Submission to IPART regarding 2007 Cityrail fare review

I wish to submit my concerns as part of the IPART review on the Cityrail fare structure review. I shall structure my submission in accordance with Cityrail's key arguments as outlined in the Cityrail submission document dated June 2007; these being:

- expenditure on capital improvements
- declining levels of cost recovery
- costs increasing at a rate greater than inflation, reflecting market conditions
- improvements in safety, passenger security, service quality and operational efficiency.

Expenditure on capital improvements

Whilst it is a well known fact that Cityrail's expenditure on capital works has increased somewhat in recent times, its customers are yet to see any quantifiable improvements to infrastructure as outlined in the Cityrail submission. The document itself points to $781 million in expenditure over the 2006/07 period; however the vast majority of this large investment is yet to be delivered or implemented across the network. For example the $**252 million** investment in the OSCAR/Hunter Rail cars is yet to provide any tangible benefit to commuters, as these are yet to be fully implemented across the network. Commuters continue to travel on outdated, often uncomfortable and less reliable rolling stock. The 'Rail Clearways' project (at **$174 million**) has yet to deliver any substantial benefit to customers as these infrastructure changes are still in progress and under construction.

I believe that costs should only be passed on to Cityrail customers once tangible benefits can be delivered to passengers- i.e. once capital improvements have been delivered and constructed. I ask that the tribunal recognise this fact. I also point out to the tribunal the known inefficiencies in relation to Cityrail's delivery of these improvements, including delays to implementation adding to rising costs.

Declining levels of cost recovery

It is no coincidence that Cityrail have experienced a decline in cost recovery levels over recent years. It must be taken into consideration that the aforementioned capital expenditure along with steadily increasing operating costs as a result of ageing infrastructure and greater maintenance outlay has taken a toll on such figures. The Cityrail submission states that "The NSW taxpayer is now paying an increasing proportion of Cityrail costs- about $700 per household"- a statement that is largely negated by the fact that a large portion of the population within the geographical boundaries of the network would frequently utilise the service in some capacity. The Cityrail customer cannot be held accountable for both expenditure on capital improvements and operating costs; this is especially relevant due to the fact that budgetary determinations made by the Cityrail executive are often extravagant and many inefficiencies exist. Perhaps rather than increasing fares we should aim to re-examine efficiency in Cityrail's spending.

I also ask the tribunal to consider Cityrail's assertion that "rail user contribution is declining at the same time average wages have increased by over 30%". Whilst wages have increased generally within the timeframe quoted in this document, the cost of living in general has also increased due to Consumer Pricing Index (CPI) changes thereby generally offsetting any wage increases. This coupled with the fact that most Cityrail customers are within the low to middle income earning bracket makes these statements even less relevant. I may qualify this

statement as the average wage figure has also been forced upwards as a result of the high-income earners (the majority of whom do not utilise Cityrail's services and have multiple large motor vehicles) are now generally earning even more as a result of greater demand for professional services.

Costs increasing at a rate greater than inflation, reflecting market conditions

The Cityrail submission states that it has incurred rising costs as a result of the following:

- Wage growth in excess of the CPI
- Increasing maintenance costs
- Increases in the price of commodities.

If Cityrail sees it fit to afford both front line staff and executive and administrative employees high or excessive salaries in comparison to those in other industries this should be of no consequence to its customers. Again I ask the tribunal to examine the relevance of such factors in determining its response to the proposal. As previously mentioned, perhaps Cityrail should undertake a review of its outgoing expenses and budgetary requirements and aim to improve cost efficiency rather than passing on costs to consumers; this generally being an unacceptable business practice.

Again as I have previously outlined increasing maintenance costs are generally a result of Cityrail's ageing fleet. This fleet is well beyond its time in terms of both operational and customer capacity and suitability. The fact that so much has supposedly been invested in new infrastructure which is yet to be implemented (or passed on to the customer as has been promised) should also have a bearing on the tribunal's determination.

Improvements in safety, passenger security, service quality and operational efficiency

To the average Cityrail customer minimal visible changes have been implemented in recent times to improve customer safety. From a customer perspective it would still appear that certain glaring inefficiencies exist in safety procedures across the network. A specific example would be when trains on occasions will leave a station with a door still open- the responsibility of the train's guard. This would suggest that strategies to improve customer safety have failed to improve certain aspects of the day-to-day operation of trains. Passenger security has only improved minimally as a result of the expensive implementation of security guards; whom are infrequently on daytime services, and seemingly tend to spend a large majority of time waiting on station platforms or in the general vicinity of a station or in train vestibules under the guise of patrolling that particular area. The general night time experience for Cityrail customers can be fraught with perils- including violent or abusive passengers when no security staff or personnel are to be found as promised.

I now ask the tribunal again to consider the relevance of the facts tendered in the submission especially with regards to improvements to service quality and operational efficiency. Cityrail has by its own admission "refined its KPI measurement process" or in effect re-defined the definition of a late running service by **increasing** the allowance in variation for key reporting figures. It is also questionable as to what data is actually measured in recording such information; with no creditable external auditor or reporting agency being involved in collecting or interpreting this data. As a result of this, it is not known as to how accurately these figures represent the realistic service levels that Cityrail provide. One might suggest that such figures are not collected during the peak periods due to frequency of late and/or cancelled services during such times. I again implore the tribunal to question these figures, and verify other data Cityrail has provided as part of its submission to verify the relevance and accuracy as this is of critical importance in this case.

General summary

As a rail user, I do not feel that the proposed fare increases are warranted as my travel experience has not improved whatsoever since the previous fare increases. However, evidence suggests that it has on the contrary declined due to both continually failing infrastructure and overcrowded/slow trains as a result of new timetables supposedly introduced to improve operating efficiency. It is also important to note that the cost of extravagant expenditure on both operating costs and capital works should not be passed on to Cityrail customers until such time as it is able to provide a tangible benefit to those utilising the network. I also feel insulted that Cityrail feels that it is justified to increase fares as taxpayers are having to subsidise the service to an increased degree- in effect 'stinging me twice' as I pay both Cityrail fares AND taxes plus other levies such as registration and petrol excise which goes straight to the state government and thus Cityrail's coffers.

In short Cityrail should **deliver** benefits to consumers as a result of increased expenditure- then I am happy to **pay extra** once these have been **delivered**. Perhaps the tribunal members may wish to (if they do not already) travel on an interurban Cityrail service for a period of 1 week so they may truly enjoy Cityrail's purported "improved service levels".

Regards,

Paul Lesiow