

IPART

Determination of Cityrail fares 2008-2012

Submission

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I make these comments in relation to IPART's draft determination

Off-Peak ticketing.

The proposed changes to off-peak ticketing represent the biggest blunder in IPART's fare determination, and here's why:

Under the existing system, "off-peak" tickets only exist as a return ticket. They are only available after 9 AM at the point where the passenger is catching the train. This is a reasonably straightforward arrangement.

IPART has raised the issue, and it is a genuine issue, that some offpeak ticketholders make their return journey during the afternoon peak period. IPART proposes to ban the use of off-peak return tickets during the afternoon peak period.

IPART itself notes, that the afternoon peak period is inherently more "dispersed" than the morning peak, and the system is not so constrained by afternoon capacity (if there are no breakdowns).

Off-peak train travel attract a wide diversity of users including part-time workers, shoppers, tourists, students, casual workers, people making recreational journeys, shift workers, and others. Many of these sorts of users would not be traveling 5 or more days a week and therefore cannot take advantage of weekly ticket discounts.

There are a number of practicality issues with IPART's proposed changes.

- Train users might not know, or have control over, when they will return.

Off-peak travel applies to a large diversity of train users. Many users may not know exactly what time they will return from their trip. In many cases the timing will vary from day to day (casual workers with varying finishing times), and often the return journey time will be outside of the control of the traveler.

Consider this scenario. Mrs Semprini of Burwood catches the train at 10 AM to visit the CBD for shopping. She plans to return home at 3:30 but because of the crowds in the shops she doesn't make it back to the Town Hall station until 4:05 PM. She can't use her off-peak return ticket! Her choices appear to be, to sit forlornly on the sidewalk until 6:30 PM (pointless), or to chuck away the return ticket she has already paid for, and buy a new one-way ticket home to Burwood. It needs to be pointed out, that if Mrs Semprini does this, she will have paid MORE THAN TWICE the fare which a normal peak commuter using a weekly ticket would have paid for that round-trip commute.

A part-time worker such as a waitress in the CBD restaurant who normally works, say, 10:30 to 3:00 might find themselves in similar predicament if they are required to work back to finish up. And if she only works 3 days a week she can't benefit from a weekly ticket discount either.

This sort of outcome is simply mean, complicated and tricky. Once occasional train users have experienced this kind of BS once or twice, they will join the majority of citizens who are resolutely "anti" public transport and insist on driving everywhere.

A transport system geared entirely to the needs of 9 to 5 CBD commuters and which is impractical for others to use, is not in the interests of developing an effective high-density low-carbon 21st century city.

- No one-way off-peak tickets are offered

One-way off-peak tickets are not currently offered. So even if Mrs Semprini of Burwood is aware of the risk that her shopping expedition might not be finished before 4 PM, she cannot even buy a one-way offpeak ticket to the CBD at 10 AM.

- Insufficient ticketing machines in the CBD

By making the purchase of an off-peak return ticket a risky and hazardous investment, CityRail will effectively be encouraging people to use one-way single tickets more. During afternoon periods, the ticketing machines in the CBD stations already have unacceptably long queues of people trying to buy tickets. Does CityRail plan on buying more machines to meet the demand for single tickets which will increase if IPART's half-baked scheme is implemented.

- Train users whose journey always involves one peak leg and one off-peak leg will be permanently disadvantaged.

IPART correctly states that travelers should have an incentive to schedule their journeys, where possible, outside peak times. However, IPART proposes to restrict this benefit to those who can schedule BOTH of their daily journeys into what it chooses to designate as "off-peak" times. Workers and others may not have unlimited discretion to alter their travel times. Workers and others may be able to schedule their morning journey outside "peak" times, but not have discretion in the afternoon, or vice versa. Under the current arrangements, workers who can avoid the morning peak period can benefit from an off-peak ticket. IPART proposed to

make this impossible. It should be noted that the morning peak period is a more congested peak period than the afternoon (at least, when there are no delays).

It needs to be pointed out, that no one-way off-peak tickets are currently offered nor proposed to be offered, so the traveler whose journey is off-peak in one direction only, does not even have the option of purchasing a one-way ticket for each leg of their journey.

It also needs to be pointed out, that the current weekly ticket system disadvantages those who are part time workers or students (and many students although on limited incomes do not get concessions) and travel 3 or 4 days a week. Such users cannot usefully purchase a weekly ticket. There is no train equivalent of a “travel ten” multi-use ticket (which doesn’t have to be entirely used in one week). Many of these part-time workers and students can currently use off-peak tickets and will lose this advantage also.

If congestion at peak periods is really the issue that CityRail claims it is, then 5-day travelers are causing more congestion and 2,3 or 4 day travelers ! So why are the 5-day travelers getting the weekly discount then ????

- Current ticketing machines do not enable ticket selection

Currently, the ticket vending machines automatically provide an off-peak return ticket when a return ticket is purchased after 9 AM. Even assuming that a person commencing a journey KNOWS for certain whether their return journey will commence before or after 4 PM, there is no provision for the machine to offer them the correct ticket which they will need.

- Whats Central got to do with it ?

Many journeys do not involve travel to Central. Under IPART’s scheme, if Mrs Farhat sets out from Auburn to visit her dentist in Blacktown for a 1 PM appointment, and he keeps her waiting 90 minutes for her appointment, and she arrives back at Blacktown station at 3 PM for her return journey to Auburn, then she won’t be able to use her off-peak return ticket. Why ? Because the 3:07 from Blacktown to Auburn will pass through Central at 4:01 on its way to the North Shore, therefore it’s a peak service ! So travel from Blacktown to Auburn at three in the afternoon is not off-peak travel. What sort of ticket does IPART suggest that Mrs Farhat can buy ??

How is Mrs Farhat supposed to know whether the train she wants to catch from Blacktown to Auburn at 3 PM gets to Central exactly ? Should she memorise the complete timetable ? Should she carry her satellite-Internet enabled laptop everywhere with her ? How should she know and why should she care ? Complicated and tricky !

Likewise, the pursuit of “efficiency” by economists seems to be very patchy. Workers whose journeys are in the opposite direction to the normal CBD-focused

flow are traveling on uncongested trains. So why don't they get an off-peak discount ?

The absurdities concerning basing this charge on Central continue. A shop worker from Penrith who works in the mall at Blacktown from 2 PM to 8 PM will no longer be allowed to use off-peak tickets ! Why ? Because their train home from Blacktown to Penrith at 8 PM may have left from Central at 6:25 ! So what. Its absurd. Newsflash, IPART, the world does not revolve around Central.

It should be noted, that car users can operate without being subjected to these arbitrary catch-22 situations.

- Proposed changes discourage evening transport

Currently, off-peak tickets are available to people who want to travel to the CBD in the evening for various entertainment purposes. Under the proposed scheme, train users will not be able to use off-peak tickets. The higher cost of train tickets will discourage people traveling to the CBD and other places to attend restaurants, cinemas and theatres, or force them to use other transport. Trains traveling INTO the CBD after 6 o'clock are not crowded.

It is probably in the public interest to have more people traveling on trains in the evening period, not less. The presence of more people on trains acts as a deterrent to the criminal element.

Change will affect large number of people

I currently work near the city, 11 to 6, four days a week. This change will increase my fares very substantially as I will not longer be able to use off-peak tickets. I can't use a weekly do I get no discount there. I can't get any reward for my morning journey avoiding the uncongested time. IPART claims that fares will not increase more than 30% over four years. This is certainly untrue in my case ! And my circumstances are not usual or unique. There are many train users like me !

So here we have a bunch of company-car driving accountants and consultants, who prattle on about "efficiency" but they seem to be very inconsistent in their approach. Why exactly do we have a weekly ticket discount ? As a four days a week train user who feels disadvantaged by this, I think you need to explain it ! To reduce the cost of physically issuing the tickets ? Or some other reason ? Or just because "we've always done it that way" ? Is that an "economic" reason ?

The State and Federal Governments both claim that one of the ways of reducing the greenhouse burden is by reducing the total demand for travel, and one way many workers can accomplish this is to work at home 1 or 2 days a week, and avoid the emissions associated with traveling. Well this paradigm certainly doesn't work to your advantage if you are a public transport user, apparently.

Under the new fare determination, a person who travels 5 days a week, peak times both ways, will have a total weekly cost only a few cents more than a user who only travels 4 days a week, and half of whose journeys are made in off-peak time

periods. That's the sort of nonsense you get when you employ economists, apparently.

IPART's circular argument

IPART claims that fares should represent the "temporal aspect" of when journeys are undertaken. Yet their proposal doesn't achieve this! A daily return journey has two components. Which may be at different times. IPART proposes a drastically reduced fare if both components are off-peak, and fares which are little different where neither component is off-peak(barely increased for inflation). But there is no consistency where one leg of the journey is in the arbitrarily defined peak period, and one leg isn't. These users will in fact have an massive fair increase.

If IPART really wants to reflect the temporal aspect properly, then it needs to consider on-peak and off-peak pricing for both legs of the journey separately.

IPART notes that appropriate pricing for contra-peak flows may be possible with electronic ticketing. Presumably off-peak discounting based on the timing of EACH LEG of a passenger's journey could also be considered then. Since this is the case, it is more practical to delay changing the existing arrangements for off-peak ticketing until the technology is available to support them without the absurdities which have been outlined.

Recommendation regarding off-peak travel:

Under electronic ticketing, which will come sooner or later, it will be possible to price both legs of a journey separately according to whether they are (separately) "peak" or "off-peak" journeys. The current off-peak arrangements, while not "perfect" from the point of view of economists, is fair and workable. The arrangements proposed by IPART are impracticable and half-baked. The proposed "reform" of off-peak ticketing should be shelved until the electronic system becomes available.

IPART's spurious analysis of incomes

IPART's report contains a lot of half-baked nonsense about personal incomes and "capacity to pay". So much nonsense that I am only going to point out a few of the key howlers.

The use of “household income” statistics is quite misguided. It is no doubt based on a Howardesque “nuclear family” paradigm, which disregards the diversity of households.

Our city trains seem to be full of low-level young female office workers. A lot of these women probably live with their parents, who are probably not yet retired. Should their “capacity to pay” increase fares be based on their own income (including the staggering burden of one day having their own home), or the income of their parents ? I’ve spoken to women whose weekly train tickets cost more than 10% of their take-home pay, and that’s too much !

IPART is rightly concerned about the level of State subsidy for train operations. Perhaps it should consider the \$11.2 billion-a-year subsidy to the driving sector, which is effective cost to the taxpayer of the subsidy provided through employer tax-deductibility for the cost of the personal and private motoring of the vast elite with their “company cars”.

It appears that vast amounts of money are being wasted by Cityrail. There seems to be a lot of pointless digging and filling in of holes along the sides of the tracks. There often seem to be crowds of workers hanging around, don’t seem to be working on anything.

Travelpasses

IPART have claimed for years and years that the discounts on travelpasses are “excessive”. Yet it has not produced any evidence to back this up. IPART has , on past occasions, said that better research on the actual usage of travelpasses would be undertaken before the subsequent review, but it has never appeared (none that I noticed anyhow).

Travelpasses only have a big “discount” when compared to the unrealistic fares which would be charged for multi-mode journeys, a stonking “flag-fall” charge being applied to EACH leg of the journey. Commuters did not cause the poor planning which results in different parts of inner Sydney being serviced by trains and buses (or ferries). Commuters are penalized enough for the operational shortcomings of this poor planning, without being blamed financially as well.

One only has to look at cities like Melbourne where a journey which involves a train and a tram is no big deal. Here in Sydney, it is complicated, tricky and expensive.

The fact that the train managers and the bus managers don’t agree, is an issue for the transport management to tackle and not to blame the customers. A travelpass should not really cost any more than a comparable rail weekly ticket.

If IPART really wants to continue to peddle the line that Travelpass users are being undercharged, they should provide better factual evidence for their claim.

See also comments about Figure 13.1, below.

The message to transport users from IPART, particularly to people who live in the near-city suburbs, may not have cars, and whose daily journeys require multiple modes of transport is effectively “Screw you ! Get a car !” IPART intends to implement charging of flag-fall for each leg of their journeys, despite saying in its initial draft report three months ago that it wouldn’t do this. Because IPART’s bogus logic in relation to the alleged “excessive discount” to travelpass users means exactly that - the appropriate fare basis for a travelpass is to charge a flag fall for each leg of a journey.

In this case, IPART seems to be happy to be a stooge for the warring management of the trains and buses and IPART seems to be happy to make the transport consumer a scapegoat for this.

Where are the buses ??

In ANY OTHER CITY in the world, it would be ROUTINE to be able to make a direct bus journey for trips such as Crows Nest to Alexandria, or Drummoyne to Kensington, or Camperdown to Double Bay. In ANY OTHER CITY in the world, direct bus trips through the CBD exist. Why don’t they exist in Sydney ? IPART proposes to charge travelers forced to make these trips in TWO buses (and lousy connection times and location), and then to CHARGE them TWO flag falls for the inconvenience.

This is unacceptable !

Its pathetic that consumers are exposed to this because of the late 19th century industrial shemozzle and mismanagement of the antique bus management system.

Comparative fares for different journeys

It is highly instructive to actually consider the fares for a variety of journeys of comparable distance across the CBD area which involve different combinations of train and bus journeys

For example - Burwood to North Sydney (one train)
Petersham – St Leonards (two trains)
Drummoyne – Bondi Junction (bus then a train)
Balmain – Kensington (two buses)

I would like to include a cross-CBD in one bus journey here for comparison, but there aren’t any !

Now the train journeys are much cheaper. And train users are not penalized financially for changing trains. And yet, the Petersham to St Leonards journey which involves changing trains at Central or Town Hall, contributes much more to PLATFORM CONGESTION than the Burwood –North Sydney journey where the passenger can make the journey on a single train.

Now, the users did not create the system where there are buses to some suburbs and not others. Yet the bus users in these example journey's pay FAR MORE than the train users. Yet IPART claims that their travelpasses are too cheap ! Please explain !

Demand Elasticity

IPART's analysis of demand elasticity is mostly about correct. However, they overlook a few key things about it. First thing is that the ability of commuters to drive to work in the CBD as an alternative to train use, is constrained more by PARKING constraints than by road congestion. Secondly, they again overlook the huge distortion caused by the "company car" racket. Thirdly, in Australia very few able-bodied, employed people don't have a car. Our city layout and facilities, including the overall effectiveness of public transport, mean that very few people find living without a car to be feasible, unless they are forced to live without one due to poverty, disability or age. This implies that the cost-benefit choice of using cars or public transport for work commuting depends on the marginal cost of using the cars which they own, and not the total cost of car ownership. Fourthly, it should be noted that car owners who nevertheless use public transport for their primary work commute, face higher effective fixed costs such as registration, insurance and fixed depreciation, in respect of which they get no "credit" for their much lower car usage.

Charging by distance

IPART says over and over again, that it wants to transform to charging by distance. IPART mentions a "flag-fall" of \$2.50 per trip plus certain cents per kilometer. However IPART's determination proposes to implement something completely different! IPART proposes bands where users traveling different distances pay the same fare. More to the point, users traveling, say, 25.1 kilometers, will be charged the same fare as people traveling 35. That is an effective surcharge of a whopping 40% over the nominal 8 cents per kilometer.

Future inflation

I note that in 2010, IPART proposes to increase the per kilometer notional rate from 8c to 9c per kilometer. That is an extremely butch increase of 12% next year ! Interesting that this highly inflationary decision is not highlighted in the report !

Broken journeys

As it currently stands, it is impossible for a worker to make a stop at another station for some errand or purpose on the way to or from work. There is no legal way to do this without buying 3 one-way tickets which is incredibly expensive and also means a person with a weekly ticket is paying twice for the same day.

For example, a worker from Jannali to the CBD who needs to stop in Hurstville on the way to or from work to buy something or go to the dentist cannot legally do this. Of course people using cars can do this with no trouble at all. This inflexibility is a reason why public transport is unpopular.

Travelpass Map

IPART seems to have overlooked how the new north ryde line fits into the travelpass zone map. It needs to make a determination about this.

Other issues

I have sorted these other comments in order according to the numbered sections of the IPART draft report and determination

Section 1.1, page 2

IPART states that “However, no individual fare would increase by more than 30 per cent in real terms over the four year period to 31 December 2012.”

This statement would appear to be false and untrue. There will be substantial numbers of workers who work “part-time” or outside standard hours, who will pay substantially more than 30% increases due to the changes to off-peak ticketing. For example, many CBD shop workers who work hours such as 12 to 6 and can currently use off-peak tickets, and not all that well paid, will have increases more than 30%

Many workers with irregular hours who work outside the CBD and do not contribute to CBD-related congestion will also have significant financial penalty from this ill-conceived change.

Section 11.4 Time value of congestion

I note with amusement that IPART considers the time value of congestion, to be the average hourly wage, discounted by 50%, giving a value of around \$14 an hour

I draw IPART's attention to the cost-benefit study for the Lane Cove tunnel, and previous toll roads, where the value of time saved was given values above \$60 an hour.

They can't both be right.

There is also a huge inconsistency in treating the time value of congestion this way, when the people who benefit the LEAST from reduced congestion (i.e. poor people whose time is considered least valuable), pay the HIGHEST increases in fares when considered as a proportion of their income.

Whereas rich people who benefit the MOST from time savings (because their highbrow recreation time is apparently most valuable !), and who have the MOST CHOICE about where they live and the MOST CHOICE about alternative transport modes (not to mention the biggest Federal tax subsidy for their personal transportation), pay the SMALLEST increases in train fares when considered as a proportion of their income.

Which simply shows the pointlessness of this analysis.

Section 11 Externality benefits

An important "externality" which I believe has been overlooked, is the effect that the existence of CityRail's service has on the supply of essential, lowly paid labour such as cleaners, to CBD businesses. This is particularly so in Sydney, where there is now virtually no "cheap" housing anywhere near the CBD and less well-off people are forced to live a long way away. CityRail is the only way that poor people can travel to the CBD to work as cleaners and other menial jobs. If CityRail fares become so high that people cannot afford to travel to do these jobs, then the supply of labour for cleaning and large parts of the hospitality industry collapses.

Section 12 Infrastructure

The bar chart in section 12 illustrates the enormous amount which was spent on infrastructure. A lot of this is wasted value due to over-engineering. Anyone who looks at the work for the North Ryde railway can see this. The value from such work comes from the upgrade to property values near the new stations. This is something that the owners of those properties should pay for. CityRail passengers should be paying fares for running the trains, not building new ones. Existing cityrail passengers do not benefit much from new lines - and as the proposed

cutbacks to services in Ryde and Concord areas shows, existing Cityrail passengers will often DIS-benefit from new lines.

There is already a line to the north-west, its called the Richmond line and it is more than 100 years old. Services on this line should be improved to improve functionality to service the North West area and it should be possible to do this without outrageous cost.

Section 12 Users should pay for changing trains

The “flag fall/distance” scheme should include an additional component where users change trains. Users who change trains impose costs of the system through platform congestion and additional boardings and unboardings which delay station activities. A good case can be made, that users who inconvenience the system in this way should pay more. IPART and CityRail are continually pointing out that stations such as Town Hall are approaching capacity, and a large part of the congestion there is caused by people changing trains.

It would therefore be entirely appropriate to set the flag-fall to be, say \$2,50 per trip for a direct journey and \$3.00 per trip for a journey that requires a train change. Such a scheme would improve the economic efficiency and make the users who cause the congestion at Town Hall station partly pay for it.

Bus users who use more than one bus certainly have to pay more for it (compare travelpass price to travelten), so why shouldn't train users ?

Section 13.2.2

The suburban “regional centers” in Melbourne are nothing like the ones in Sydney (Chatswood, Parramatta etc etc). Nothing remotely similar in Melbourne which is much more CBD oriented. Melbourne zone system would not work in Sydney at all.

Figure 13.1

Discounts are not based on frequency of use, discounts are based on avoiding spurious doubling-up of flag fall changes.

In fact, this diagram indicates the excessive discount applied to long-distance travel. Compare the fares from Liverpool to UNSW compared to the fare from Dover Heights to Central. The long distance user is getting a huge discount for excessive, which I note that IPART is making no serious attempt to alleviate.

It is also instructive to compare fares for multi-mode versus single mode journey. Compare the trainfare Liverpool to North Sydney, to the train and bus fare

Liverpool to Central and UNSW. These 2 journeys are very comparable distance, and the train journey requires a train change. But the fares are very different !! The discount on Traveypasses partly alleviates the multiple “flag fall” of the multi-mode journey.

I can assure you, that users strongly prefer to avoid multi-mode journeys due to the delays involved. The fact that we have trains and buses to different places represents the planning or lack of it in the system, and the poor choice locating facilities such as UNSW away from the train system.

So why exactly should a passenger making a journey from Liverpool to UNSW be “penalized” because there is no train running there, where a journey from Liverpool to North Sydney is not comparably penalized ?

It is shoddy and unprofessional for IPART to spurious mis-represent this as being an “excessive discount for frequency” of the Traveypass tickets