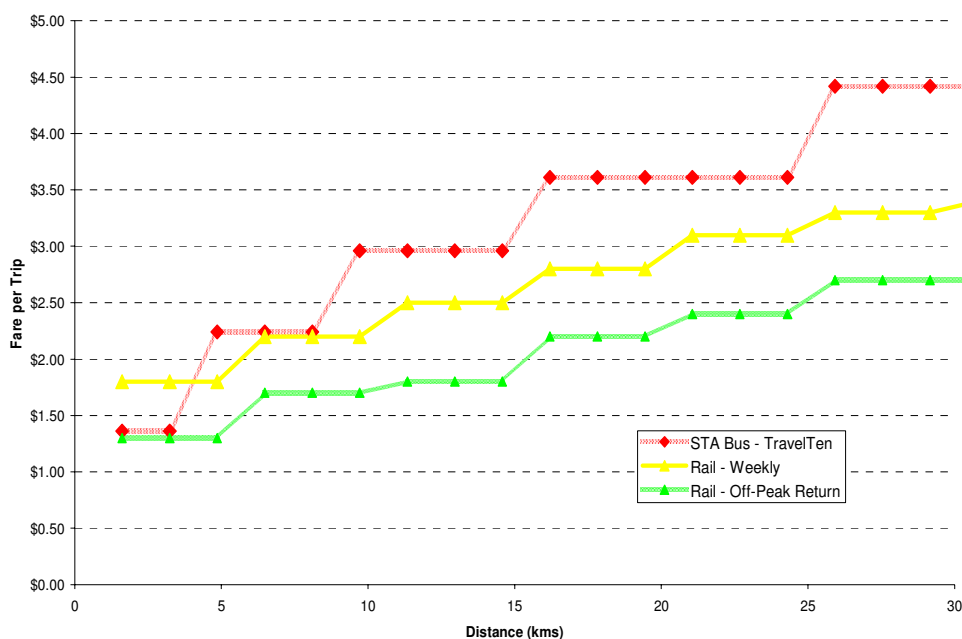
| Travel | Bus Single | Bus TenRide | Rail Single | Rail Off-Peak Return |
|---------------------------------|------------|-------------|-------------|----------------------|
| Newtown to Central | \$1.70 | \$1.36 | \$2.20 | \$1.30 |
| Bondi Junction to Circular Quay | \$2.80 | \$2.24 | \$2.80 | \$1.70 |
| Chatswood to Wynyard | \$3.70 | \$2.96 | \$2.80 | \$1.70 |
| Campsie to Wynyard | \$3.70 | \$2.96 | \$3.00 | \$1.80 |
| Epping to Town Hall | \$4.50 | \$3.61 | \$4.40 | \$2.70 |
| Parramatta to Central | \$5.40 | \$4.42 | \$4.00 | \$2.40 |
| Parramatta to Liverpool | \$5.40 | \$4.57 | \$3.60 | \$2.20 |

Note: For Parramatta to Liverpool, the bus Ten Ride price has been calculated using T-way 10 fares, for all other bus journeys, STA TravelTen fares have been used.

7. Off-board fares, multi-modal tickets and discounts

Figure 2 shows the fares for STA TravelTen and off-peak rail return. It also shows the cost of a single rail trip with a weekly ticket, based on 10 rides per ticket. This reinforces the previous point about the difference between bus and rail fares.

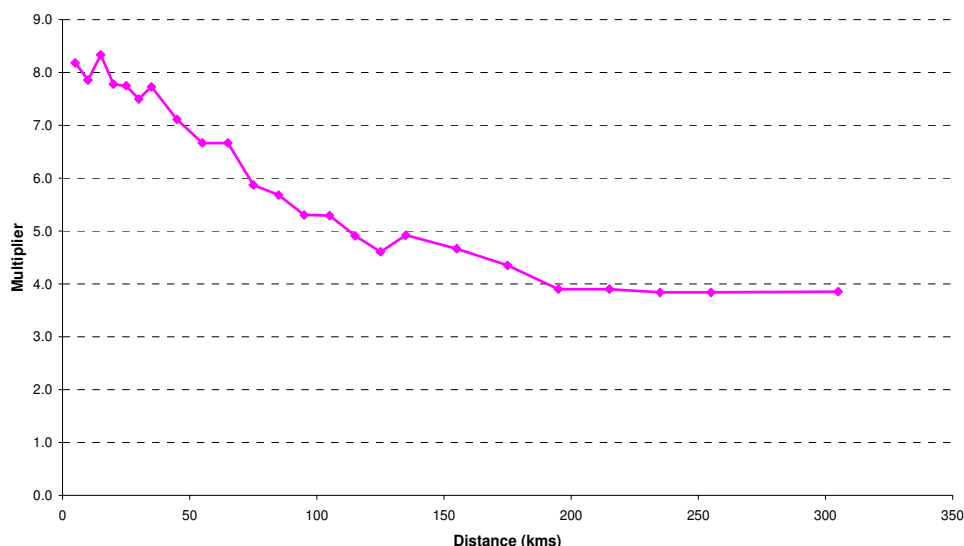
Figure 2 Comparison of Off-Board Fares



The Panel supports the active encouragement for rail passengers to purchase multi-journey tickets to improve boarding times and service reliability on the bus legs of their journeys. To encourage this behaviour it is necessary to provide an incentive to passengers to purchase such tickets.

The Panel also supports weekly rail tickets to reduce the need for regular passengers to purchase tickets on a daily basis. Figure 3 shows the multiplier to convert the price of a single rail ticket to a weekly ticket. The Panel believes that a multiplier of 8 which is approximately the value for short distance journeys (up to 15 kms) is a appropriate for journeys of all distances. We would ask IPART to comment on the desirable pricing of the weekly tickets relative to single tickets.

Figure 3 Multiplier to Convert Rail Single Ticket Price to Weekly



Currently there are generous discounts to commuters who use the rail system and STA / Sydney Ferries services. We would also like to see multi-modal discounts for casual use extended to all public transport trips, and in particular trips that require use of both bus and train should not bear “flagfalls” for each mode separately.

The new Integrated Ticketing Tcard system offers the basis for this to be done. The best way to persuade passengers to pre-purchase tickets is to offer them a stored-value card (smart card) which they can use to buy tickets by tagging on and tagging off as they enter and leave trains/stations or buses (see <http://www.tcard.com.au/about/>).

8. Peak/Off-peak fare differential

We believe that there should be a significant differential between peak and off-peak fares, with peak fares reflecting the higher cost of resources required for peak times only. This would appear to be feasible given current electronic ticketing technology. It would have the merit of charging commuters something closer to the true cost of their journeys, while not overcharging (indeed, encouraging) off-peak use. We note that off-peak conditions apply for about 148 hours out of 168 in a typical week (not including the afternoon school transport).

We note that there are very significant discounts offered by CityRail for off-peak return tickets. We would invite IPART to comment on whether they support the

introduction of a similar ticket for the bus system, and how IPART views the pricing of these ticket products.

9. Long-term plan

The Panel would like to see an “ideal” fare scale for all metropolitan public transport defined, no matter how far from present fare scales this is. The annual fare revision could then take incremental steps in moving from the current scales towards the ideal scale.

10. Conclusions

- IPART should clarify the objectives to be satisfied by public transport, as an essential precursor to assessing fare options;
- IPART should consider the benefits offered by modern ticketing technology;
- There should be comparability between bus and train fares, but if there is to be a differential then buses should be cheaper than trains and not the other way round;
- Off-system tickets, especially discounted multi-modal tickets, should be more strongly promoted;
- There should be a difference between peak and off-peak fares, with peak fares reflecting the cost of providing the additional resources required only for peak services; and
- The process of annual fare changes should take place in the context of a long-term plan.

The Panel is not primarily interested in the regulation nor the operation of passenger transport services, and we do not favour any particular mode. Our interest does lie in assisting a professionally conducted independent inquiry into all aspects of public transport fares including train fares. We would be happy to discuss making our own professional expertise available to the Inquiry on some basis. If you are interested in further involvement, please contact the Panel Chairman, David Kilsby (02 9415 4544).