

INDEPENDENT PRICING AND REGULATORY TRIBUNAL

PUBLIC FORUM INTO CITYRAIL FARE REVIEW

Tribunal Members

Dr Michael Keating AC - Chairman  
Mr James Cox  
Ms Cristina Cifuentes

Held at IPART, Level 2  
44 Market Street, Sydney, NSW

On Friday, 5 May 2006, at 9.05am

. 5/5/06 1 WITNESS  
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1 THE CHAIRMAN: I would like to begin by welcoming you all  
2 to this public hearing which is being conducted by the  
3 Tribunal into fares charged by CityRail for passenger  
4 services from July 2006. I would like to begin, first of  
5 all, by introducing my fellow Tribunal members. Jim Cox,  
6 who is on my right, is the chief executive of the Tribunal  
7 and Christina Cifuentes, who is on my left, is the third  
8 member of the Tribunal. Also at the table is Ruth Lavery  
9 who is the program manager for transport in the Tribunal's  
10 Secretariat.

11  
12 The Tribunal is conducting this hearing under  
13 section 11 of the IPART Act and section 15 of the Act which sets  
14 out the matters the Tribunal should have regard to in  
15 making its determination. Indeed, in the little paper that  
16 was put out before this hearing, which I expect most if not  
17 all of you have read, the section 15 matters are listed,  
18 from memory, at about page 2 of that paper.

19  
20 The purpose of this meeting today is to discuss the  
21 issues relating to the Tribunal's review of fares that will  
22 be charged by CityRail for its passenger services from next  
23 July and the date on which any fare increase will apply is  
24 likely to be 7 July and we expect to release the Tribunal's  
25 determination on 23 June this year in accordance with The  
26 Premier's reference to us.

27  
28 As some of you no doubt know, the Tribunal commenced  
29 making annual determinations on rail fares back in 1996.  
30 However, at the request of the then Premier, Mr Carr, the  
31 Tribunal has not reviewed fares since 2003 and the most  
32 recent fare increase occurred on 31 August 2003, which is  
33 obviously almost three years ago.

34  
35 CityRail, as you're all aware, has proposed an average  
36 increase in fares of 2.9 per cent, being its estimate of  
37 inflation for the year to 30 June. It has also proposed an  
38 increase in off-peak fares averaging around 23 per cent and  
39 to reduce the discount in off-peak fares from around  
40 40 per cent on the full fare to around 25 per cent.

41  
42  
43 The proposal made by CityRail together with all the  
44 other submissions that the Tribunal has received are  
45 available to the public through the Tribunal's website.  
46 The Tribunal would like to thank the many individuals and  
47 organisations who have taken the time to provide thoughtful

1 and detailed submissions on CityRail's proposal. These  
2 have been reviewed by the Tribunal and its Secretariat and  
3 today's meeting will explore matters raised by the  
4 submissions in response to CityRail's proposal, along with  
5 the various matters the Tribunal is required to consider  
6 under its legislation, section 15 in particular.

7  
8 This meeting today provides an opportunity for  
9 stakeholders also to provide additional input into the  
10 review process and in particular for the Tribunal to obtain  
11 clarification and some additional detail on issues raised  
12 in submissions. For our part, this may involve probing  
13 some of the propositions that have been put forward to  
14 date. The Tribunal will take into account all views  
15 expressed in written submissions and at today's meeting  
16 before it makes its determination on fares.

17  
18 Before we commence today's proceedings, I would like  
19 now to say a few words about the process for this hearing.  
20 A list of issues that the Tribunal wishes to investigate  
21 more closely was circulated last week and was placed on the  
22 Tribunal's website. As we see it, there are five main  
23 issues which we want to discuss today and the meeting can  
24 be organised around those five main issues and they are  
25 service quality, costs and revenue, peak fares, off-peak  
26 fares and Travelpass fares. In the little paper that was  
27 circulated last week the Tribunal has set some guiding  
28 questions.

29  
30 We will address these questions or in turn ask you to  
31 address these questions going around the table, so that  
32 each organisation that is sitting at the table will have a  
33 chance to speak to an issue. Obviously, if we are going to  
34 cover all of those issues and everybody is going to have a  
35 chance to speak, we will ask you to speak succinctly and  
36 for no more than five minutes. Many of you, I hope, won't  
37 need the full five minutes. Because of that sort of time  
38 constraint I would ask you not to interrupt any speaker  
39 during this process and once we've gone around the table,  
40 there will be an opportunity for more general discussion so  
41 that people can come back again.

42  
43 Rather than a formal process, I would like to  
44 encourage discussion between CityRail, the other  
45 stakeholders and ourselves so that we can explore the  
46 issues and expand upon submissions that we want to probe in  
47 particular.

1 For our part, as a Tribunal we won't be taking  
2 questions. That is not appropriate as we are still in  
3 learning mode. We will make our decision when we have  
4 heard the evidence and we will give reasons for our  
5 decision when we make the determination.  
6  
7 Each issue and set of questions will be introduced on  
8 our behalf by Ruth Lavery and I should add that an  
9 opportunity will be given to those of you who are not  
10 sitting at the table at the conclusion of each of the five  
11 sessions to raise anything else. We have, I think, allowed  
12 sufficient time today to ensure that the Tribunal's  
13 determination is properly informed. The fundamental  
14 purpose of today is to ensure that our determination is  
15 properly informed.  
16  
17 We aim to take a short break around 10.45 for a cup of  
18 coffee and plan to conclude at around 1pm. As you possibly  
19 realise by now, the discussion will be transcribed so that  
20 the Tribunal and the Secretariat have a record of what is  
21 said today at the meeting and for that reason it would be  
22 useful, for the benefit of the transcribers, if you could  
23 introduce yourselves when you speak the first time. Also,  
24 it will assist them if you speak slowly and clearly.  
25  
26 First, can we go around the people sitting at the  
27 table and could you say who you are and which organisation  
28 you represent. After that, Ruth will introduce the first  
29 session.  
30  
31 MR EADIE: Kevin Eadie, Action for Public Transport.  
32  
33 MR PARISH: Kevin Parish, chairman of the New South  
34 Wales Commuter Council.  
35  
36 MR BENDALL: Kirk Bendall, representing the Illawarra  
37 Commuter Association.  
38  
39 MR TREVASKIS: Paul Trevaskis, secretary of the  
40 Blue Mountains Commuter and Transport Users Association  
41 Incorporated.  
42  
43 MR LAIRD: Phillip Laird, appearing not this time for a  
44 group but just as myself.  
45  
46 MR WADIWEL: Dinesh Wadiwel, senior policy officer at the  
47 Council of Social Services of New South Wales.

1  
2 MS FINGLAND: Sharon Fingland, assistant director,  
3 Western Sydney Regional Organisation of Councils, which is  
4 often referred to as WSROC.  
5  
6 MR GRAHAM: Vince Graham, chief executive, RailCorp.  
7  
8 MR WEBSTER: Craig Webster, RailCorp.  
9  
10 THE CHAIRMAN: Thank you.  
11  
12 MS LAVERY: The first issue we're looking at today is  
13 service quality. The Tribunal received just under 250  
14 submissions. More than half of them raised the issue of  
15 late running. Complaints about related issues of  
16 overcrowding, cancellations and infrequency of services  
17 were also made in many submissions. Other recurring  
18 complaints were about non-existent or faulty  
19 air-conditioning, that trains were dirty and that  
20 communication about train services, particularly changes to  
21 train services, is poor.  
22  
23 CityRail's recorded on-time running is currently  
24 around 90 per cent, up from around 70 per cent two years  
25 ago. CityRail measures on-time running excluding  
26 force majeure events, which are those it says are outside  
27 the control of either CityRail or its passengers. It  
28 excludes these events when they affect more than  
29 20 services. They include natural events such as  
30 lightning, storms and floods and also include what CityRail  
31 terms unavoidable accidents or incidents including fire,  
32 loss of power supply, chemical contamination, state  
33 emergency and suicide.  
34  
35 The first question the Tribunal would like to hear  
36 comment on is why does the customer experience of on-time  
37 running, as expressed in many of the submissions, differ so  
38 significantly from reported on-time running and is the  
39 range of events excluded as force majeure events  
40 appropriate?  
41  
42 THE CHAIRMAN: We might start with CityRail this time.  
43 We won't necessarily start with CityRail on every topic.  
44  
45 MR GRAHAM: Thank you, Chairman. The measurement of  
46 reliability and other service quality factors is recorded  
47 in some detail on a daily AM and PM basis on a network and

1 line basis and CityRail does provide the most comprehensive  
2 reporting of these factors compared to any other Australian  
3 metropolitan operation and certainly in terms of the detail  
4 of reporting it is, I think, among the most detailed  
5 internationally.

6  
7 Our reliability improvements since the introduction of  
8 the September timetable have been significant. Measured  
9 six months prior to and six months after, on-time running  
10 has lifted from an unacceptable 61 per cent to 91 per cent  
11 against our target of 92 per cent. We are not yet  
12 consistently achieving our target, but we do recognise a  
13 very substantial improvement and I am grateful for the many  
14 submissions to IPART that have acknowledged an  
15 improvement since introduction of the new timetable.

16  
17 The introduction of the September timetable was part  
18 of a plan to improve reliability. The next step in that  
19 plan occurs on 28 May with the introduction of the new  
20 timetable for the Illawarra, South Coast and  
21 Eastern Suburbs lines. That new timetable for its  
22 implementation was dependent on the commissioning of the  
23 Bondi Junction turnback, one of the first elements of our  
24 Clearways plan.

25  
26 The evidence of improved reliability is not just in  
27 the recorded information on the CityRail website. The  
28 Independent Transport Safety Reliability Regulator has  
29 recently published what they refer to as their mini-survey  
30 on passenger perceptions and I think that is perhaps the  
31 only documented robust survey on this particular issue that  
32 is outside of RailCorp. That survey has certainly indicated  
33 some very significant and material improvements in  
34 passenger perception. In particular, passenger perception  
35 of reliability is up from around 48 per cent, again an  
36 unacceptable number, to something of the order of  
37 78 per cent.

38  
39 We have also seen in our recorded complaints  
40 information a 30 per cent reduction in passenger complaints  
41 concerning reliability since the September timetable was  
42 introduced and most importantly we are seeing customers  
43 voting with their feet because we have recorded around a  
44 2 per cent increase in patronage. Obviously, increasing  
45 fuel prices as well as reliability are factors in that, but  
46 that 2 per cent does represent of the order of 90,000  
47 additional passengers per week on our network.

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1 I have noted service quality aspects in a number of  
2 the submissions. There is the issue of the slowing down of  
3 the timetable. Indeed, when we go back and look at the  
4 pre-September operation when we had a faster timetable,  
5 journey times were longer than timetabled because of  
6 unreliability. Obviously, passengers are interested in  
7 their total journey time and the brittle timetable that  
8 existed pre-September also had, as a consequence, our  
9 passengers being delayed by unplanned delays with that  
10 brittle timetable. Since the new timetable we have  
11 certainly, for reasons well publicised, marginally slowed  
12 down the timetable. That is certainly delivering far more  
13 robust service and consequently, a substantial reduction in  
14 the unplanned delays experienced by our customers.

15  
16 The journey time improvement also comes through  
17 strongly in the ITSRR perception survey, that in spite of  
18 the marginal slowing of the timetable those surveyed  
19 reported an improved perception of journey time and on our  
20 analysis, particularly in sector 2, the south-west sector  
21 of our network, and particularly in the PM peak, despite a  
22 marginal slowing of our timetable our total passenger  
23 journey time, that is timetabled and unplanned, has been  
24 reduced by up to 10 minutes because of a significant  
25 improvement in the robustness of the operation in that part  
26 of our network.

27  
28 Submissions on service quality also deal with the  
29 issue of overcrowding and as patronage builds, CityRail  
30 does need to respond. That response is in four stages,  
31 commencing with the 28 May timetable at the end of this  
32 month. The introduction of that timetable will see an  
33 additional AM commuter service on the Illawarra line in the  
34 AM peak, initiating at Sutherland to relieve congestion  
35 through to the CBD. It will see three additional services  
36 in the AM peak supplied to customers coming out of  
37 Bondi Junction and it will see an additional PM service  
38 from the CBD through to the western suburbs departing at  
39 around 6.20 from Wynyard-Town Hall, which again is a time  
40 of the afternoon peak that sees substantial capacity issues  
41 coming out of the CBD. 28 May represents stage one of that  
42 capacity improvement.

43  
44 We have commenced the delivery of 122 outer suburban  
45 cars. The first of those cars are now being tested by ours  
46 and United Goninan's commissioning engineers. We expect  
47 the first of those cars to be brought into active service

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1 at the end of this year and by the end of 2007 all of those  
2 122 cars will be in service.  
3  
4 The introduction of those outer suburban cars will  
5 enable 76 Tangara cars currently operating outer suburban  
6 services to be cascaded into suburban service. We are  
7 reserving some of that capacity for the commissioning of  
8 Epping-Chatswood, but it will result during 2007 in at  
9 least five additional peak services operating from  
10 Cronulla, from Campbelltown, on the Cumberland line, on the  
11 western line. That is stage two and that additional  
12 capacity will be in place by the end of 2007.

13  
14 Yesterday the New South Wales Government announced the  
15 final bidding phase of our proposed project to replace all  
16 598 of the current non-airconditioned cars in our fleet.  
17 One third of our current fleet is currently  
18 non-airconditioned and we recognise that in this day and  
19 age, in the heat of the Sydney summer, that having a third  
20 of the fleet non-airconditioned is unacceptable.

21  
22 The government yesterday, in announcing the next bid  
23 range, also added to the size of that order not just to  
24 replace the 598 non-airconditioned cars but added an  
25 additional 104 cars to progressively deal with growth on  
26 the network.

27  
28 The initial delivery of replacement PPP cars will mean  
29 that 28 six-car trains that we operate as per program on  
30 the network will all become eight-car trains in the first  
31 phased delivery of the PPP. 28 six-car trains become 28  
32 eight-car trains. That is the equivalent of an additional  
33 seven eight-car trains coming onto the network, and the  
34 final phase, the growth in car phase of the PPP project,  
35 will see the delivery for operating service of an  
36 additional 13 growth cars as part of the announcements that  
37 were made yesterday.

38  
39 Yesterday's announcement represent the largest rolling  
40 stock contract ever let in the history of this country. It  
41 is a sizeable commitment to improving both customer amenity  
42 through airconditioning and customer capacity. This I  
43 think is an unprecedented investment. The fact that we do  
44 have a four-staged plan and a funded plan for capacity  
45 improvement will only lead to improvements in those areas  
46 where capacity is an issue for our customers.  
47

1 Could I just perhaps conclude my remarks by referring  
2 to the force majeure issue. Force majeure is intended to  
3 relay to the community and customers those incidents that  
4 occur on the network that are outside the control of the  
5 operator of the train. Since the introduction of the new  
6 timetable we have not modified our performance with force  
7 majeure events. Because of the inevitable criticism that  
8 would come from improving the perception of on-time running  
9 by listing force majeure events, we have elected not to  
10 adjust and therefore improve our public reporting of  
11 on-time running.

12  
13 It is, however, important that our passengers do see  
14 what the effect of these force majeure events are, but that  
15 should be transparent. Our intention in reverting to  
16 publishing of force majeure data will only be to present it  
17 alongside the unadjusted numbers, so we have no intention  
18 of modifying our definition of on-time running and only  
19 providing information to the public on the adjusted force  
20 majeure results.

21  
22 But, as I say, in the meantime we have elected for  
23 absolute transparency of the performance of the new time  
24 table to not adjust our on-time running for force majeure  
25 events so at the moment what you are seeing on CityRail's  
26 website reflects all incidents, whether they are force  
27 majeure or not.

28  
29 THE CHAIRMAN: Thank you.

30  
31 MR BENDALL: On the statistical issue, there is a  
32 measurement across a range of people's individual  
33 experiences. A number of those, certainly in my area,  
34 times start and finish outside what is considered peak hour  
35 and people also experience delays on weekends, so if we are  
36 running a 24/7 service perhaps that is the reporting  
37 framework. The other side to that is the incidents. My  
38 train was late eight minutes this morning, which is a minor  
39 inconvenience. When my train is 15 minutes late in the  
40 morning and 44 minutes late in the afternoon, it is a major  
41 inconvenience, so there is the total quantum. The  
42 incidents is one aspect and then there is the quantum and  
43 perhaps minutes delayed, which I believe is used in the UK,  
44 is an appropriate metric for that.

45  
46 The other angle with force majeure events is how well the  
47 system responds to that in things like lightning protection but

1 also the operational side with people in being delayed by  
2 unavoidable systems, that the system has the capability to  
3 minimise the delay and confusion arising from such events.  
4  
5 MR EADIE: I assume we are dealing here with item 1 in the  
6 IPART paper, which is service quality. I would first like  
7 to say that I think the cliché "lies, damn lies and  
8 statistics" applies to our task and as a layman I have a  
9 lot of trouble with statistics, so if you will forgive me,  
10 I will just read from a prepared statement here a few  
11 sentences relating to item 1, service quality.  
12  
13 Point 1A in your paper makes the very valid comment  
14 that there are differences between perceived and purported  
15 late running. Some reasons could include that CityRail  
16 reports only peak-direction peak hour services, not  
17 contra-peak, not off-peaks, and certainly not weekends when  
18 trains are cancelled or disrupted due to track work. Their  
19 claim of 90 per cent on-time running is misleading. I feel  
20 they are using the good AM peak results to "average out"  
21 the still very poor PM peak results.  
22  
23 Item 1C is about frequency. CityRail appears to have  
24 no plans to improve service frequency. In September 2005  
25 they cut off-peak frequency dramatically by 50 per cent on  
26 lines like Penrith and Liverpool via Granville. In the new  
27 Illawarra timetable they still run Cronulla off-peak and  
28 weekend trains only half hourly. Cronulla and Miranda are  
29 major destinations which should be served better. Thank  
30 you.  
31  
32 MR PARISH: I always have great difficulty at these  
33 hearings because we are not professionals and we usually  
34 aren't able to dissect the myriad of information available  
35 to give you people the kind of information you need to make  
36 valid decisions, but I will have a go.  
37  
38 First of all I have got to acknowledge on behalf of  
39 commuters that Sydney has a very complex network, with  
40 freight trains and all sorts of different types of  
41 passenger trains using it. We acknowledge that problem.  
42  
43 Secondly, I have got to acknowledge that since the new  
44 timetable the suburban section of the network has improved  
45 quite a bit. But the intercity part of the network doesn't  
46 seem to be very different to what it was before. It wasn't  
47 too bad before and it is sort of not too bad now, but it

1 didn't really seem to make much difference. The only thing  
2 is, it has added heaps and heaps of extra time to  
3 commuters' journeys and they never cease to complain to me  
4 about the extra time. If you put a dollar value on the  
5 extra time they are spending in trains, it is astronomical.  
6  
7 I believe that this has to be looked at. I know there  
8 are many factors in it and one of the factors would be  
9 relooking at the speed limits of some of the tracks that  
10 were set for the old lever days and so forth, but I believe  
11 that there is room there to significantly speed up the  
12 services without affecting the reliability of the longer  
13 distance intercity services.  
14  
15 I have got to say that the commuter council believes  
16 it is imperative for the benefit of Sydney that we do  
17 things that will attract more people to use the system. I  
18 acknowledge that CityRail is doing a pretty good job in  
19 trying to do that, particularly people such as Margaret  
20 Brazel, who is in charge of that kind of area. They are  
21 all doing a good job in that area but I believe there is a  
22 lot more that we have got to do to attract people. And our  
23 surveys, for what they are worth, indicate that trip  
24 duration is a major factor in determining whether you are  
25 going to drive your car or whether you are going to use  
26 public transport. I believe that we have got to really  
27 look closely at that issue.  
28  
29 Reliability - we have for sometime been saying that  
30 such things as lightning damage to the signalling should  
31 not be excluded because clearly if you design your  
32 signalling system properly, it will not be damaged by  
33 lightning. Such things as lightning should be taken into  
34 account when analysing the performance of CityRail.  
35  
36 So far as the difference of opinion on perception, I  
37 believe we do have to improve our transparency in  
38 presenting information. We have been working to try and  
39 work out how that can be best done. I know it is a  
40 complicated issue, and we really haven't got the answers to  
41 that particular question, but we need better systems of  
42 looking at services provided. Thank you very much for  
43 that.  
44  
45 MR TREVASKIS: Thank you, Mr Chairman, and those present.  
46 On-time running, okay, there are individual reports I get,  
47 even one the other night, "The Fish" was 45 minutes late,

1 one of our members sitting on the train at Burwood. Now,  
2 we know there has been improvement, but to what extent it  
3 is very hard to establish when you get individual reports  
4 and, as Kevin said, we haven't got all of what you call  
5 background to be able to handle it.  
6  
7 Being secretary, I spend most of my time in the  
8 transport area, but where are the recordings taken for  
9 on-time running? If you are travelling between here and  
10 Springwood or Katoomba, most people say their train might  
11 be on-time when they get out of the train at Lapstone but  
12 the person getting out of the train at Springwood might be  
13 late, he might be delayed for some reason.  
14  
15 What I am trying to indicate is that where is it  
16 recorded, what time, and as Kevin Eadie pointed out, reverse  
17 peaks, off peaks, and if I may indicate to you what strikes  
18 us, we are looking at a 24 hour service virtually. The  
19 concentration by this government saying to RailCorp, well,  
20 get your on-time running for the afternoon peak, get  
21 everyone home and everyone is happy. I think that is an  
22 imposition on RailCorp because we want a 24 hour service if  
23 we are going to approach the future.  
24  
25 When you look at this particular diagram, the amount  
26 of upgrading that is taking place on the weekend, you just  
27 can't get around the system. You might get from A to B but  
28 if you want to go to C or D, like on the weekend there was  
29 upgrading on the Canterbury line, I was thinking, hang on,  
30 the Minister said we have improved the Canterbury line.  
31 Why are you closing it down? If the work was done right  
32 the first time, you would not have to close it down.  
33  
34 As far as surveys go, there was talk about a mini  
35 survey in September. There were only 40 people interviewed  
36 in the mountains. We had a survey on other issues and we  
37 had nearly 300-odd with emails et cetera answering our  
38 particular survey. And we propose to do another one soon  
39 because we are looking at the next state election. The  
40 131500, the president and I get information saying, "What  
41 is the use of that", the long period of time it takes to do  
42 that, they prefer to come to me and send it off to RailCorp  
43 itself.  
44  
45 The other day I was coming into town - this is  
46 frequency in the off-peak, where you get, "This train will  
47 depart from Emu Plains in three minutes time". Now, the

1 number of people getting on in the off-peak period is not a  
2 lot and this is where our members in the mountains are  
3 saying, why are the times the same in the off-peak period,  
4 because there is not the same number of passengers  
5 travelling. That could decrease the time for travel.  
6  
7 Force majeure, yes, I agree. I do feel that on the  
8 signalling and power, it is very difficult for any  
9 engineering body to protect it from a direct hit. You have  
10 no chance. If you get a direct hit, you might be able to  
11 save the system further down the track as the voltage  
12 decreases, but that is up to engineering to come up  
13 with quick response circuit-breakers, et cetera. We  
14 recognise that there are problems and if they are recorded  
15 I think most people will understand.  
16  
17 Service standards: What service standards do we look  
18 at? Our experience from the mountains is that a lot of our  
19 members, including myself, spent a lot of time in quality  
20 assurance, TQM. You tabulate the service standards, you  
21 have those service standards implemented, you have an  
22 independent auditing team responsible direct to either the  
23 Chairman of the board, and that includes I believe the CEO,  
24 an independent so that when IPART or the Minister or anyone  
25 else wants to know, they have an independent.  
26  
27 I spent a few years with Telecom and they had a scheme  
28 and that did work. And you can do this cooperatively with  
29 the staff, as long as you plan it with them and tell them  
30 what it is all about. What improvements to service  
31 standards would justify a fare increase? Well, as our  
32 members have previously spoken about, the doors working,  
33 airconditioning and PA. Quite frequently I have advised  
34 RailCorp, and last week, that there are systems you can  
35 check. PA systems should not be reliant on just where it  
36 leaves Flemington car sheds or whatever.  
37  
38 In the case of intercity services, I feel it should be  
39 done at Central Station where they set up, you can do it  
40 technically, to check all PA systems, because you have got  
41 tourists and other people that are both interstate and  
42 overseas, that if they get clear advice they know what is  
43 going on. So I hope I have touched in part on a lot of the  
44 areas.  
45  
46 We definitely need on-time running from the 24-hour  
47 point of view. And that is seven days a week. Where there

1 is contra peak, whatever, it is interesting because I  
2 attended the Waterfall and Glenbrook inquiry, what it said  
3 about the Waterfall accident and the contra peak and the  
4 Glenbrook peak.

5  
6 THE CHAIRMAN: You are well over your five minutes.

7  
8 MR TREVASKIS: Glenbrook was on the cut over time, so  
9 there you go.

10  
11 THE CHAIRMAN: Perhaps if people can have regard to what  
12 has already been said, so we can give everybody a chance.

13  
14 MS FINGLAND: When I read service improvements have only  
15 returned the network to the pre-2004 levels, as has already  
16 been said, it has led to reductions in train speeds. The  
17 removal of more of the off-peak services and the Cumberland  
18 closure are of great concern. It is really the off-peak  
19 services in western Sydney that have borne the brunt of  
20 closures, with minor stations only getting around two  
21 trains an hour. Even the major ones are only getting  
22 between four and five.

23  
24 The problem that we experience is that these services  
25 are often poorly spaced, especially in the pre- and  
26 post-shoulder period. As a result you get a bunching, so  
27 less opportunities for getting on trains, then a long gap.  
28 We don't believe that the larger trains are a good  
29 substitute for frequency. That is essentially what our  
30 problems are.

31  
32 MR WADILWEL: We are talking about just number A?

33  
34 THE CHAIRMAN: If we going to conclude this before  
35 midnight, it is all four.

36  
37 MR WADILWEL: Just in relation to number A, obviously at  
38 NCOSS we are representing lower income people. For people  
39 who have not seen our submission, from the data we have got  
40 from the Transport Data Centre, the poorest 20 per cent of  
41 households in New South Wales represent 25 per cent of  
42 CityRail users, and that will include, apart from  
43 pensioners and people with disabilities and students, a  
44 number of low income workers, part-time workers, shift  
45 workers and casual workers.

46  
47 As a result, naturally we are interested in the

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1 off-peak. At the moment on-time running data comes from  
2 the very narrow band of services that operate off-peak.  
3 Obviously peak represents a significant user group but it  
4 is not the only user group. If you add up the other users,  
5 they are also a significant number. We encourage RailCorp  
6 and the Tribunal to look at what is happening in the  
7 off-peak and perhaps some of the answers about the public  
8 perception questions may lie in that area.

9  
10 If we are generally going to talk about service  
11 quality, I guess I have some questions about where service  
12 quality actually fits into this determination. Some of you  
13 may be aware that in 2004 the Premier wrote a letter to  
14 this tribunal urging the tribunal to adopt what is called a  
15 CPI plus X approach. For people that don't know what that  
16 means, it is that for requests for increases to the CPI  
17 level that they are tested against possible efficiency  
18 gains, which in other words means can the operator save  
19 some money by slashing excess, and can that be taken out of  
20 the fare increase so we get a lower fare increase.

21  
22 Service quality represents what is called plus X, so  
23 basically what is asked for is if the operator is seeking a  
24 fare increase above CPI then they must be able to justify a  
25 service quality improvement to that value. There are  
26 questions as to how we evaluate that plus X. I think that  
27 a significant concern for all of us, is to develop a  
28 proper index about how we actually measure that plus X  
29 factor.

30  
31 I find it very difficult to know how to conceptualise  
32 how we weigh up whether an airconditioned service is more  
33 important to customers, whether an on-time service is more  
34 important to customers or whether an overcrowded service,  
35 or not overcrowded service in this case, is more important.  
36 Finding an effective way to do that that represents the  
37 interests of the travelling passengers will be all  
38 important.

39  
40 That all said, I am not clear exactly where that  
41 formula fits with our determination because if CityRail is  
42 just seeking CPI then service quality should not matter.  
43 Certainly NCOSS has argued that probably what we need to  
44 do  
45 is put the request for off-peak fares into that general  
46 fare increase. From our calculations, what RailCorp is  
47 actually asking for is a 7 per cent increase across the  
board if you take into account what we calculate as the

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1 27.3 per cent fare increase for off-peak and add that to  
2 the general 2.9 per cent for the rest of the fares.  
3  
4 If we are talking about 7 per cent, we are talking  
5 about nearly two and a half times CPI and we are talking  
6 about a very significant service quality improvement in  
7 order to justify that level of fare increase. From our  
8 perception that hasn't happened and certainly we would be  
9 talking about a significant improvement over 2003 services  
10 which from our perspective has not happened.  
11  
12 Just in terms of general service quality issues, I  
13 guess the first thing we need to acknowledge is that from  
14 anyone's perspective measuring CityRail's performance  
15 against the 2004 figures is certainly not good enough. We  
16 need to take some historical perspective and certainly 2003  
17 performance for us is a more realistic way to measure it.  
18 And certainly I think if we come back to that question  
19 about public perception, that is the memory of commuters  
20 who are travelling on CityRail, not 2004 when services were  
21 absolutely terrible, it is 2003.  
22  
23 And let us not forget that the Sydney Olympics lives  
24 in everyone's memories and I think that is something we  
25 should not avoid, the fact that people do remember a  
26 service that ran on-time and where a whole range of service  
27 quality benchmarks, if you like, from a public perception  
28 were met.  
29  
30 The second issue is that issue of off peak and  
31 that has absolutely to be incorporated into how we measure  
32 service quality. I would be coming back to this issue in  
33 terms of what RailCorp's and CityRail's mission is and  
34 where they sit in terms of the long-term social  
35 sustainability of Sydney. From our perspective, the key  
36 lies in how we respond to that off-peak travel. People who  
37 have followed the Sydney metropolitan strategy will know  
38 that in terms of Sydney's survival we need to be targeting  
39 more sustainable travel for people who are travelling to  
40 destinations other than work and that is the most important  
41 form of travel because that is the bulk of Sydney's travel.  
42 Off peak is all important and the performance of the rail  
43 network in attracting customers to that band of services is  
44 all important too. Thank you.  
45  
46 THE CHAIRMAN: Thank you very much. Mr Laird?  
47

1 MR LAIRD: Thank you. Most of what I wanted to say has  
2 already been said. I take the point between peak and  
3 off-peak pricing. Rather than question D, which reads  
4 "What improvements to service standards would justify an  
5 increase in fares?", to me the real question is if the fare  
6 increases as sought are approved what improvements can we  
7 look forward to?  
8  
9 THE CHAIRMAN: I would like to call on RailCorp again.  
10 There have been a substantial number of issues raised and  
11 I would like to give you the opportunity to respond. From  
12 our point of view, I think the critical issue is what was  
13 raised in our question D, as rephrased. It has also just  
14 been raised by Dinesh in his comments about what the base  
15 should be in relation to 2004 and 2003 and I would like to  
16 pick up on the comment that was made over this side of the  
17 table about whether the assessment of those particular  
18 performance measures should be independently audited.  
19 That is certainly the practice for some other large public  
20 corporations. I know, for example, that Australia Post's  
21 on-time delivery is independently audited by KPMG. I am  
22 interested in that personally. It is over to you.  
23  
24 MR GRAHAM: Thank you. Those figures have been  
25 independently audited over the last two years. I think  
26 you'll recall the Auditor-General himself provided a report  
27 on that issue going back 18 months and in that same  
28 time-frame ITSRR, in reviewing the appropriateness of our  
29 measurement that it is three minutes and 59 off five  
30 minutes, also dealt with that issue of the quality of the  
31 data. My understanding is that the Auditor-General does  
32 periodically revisit many issues, including that issue, so  
33 there is a periodic, independent review of the data that we  
34 present. Chairman, would you like me to pick up briefly --  
35  
36 THE CHAIRMAN: All points now.  
37  
38 MR GRAHAM: I must say I have some sensitivity and  
39 attraction to the concept of broadening the measurement of  
40 service quality and not limiting it to the peak period.  
41 I think there is always an issue in broadening it to  
42 adequately represent the impact that is occurring on  
43 customers rather than the impact that is occurring on  
44 trains. I think some other international systems have  
45 developed the concept of a weighted passenger minutes delay  
46 as a more appropriate measure of the reliability of the  
47 network and that is certainly a view that we take in

1 RailCorp and it is certainly an area now where we are  
2 seeking to establish a 24-hour, seven-day measurement, but  
3 specifically looking at the issue from the weighted  
4 passenger point of view.  
5  
6 Clearly, trains that are 60 per cent occupied in an  
7 off peak or weekend period are more relevant than a train  
8 that might have 5 per cent occupancy running in a  
9 contra-peak direction even though it is on a weekend.  
10 I would hope that over the course of the next 12 months we  
11 would be able to have further discussion, particularly with  
12 the commuter associations, on the mechanics that might sit  
13 behind that and as I say I think we've got some developing  
14 views as to how we might sensibly meet the requests that  
15 have been put forward here today for a more robust 24/7  
16 measurement of reliability impact on customers. I am both  
17 sensitive to and attracted to that proposition.  
18  
19 There were a number of comments on inter-peak  
20 frequency and off-peak frequency. Let me simply make two  
21 comments on that. The reason why we have reduced the  
22 frequency of service operating in the inter-peak period is  
23 because of the logistics system that we operate. Running a  
24 congested inter-peak period with relatively few passengers  
25 was the major reason for being unable to position the start  
26 of the PM peak. Unfortunately, under the old timetable you  
27 could almost guarantee how the afternoon peak was going to  
28 start by looking at where the network was at 9.30 in the  
29 morning. It was very predictive. Why? Because the  
30 logistics system had no basis, no ability to recover and  
31 re-position itself without substantial cancellations,  
32 substantial skip-stopping in that inter-peak period.  
33  
34 What we have now is an uncoupling of the performance  
35 of the AM and PM peak. We are still providing 30 minute  
36 and 15-minute frequencies on the network, as we do on the  
37 weekend. With respect to the weekend, could I simply leave  
38 you to think about this particular statistic. Comparing a  
39 weekday to the weekend, we run two-thirds of the services  
40 for one third of the passengers and I think our task in  
41 providing efficient and effective public transport is to  
42 get that balance right. I acknowledge that it is a  
43 difficult balance, but being able to deliver that 30-minute  
44 service and on the high-volume stations to effectively be  
45 able to get into a 15 minute off-peak service is important.  
46 Let me repeat, two-thirds of the services for one third of  
47 the passengers, at a time when - and we will get to this in

1 a subsequent issue - we are providing substantial  
2 discounting is I think something that we do need to give  
3 serious consideration to. Thank you.  
4  
5 THE CHAIRMAN: Before we move to the next topic, I would  
6 like to give the opportunity to anybody who is not at the  
7 table to make if they want to a comment on services. You  
8 will need to be very brief.  
9  
10 MR MILLS: My name is Peter Mills. I have put in a  
11 submission but I would like to speak briefly on service  
12 speeds. Vince makes the valid point that the delivered  
13 service speed has actually improved with the new timetable  
14 in peak periods. That is true, but of course the service  
15 speed compared with 2003 has actually been reduced. The  
16 reduction in service speeds limits the ability to put up  
17 fares because service speed, as Kevin points out, is one of  
18 the attractions of rail. The off-peak speeds have actually  
19 been reduced by more than the peak, in my understanding.  
20 The off peak running times are now set the same as the  
21 peak running times, whereas in the previous timetable there  
22 was extra time allowed for the peak.  
23  
24 This has resulted in the experience of this other  
25 gentleman, that trains wait a long time at key stations in  
26 the off peak and actually can be early at some stations and  
27 drivers are also running slow. I think CityRail, as Kevin  
28 says, needs a speed-up campaign. It really needs to get  
29 serious about getting the best speed it can, rather than  
30 being proud to be slow. Thank you.  
31  
32 THE CHAIRMAN: Is there anyone else?  
33  
34 MR WEBB: I have just one quick point. I am John Webb  
35 from the Parents and Citizens Association. Comparing the  
36 present stats with the previous stats, one of the things  
37 that has happened particularly on the Blue Mountains is we  
38 used to have a train that left at half past one in the  
39 morning and between the 2000 and whatever measures are the  
40 current measures that train has been cancelled. Now our  
41 last train leaves just after midnight which means that for  
42 young people if we encourage them to travel to the city  
43 they either have to leave the city early, which young  
44 people don't want to do, or wait until 4am. As far as  
45 reducing the discount of off-peak services, off-peak fares,  
46 we've already lost what was an important train service,  
47 particularly on Friday and Saturday nights when young

1 people are likely to catch it.  
2  
3 THE CHAIRMAN: We will bear that in mind when we get to  
4 the off-peak discounts. Ruth, would you like to introduce  
5 the next four questions?  
6  
7 MS LAVERY: Assuming a constant level of patronage, there  
8 has been a real decrease in CityRail's revenue from the fare  
9 box over the last three years. There have been no fare  
10 increases since August 2003. The Tribunal recognises that the  
11 difference between revenue from the fare box and CityRail's  
12 expenditure is funded by the New South Wales Government.  
13 The questions the Tribunal wishes to address now are how  
14 might standards improve? Can standards improve when  
15 there is a real decrease in fares and consequently a decrease  
16 in funding from the fare box? What are stakeholders'  
17 views on the priority that should be given to expenditure  
18 by the New South Wales Government on passenger  
19 rail transport, particularly at a time when overall  
20 Government expenditure is likely to be constrained?  
21  
22 What work is CityRail undertaking to measure efficient  
23 costs to reduce actual costs to that level? How can  
24 efficient costs best be measured? What is CityRail's  
25 commitment to the proposed benchmarking project? What  
26 alternatives would it pursue in the event that the  
27 benchmarking project doesn't proceed?  
28  
29 THE CHAIRMAN: Thank you. Some of the questions are more  
30 directed at CityRail, but the opening questions are more  
31 directed to those of us who use the rail system and pay for  
32 the rail system which is very heavily taxpayer subsidised.  
33 It might be useful to start perhaps over here in that case.  
34  
35 MR EADIE: Thank you, Mr Chairman. I would like to give  
36 IPART a little task on the question of costs of transport  
37 and I would like to compare the costs of the road system  
38 with the costs of the train system, in particular, with  
39 respect to safety issues.  
40  
41 In the roads area we're all aware I think of what is  
42 called the black spots program, and a number of other  
43 programs with similarly emotive titles, where high accident  
44 rates or mortality on the roads draws funding from  
45 government to fix that road or that particular part of the  
46 road, despite the fact that more often than not it is the  
47 fault of the motorist or the motorists who have caused

1 those accidents and not the road structure or the road  
2 infrastructure itself.  
3  
4 On the train system when we have problems of, well,  
5 I'll call it a shortfall in funding or increasing costs,  
6 the temptation is, as in the case before us, to slow the  
7 trains down, or slow the trains, or find any way out of the  
8 problem rather than pour more money into it. I would  
9 request IPART to draw this discrepancy in transport funding  
10 to the attention of the Government in the hope that the  
11 Government might address these differences between the  
12 philosophy or the psychology of roads funding compared to  
13 rail funding.  
14  
15 THE CHAIRMAN: Thank you. I might just make a comment on  
16 that. The point you make I think is well recognised. With  
17 respect to the public benefits of the funding of CityRail  
18 and the pricing of roads, often those prices are zero, so  
19 there is a difficulty there. At this stage, we are focused  
20 on a rather more narrow task which is that without a fare  
21 increase - and there hasn't been a fare increase for three  
22 years or approaching it - in effect, whatever the right  
23 level of subsidy should be is increasing without a fare  
24 increase. There is a question as to how far in our minds  
25 service qualities can improve from the present base in the  
26 absence of a fare increase. Perhaps I will go to the next  
27 speaker.  
28  
29 MR EADIE: Could I raise one other point about the  
30 CityRail costs, that particular item, and that is we've  
31 observed that CityRail could reduce its costs by dividing  
32 trains on weekends and off-peak periods from eight cars  
33 down to four cars and reduce wear and tear, reduce power  
34 consumption and a whole lot of other things, but there  
35 seems to be a reluctance to do that. The question is is  
36 CityRail really addressing its cost reductions?  
37  
38 THE CHAIRMAN: Thank you for that. I look forward to  
39 hearing CityRail's response.  
40  
41 MR PARISH: This is an issue that we have been heavily  
42 involved in since we were set up in the early 1970s. The  
43 question is fares versus service and from all the studies  
44 we've done of CPI versus fares it seems to us there has  
45 been a real increase in fare levels, not a decrease, so we would  
46 be very happy for somebody from RailCorp to come  
47 and talk to us about how they perceive this real decrease

1 in fares that they have mentioned here.  
2  
3 It certainly would be a very interesting factor.  
4 We acknowledge that fares should be related to service. At  
5 one stage we had a chap out from France, from the French  
6 railways, who gave us the benefit of some of his knowledge  
7 on how you can actually measure and attract people,  
8 et cetera, to the railway system. For example, if you  
9 reduce the travelling time by 50 per cent, theoretically  
10 you could increase the fares by 50 per cent and still  
11 remain neutral in the number of passengers because  
12 travelling time in the surveys we've done is such an  
13 important factor.  
14  
15 I know that the railways are doing their own surveys  
16 which tend to indicate that travelling time is not so  
17 important, but all the ones we've done - and we've tried to  
18 do them honestly - indicate that travelling time is a big  
19 factor in the preparedness of people to pay higher fares.  
20  
21 The other thing that we've talked about at our  
22 meetings is that we're totally against this concept of an  
23 authority saying to us, "Okay, you agreed to an increase of  
24 say 5 per cent and we will do this, this, this and this as  
25 a result of that," because our experience has always been  
26 that they take the 5 per cent but they never do the things  
27 that they said they were going to do. We have always felt  
28 you do the service improvement first and we'll pay the fare  
29 increase second, unless there's some sort of watertight  
30 guarantee tied up that they will use the funds to get some  
31 sort of improvements that the passengers want.  
32  
33 The operational costs of the railways should be  
34 compared heavily with the CPI because I know that their  
35 internal costs seem to go up more than the CPI. We look at  
36 fares in relation to the CPI, so yes, it is a very  
37 interesting subject and I would certainly like to explore  
38 it a great deal further. It is one that takes a lot of  
39 time. We have been at it since 1970 and we haven't come up  
40 with the answer yet, but I'm sure that with a bit more  
41 thought maybe we can.  
42  
43 Other factors that have to be taken into account in  
44 looking at fares versus service is the attitude of the  
45 transport provider. For example, they're in the course of  
46 manufacturing some new rolling stock which is going to cost  
47 a lot of money but doesn't meet the needs of the customers

1 at all and we've gone to a lot of trouble to do surveys and  
2 to indicate what changes are needed and they don't take any  
3 notice because they say it costs too much.  
4  
5 THE CHAIRMAN: Thank you. Just a point of clarification:  
6 our starting point for this determination was our last  
7 determination and that was 2003 and it is incontrovertible  
8 there has been a real decline in fares since the last  
9 determination in 2003.  
10  
11 MR BENDALL: The use of the CPI is a commonly understood,  
12 independently derived measure. I draw your attention to  
13 why things like vehicle registration and national heavy  
14 vehicle charges don't also rise by CPI, if that is seen as  
15 a measure of what is a useful way to maintain effectiveness  
16 on that side.  
17  
18 As well as increasing fares, the other way to increase  
19 the revenue is to increase patronage and having the vision  
20 that if we run, for example, trains every 10 minutes on the  
21 North Shore Line on the weekend, during the day, you might  
22 be able to increase that one third figure and two-thirds  
23 services a bit.  
24  
25 The other point about funding is that total funding is  
26 set by the Government one way or another and it is  
27 management's task as to how to beat the output aspirations  
28 with the budget resources they are given and what they're  
29 able to generate themselves. On point B, I think there  
30 should be high priority given to passenger rail transport.  
31 There have been fits and starts. It is important because  
32 the track, stations, the underground, are very long-lived  
33 assets. Investments made in the 1920s have just recently  
34 had their full potential realised. In my view, we're  
35 looking at another period of major capital investment that  
36 is relatively short in time but the benefits extend over a  
37 long period, so there are some challenges of accounting and  
38 intergenerational equity-type aspects.  
39  
40 The other reason is the beneficiaries of our train  
41 system are not solely the users of the train system.  
42 Because of environmental, social accessibility, economic  
43 viability, the CBD would not be able to achieve anything  
44 like its level of activity without an effective public  
45 transport system, so it is important from that aspect.  
46  
47 Also, taking a more parochial view, there is an

1 expectation of greatly improved journey times to  
2 Wollongong. Seventy minutes is the sort of target time for  
3 what's now an over 80 minute trip Sydney to Wollongong, or  
4 vice versa, and if anyone saw WIN News last night, that's  
5 back on the agenda in the Illawarra-South Coast area at  
6 least.  
7

8 In terms of point C, I wonder whether there is any  
9 flexibility in some of the rostering practices and support  
10 in terms of part-time operating staff for parenting and  
11 transition into and out of the workforce. In terms of  
12 point D, it is a good thing to have a benchmark project.  
13 One of the issues is about what is comparable and the  
14 particular point I raised is about using purchasing power  
15 parity or exchange rate calculations, one form of which is  
16 the Big Mac index, so that price and wage levels are more  
17 really compared rather than the attractiveness of a  
18 particular currency or recent announcements by central  
19 bankers on interest rates. Thank you.  
20

21 MR TREVASKIS: Thank you, Mr Chairman. One of the things  
22 that strikes us is if you've got a product, the obligation  
23 is to have a product that you want to market with  
24 confidence to rail users - reliability, comfort, breaking a  
25 journey - because this is a problem we've had where people  
26 buy a ticket and I often quote the case where a person from  
27 the mountains may get off at Penrith, back on at Penrith,  
28 to Parramatta, to the city and return and it is quite  
29 interesting where approximately 100 people are getting off  
30 both in peak and off-peak periods on the weekends at  
31 Penrith and the Blue Mountains. That is because it is  
32 convenient and because it takes the pressure off car  
33 parking, of course.  
34

35 Of course, in amongst that you've got interconnections  
36 with buses and with rail services and I'll take the example  
37 of the Cumberland line. That was a sign of hope. I did  
38 work in Liverpool for many years and for others it was  
39 especially a great advantage. Also, I think we do  
40 recognise on the mountains tourism is one of the focuses  
41 during the off peak periods and of course we're looking at  
42 addressing that issue. We do have an overlap of that where  
43 people complain about luggage being on seats and we've got  
44 to address that somehow or other.  
45

46 When you look at costs you say what are the management  
47 costs? Some years ago TAA for every one person in the

1 workforce had 10 people on supervision. Our experience in  
2 the mountains with the management structure was one where  
3 we had our own sector and at that time the engineering and  
4 the station operations were combined and it worked very  
5 well because we were able to address things at the  
6 workplace. Justice McInerney pointed this out so many  
7 times in the inquiry, that a lot of managers are making  
8 decisions at the workplace and not at the workplace and  
9 this was demonstrated a couple of weeks ago with that  
10 timetable.  
11

12 That means can RailCorp come up and say how many  
13 people have they got in supervision? You are looking at  
14 costs. You expect us to pay those costs. Okay, an  
15 increase in fares. Does that mean that that money goes to  
16 actual service to the commuter or does it go to a  
17 management structure which could be greatly improved? Is  
18 there an overuse of consultants and is there closure? If  
19 you were at the Glenbrook-Waterfall inquiries,  
20 unfortunately, some of the evidence there showed that some  
21 consultants either weren't listened to or we didn't see the  
22 results. I get a bit cranky when we're asked to increase  
23 fares and these things are before us. I don't want to  
24 upset RailCorp, I know they've got a difficult thing to do,  
25 but I do observe that when people keep saying, "Oh, it's a  
26 complex system," it's not as complex as London or other  
27 areas. This is a challenge. Don't complain about it.  
28 Let's do the best we can with it and show the world that we  
29 can operate a system that will supply services now and into  
30 the future.  
31

32 You talk about benchmarking. What is a benchmark?  
33 Benchmarking is you get a tool bench and you work out what  
34 you're going to do and build it; but anyway, I think I've  
35 said enough.  
36

37 THE CHAIRMAN: Thank you.  
38

39 MS FINGLAND: You talk about assuming a constant level of  
40 patronage. From the region that I represent, which has  
41 been growing rapidly over the last 30 or more years,  
42 I think it is probably a mistake to assume a constant level  
43 of patronage. I would argue that there's potential for an  
44 enormous increase in patronage in Western Sydney.  
45

46 Some of the research that WSROC has done has actually  
47 pointed out that in certain local government areas - and

1 I take Fairfield as a case in point - over the last  
2 20 years rail patronage has been decreasing despite the  
3 fact that the population has grown substantially over that  
4 period of time. The question has to be asked why is  
5 patronage not increasing in an area where the only other  
6 alternative to public transport is the use of the car?  
7 Congestion in Western Sydney is reaching incredibly  
8 difficult proportions. I think the situation is going to  
9 get worse as the population ages and also as issues such as  
10 the oil crisis come on. How are we going to deal with this  
11 situation unless we have effective public transport?  
12  
13 In terms of point 2, we would argue that at this time  
14 there's no other area of investment than public transport  
15 that the Government could make that has the same potential  
16 to benefit so many aspects of urban living. Clearly, there  
17 has to be some better approach to public transport  
18 provision in the area. I think what is lacking, not just  
19 from the point of view of RailCorp, is that all public  
20 transport providers seem to spend a lot of time putting an  
21 emphasis on the needs of the provider in terms of putting  
22 in public transport, but very little emphasis on the needs  
23 of the user.  
24  
25 Certainly, with public transport the situation is that  
26 unless you pay more attention to the needs of the user it  
27 is going to be hard to wean people away from the use of the  
28 private car, as long as they can use it, but, of course,  
29 with the aging of the population they'll get to the stage  
30 where they can't use it. What is going to happen in a  
31 region like Western Sydney when that occurs?  
32  
33 The other thing is, we have a metropolitan strategy  
34 that Dinesh has already mentioned, and I think one of the  
35 failings of the metropolitan strategy has been to really  
36 look in any depth at public transport needs, so I encourage  
37 this inquiry to perhaps seek the State Government to  
38 actually give more consideration to the overall public  
39 transport needs and not just from the point of view of just  
40 rail or buses, but overall transport needs and how public  
41 transport networks should be linked together to support  
42 each other and help increase patronage if we are going to  
43 get more people on to public transport and not use the car.  
44 Obviously WSROC over the years has put in numerous  
45 submissions about how our region is trying to make up for  
46 30 years of inadequate investment in public transport.  
47

1 MR WADIWEL: I guess my concern is that - and this is to  
2 me a tendency with these fare determinations - that we tend  
3 to look at the revenue needs in a particular year  
4 rather than the long-term needs of the operator and the  
5 long-term goals of the transport operator within Sydney's  
6 task as a city.  
7  
8 I would certainly encourage we look at that long term  
9 and how this particular fare determination fits into those  
10 tasks. The problem we have in New South Wales is that  
11 really in terms of formal processes to determine fares we  
12 have two: One is the IPART Act, which tends to be this  
13 annual process, it does not need to be, but that is the  
14 tendency; and the second thing we have is this CPI plus X  
15 formula which was agreed to by government in 2004.  
16  
17 The issue with the CPI plus X formula is that it does  
18 not necessarily commit us to any long-term significant  
19 expansion in patronage on public transport. It does not  
20 give us any certainty about the funding of public transport  
21 if those service qualities aren't delivered and if  
22 the identified efficiencies aren't taken care of. And that  
23 is important because those are the two areas where we are  
24 lacking.  
25  
26 As Sharon mentioned, we have a metropolitan strategy  
27 which came in in December 2004 which identified targets for  
28 Sydney over 25 years and one would hope that the way we  
29 determine fares today will fit into those targets.  
30  
31 The strategy identifies two goals that are relevant to  
32 public transport. One is an accessibility target, that in  
33 the next 25 years there is a commitment to increase the  
34 percentage of the population living within 30 minutes of  
35 public transport of a city or major centre. We have an  
36 environmental target that in the next 25 years there will  
37 be no increase in Sydney's environmental footprint per  
38 capita. That leads to some important implications in terms  
39 of how we plan public transport and how we fund it over the  
40 next 25 years.  
41  
42 Firstly, we need to increase the frequency,  
43 reliability and availability of public transport, ensuring  
44 that patronage is built over time and that we preserve the  
45 existing per capita environmental impact of the city and  
46 ensure that, although fares will increase, and that is  
47 inevitable, and I think in terms of sustainability of the

1 operator that we need that to happen, that those increases  
2 should happen in an affordable way so that the cost of  
3 public transport is not a barrier to using it and that from  
4 an NCOSS perspective the key important thing is that all  
5 people in the city can afford to use it and are encouraged  
6 to use it through the fares policy.  
7

8 A few years ago there was a lot of talk about price  
9 paths, and that is certainly something we supported, which  
10 was for the operators to adopt a five-year price path where  
11 everyone knows what will happen to fares over the five  
12 years and where we have tabled the service quality and  
13 other improvements that will occur over that time and where  
14 we have some capacity to review that over time so that all  
15 the stakeholders can actually comment and say, well, this  
16 has been done, that hasn't been done.  
17

18 To me that is the sort of thing we should be talking  
19 about, not what should happen in 2007 with fares, but what  
20 will happen over time and how does it fit the long-term  
21 social, environmental and economic sustainability targets  
22 for the city.  
23

24 MR LAIRD: Question B raises questions on allocation of  
25 government funds and so straight away that brings in road  
26 funding. We have to ask ourselves at times, is it better  
27 to put a billion dollars into building a new motorway or  
28 building a new railway. Road pricing was addressed by the  
29 Parry inquiry into sustainable transport serviced by the  
30 tribunal and I really feel it needs to be addressed, if not  
31 by the tribunal in this inquiry then possibly the tribunal  
32 may care to bring it to the attention of government.  
33

34 Question B also raises questions about externalities.  
35 Again, I could not see the term "externalities". Like road  
36 pricing, it did not appear in the four-page document. But  
37 they are relevant. One in particular that has come on to  
38 the public record in the last 12 months was that of the  
39 cost of the health costs, both mortality and morbidity,  
40 from air pollution from motor vehicle emissions, which in  
41 this city, this Sydney urban, greater urban area, is in the  
42 order of \$1 billion a year. The cost of road crashes  
43 involving vehicles in the Sydney Gosford region would be  
44 more.  
45

46 With question B, I really feel you have to differentiate  
47 expenditure by the New South Wales Government

1 on passenger rail transport. It has to be very clearly  
2 split into capital and operating. There is a crying need  
3 for more capital funding in this state and I draw your  
4 attention to the progress being made by the Government of  
5 Western Australia in Perth in addressing capacity  
6 augmentation, not only for today but for the future.  
7

8 Deferring to my friend over the table from the  
9 Illawarra, we would like our trains not put on Valium but  
10 we would like to see them speeded up. In this regard, you  
11 can go in Victoria from the new Southern Cross station at  
12 Spencer Street, on new Velocity trains, out to Ballarat,  
13 and within an hour you are 80 kilometres away from that  
14 central Melbourne station. There is no line that I know of  
15 going to the South Coast, down the main south, the Blue  
16 Mountains, or Gosford, that within an hour you will be 80  
17 kilometres away from Central Station.  
18

19 THE CHAIRMAN: Before I call on CityRail, I would just  
20 like to make a clarification. As the tribunal we have to  
21 deal with what the reference is, not what it might have  
22 been, and the reference to us was to deal with this year  
23 the CPI increase. That is the basic reference. I have  
24 some sympathy with the view, and I think my tribunal  
25 colleagues would as a matter of principle, that a  
26 longer-term price path would represent an improvement and  
27 might have the benefits I think that you indicated, but we  
28 have not got that reference. It might be that we get such  
29 a reference in the future.  
30

31 Can I just say that in that case it would seem to me  
32 that it would be good to go either longer into the future  
33 or, if there was to be a more significant demand made than  
34 CPI, then we would be able to look particularly at the  
35 efficiency issues which we have raised in the second two  
36 questions here. So generally when we do pricing we  
37 approach particularly the efficiency. We focus quite  
38 properly pretty heavily on the improvements in service  
39 quality and that is consistent with the application. But  
40 efficiency is a key issue and I am hoping - and it has been  
41 referred to by those participants - that you will give the  
42 tribunal the benefit of your thoughts on questions C and D.  
43

44 MR GRAHAM: I have the daily, weekly, monthly and yearly  
45 unenviable task of operating within a budget. The cost of  
46 operating the system has not featured strongly in either  
47 the submissions or the discussions. Since the last fare

1 increase in August 2003 we have paid three lots of 4 per  
2 cent wage increases to our staff. The first of those  
3 effectively occurred in April 2004, then April 2005 and  
4 April 2006. The effect of that in a full year now is an  
5 additional \$150m annually. I am not talking about the  
6 cumulative effect of that over the last three years, I am  
7 talking about the effect of three lots of 4 per cent now in  
8 one full year. It is \$150m.  
9  
10 Putting aside the fact that other costs increase,  
11 steel rail, for example, has compounded its price at around  
12 13 per cent over the last few years because of  
13 international global pricing. The boom in China has meant  
14 there is a scarcity in steel supply worldwide. Our  
15 electricity costs of course go up like everybody else's  
16 electricity costs for domestic purposes.  
17  
18 But let me focus for a moment on this \$150m in  
19 additional wages growth. I have three options to fund  
20 that. The first option that I have is through the farebox  
21 to increase price. And there isn't any representative  
22 around this table who is giving me warm encouragement to  
23 do that. I acknowledge that. Nonetheless, the \$150m in wages  
24 costs is just as real as it would otherwise be.  
25  
26 The second funding mechanism I have is, I can reduce  
27 costs, and I think any business in this day and age  
28 sensibly has to do that. Over the last two years the gross  
29 reduction in staffing levels in the combined rail entities  
30 of RailCorp and SRA has been 1100 people. There have been  
31 1100 jobs that have gone out the door under our voluntary  
32 redundancy and external redeployment programs.  
33  
34 With 100 people going out the door, we have actually  
35 recruited an additional 620 staff. Where have they come  
36 from? Well, 190 drivers, 150 new guards to deal with the  
37 publicly acknowledged train crew shortages, in that  
38 two-year period we have added 236 transit officers to beef  
39 up our security presence to 600 transit officers on our  
40 network, and we have added a net 44 cleaners, particularly  
41 the rover cleaners that have been so effective in cleaning  
42 trains in transit. So 1100 people; 600 recruited; of the  
43 order of 550 positions that have been cost reductions; a  
44 wages savings to the organisation of somewhere between  
45 \$40m and \$50m.  
46  
47 We are not focusing that cost reduction program on

1 front line services. Quite the contrary. I am focusing  
2 particularly on back office, management and administrative  
3 functions, and I would expect in the course of the  
4 remainder of the financial year to achieve of the order of  
5 another 200 to 250 staff reductions. And that program will  
6 be ongoing. We recognise the need to ensure efficiency and  
7 that that program continue.  
8  
9 My third funding source to deal with a \$150m wages  
10 bill is effectively the New South Wales Treasury or the  
11 taxpayers of New South Wales, who are not necessarily using  
12 this rail system. What constitutes a fair distribution of  
13 funding for the \$150m wages issue? There will be as many  
14 opinions as there are people in this room, I have no doubt  
15 about that.  
16  
17 The combined fare increase that we are seeking in the  
18 current submissions to IPART will deliver of the order of  
19 \$30m per annum. The combined peak and off-peak will  
20 deliver us of the order of \$30m in a full year of  
21 operation. Against a \$150m wages bill that means we are  
22 asking the farebox, the consumers who use the system, to  
23 contribute of the order of 20 per cent of the increase in  
24 wages and I think there needs to be a perspective drawn as  
25 to what is the appropriate farebox contribution to  
26 efficient operating cost because we are certainly doing a  
27 significant amount on the issue of productivity  
28 improvements and I am currently in the final stages of  
29 negotiating a significant station reform package with both  
30 of our unions who are involved in the station operating  
31 area. A great deal of energy, effort and compassion are  
32 going into that cost reduction area.  
33  
34 The reality is, however, that the significant group  
35 that needs to fund the increasing costs is not represented  
36 here today. 25 per cent of the cost of operating our  
37 system is funded by the farebox, by the customers who use  
38 it. 75 per cent is funded by the taxpayer. That is a  
39 broader issue, of what is the appropriate mix, and I don't  
40 offer commentary at all on that issue other than to say I  
41 think it is unfair to those who are funding us as taxpayers  
42 and not necessarily using the system to be necessarily  
43 ignored in the considerations that we are having here  
44 today.  
45  
46 Let me also acknowledge that we are a growing system  
47 and that point I think has been well made by WSROC



1 representatives. We are a growing system. We are a global  
2 city and the development of our public transport needs to  
3 reflect that.  
4  
5 What are we seeing in terms of the government's  
6 funding and commitments to that? We are seeing one and a  
7 half billion dollars going into the clearways program to  
8 add capacity to untangle our complex network. Our network  
9 is more complicated than London Underground. It is more  
10 complicated than London Underground because London  
11 Underground runs nine separate lines. We run one spaghetti  
12 junction. That is what clearways is about, untangling this  
13 network so that we can operate in a less complex way so  
14 that we can ensure that a disruption in one sector does not  
15 cross-infect another sector. Clearways provides  
16 robustness, clearways provides improved reliability and  
17 improved capacity, and it is one and a half billion dollars  
18 worth.  
19  
20 The rolling stock acquisition program, ahead of  
21 yesterday's additional car announcement, was already a  
22 figure of \$2 billion. When you look at the combined  
23 investment in the Milleniums, 140 of them already  
24 delivered, add to that the 122 Oscars that are already  
25 ordered, the order of \$440m, the \$100m investment that is  
26 going into diesel cars in the Hunter Valley, and now an  
27 investment capital equivalent of around an additional \$2  
28 billion in the announcement that was made yesterday.  
29  
30 The third major element of that growth plan is of  
31 course the series of new rail projects. The development of  
32 the New South Wales Westrail link from Glenfield to  
33 Leppington, the development of the much awaited north-west  
34 rail link from Epping through to Rouse Hill and most  
35 importantly the determination to see another harbour  
36 crossing, another rail harbour crossing, to connect those  
37 other two projects in a total capital value that will be  
38 somewhere in the vicinity of \$8 billion to \$10 billion.  
39  
40 The commitments that are there, the plans and capital  
41 commitments that are there are significant. We  
42 collectively need to ensure the sustainability of that  
43 system and sustainability needs to reflect on what the  
44 appropriate contributions are from those funding these  
45 resources, from the farebox, from cost reductions and from  
46 the taxpayers who aren't necessarily using the system.  
47

1 I was interested in Philip Laird's comment about the  
2 Perth system and the significant investment that is going  
3 on there. They have the delightful circumstance of  
4 building greenfield projects. But for those of you who go  
5 and observe it, take comfort from the fact that it is your  
6 GST revenue that is funding it. Not that I make political  
7 comment.  
8  
9 THE CHAIRMAN: Thank you. Now, before we break for  
10 a short time, just a few minutes if anyone from the audience  
11 would like to comment.  
12  
13 MR DAVID COLETTE: I am a frequent public transport user  
14 and rail user. Basically I believe it is simple. It is  
15 funding, the issue of funding, or lack of funding. If the  
16 government is going to pour more and more money into roads  
17 and less and less money as a result into public transport,  
18 including rail, then all the problems that we have been  
19 discussing will get worse. That is what has gone down so  
20 far tells me.  
21  
22 Comparisons are being made to England and Europe. I  
23 don't think any English system is something that we can go  
24 by. Benchmarks: If we are looking at that, definitely  
25 western European, some systems are definitely to be looked  
26 at. Why? Because they are heavily funded by the  
27 governments, those of which I am particularly thinking. I  
28 think we are all pretty familiar with what I am saying -  
29 and whilst maintaining good roads at the same time.  
30  
31 France is superior to what we have here. If they can  
32 do this, why can't we, a rich country, a rich state? If we  
33 don't, if we continue to have the flow of funds away from  
34 public transport infrastructure to roads, then we are  
35 setting ourselves up for trouble. That flow has to be  
36 reversed. To be realistic, all over the world when road  
37 use is becoming less and less viable and the only option is  
38 to go to transport, let's get with it, people. All these  
39 problems are going to be fixed if money is placed in the  
40 right direction. That is all I have to say.  
41  
42 MR IVAN GANTAR: One of the other speakers mentioned  
43 about a break of journey. Well, the New South Wales, CityRail,  
44 is the only urban rail system that does not allow break of  
45 journey on a ticket. Brisbane, Adelaide and Perth, you buy  
46 a ticket from say here to Penrith, you can get off at  
47 Parramatta if you like, while here it is not allowed. The

1 other states allow it.  
2  
3 MR PHIL MANNERS: Centre for International Economics. I  
4 would just like to weigh in on the side of non users here,  
5 given that it is obviously a grouping of lots of users.  
6 From my calculations, about \$450 from every household in  
7 New South Wales goes in to funding CityRail. That is  
8 something the tribunal should be considering.  
9  
10 The other point was when Vince was talking about the  
11 different ways of getting revenue or cost savings, I  
12 noticed looking at some of the international rail  
13 organisations that they get a lot of revenue from non users  
14 such as through advertising or property development. I was  
15 wondering if RailCorp had thought of that?  
16  
17 THE CHAIRMAN: I suggest we take a break for coffee at  
18 this point and resume in about 10 or 15 minutes.  
19  
20 SHORT ADJOURNMENT  
21  
22 THE CHAIRMAN: I thought we might start this session with  
23 Ruth introducing it and then I will call on the user group  
24 that has the shortest distance trips.  
25  
26 MS LAVERY: Although RailCorp has proposed a fare increase  
27 on average of 2.9 per cent, the need to round fare changes  
28 to 20 cents results in some fares increasing by 9 per cent  
29 while other fares don't increase at all. The Tribunal has  
30 also looked at the changes in fares since it started  
31 regulating them in 1996 and notes that longer distance  
32 fares have fallen and shorter distance fares have risen in  
33 real terms. The Tribunal would like to hear stakeholder  
34 views on the proposed fare increases of 9 per cent for very  
35 short distance trips and on no fare increases for the very  
36 long distance trips.  
37  
38 The Tribunal is interested in views on what are the  
39 relative costs of providing short and long distance  
40 services, how patronage levels are likely to be affected by  
41 the proposed change in fares and how will travel patterns  
42 change as a result of the proposed fare changes.  
43  
44 MR LAIRD: In brief, I think the 2.9 per cent overall  
45 requested for peak-hour fares is very reasonable given the  
46 fact there have been no increases in the last two years.  
47 I would prefer not to see individual ones go up by

1 9 per cent and I think there is a case for the longer  
2 distance ones to go up. That is all I wish to say.  
3  
4 MR WADIWEL: Increasing the short-term fares by  
5 9 per cent, which is more than three times CPI, is going to  
6 affect users of that service. Of course, NCOSS is  
7 concerned that a number of low income people by using those  
8 shorter trips have access potentially not only to casual  
9 and part-time work in their local area, but services,  
10 education and other things, including health appointments.  
11 It will also affect people who are seeking to use CityRail  
12 to access volunteering opportunities in their local area.  
13  
14 That said, my understanding was that the effects of  
15 rounding are taken into account by IPART in future  
16 determinations. That is correct, isn't it? Anyway, that  
17 was my understanding of the situation. Certainly, this to  
18 me reinforces my comments about the value of the long-term  
19 price path because then it is very clear to consumers that  
20 it might be 9 per cent this year, but you won't have a fare  
21 increase for the next five years. That to me is the  
22 importance of actually thinking long term about these  
23 issues.  
24  
25 All that said, I think there are very important  
26 reasons for maintaining the subsidies for the long-term  
27 journeys. I should note that the particular graph that's  
28 there is in some ways misleading, or it can be misread,  
29 because the average journey distance for CityRail is  
30 18 kilometres, so it actually falls within that band.  
31 Effectively, if you take that into consideration, this  
32 graph tells you that for the bulk of users of CityRail  
33 they've actually experienced very significant fare  
34 increases for those journeys.  
35  
36 I don't think we should get too caught up in the  
37 subsidies question. That said, the subsidies question is  
38 important but I'm not sure whether this is the forum to  
39 discuss it. What we really need is a substantial  
40 discussion about what are the appropriate fare and  
41 concession products for this city and how do we structure  
42 that to ensure an adequate return to the operator and to  
43 ensure that people continue to get on services and meet  
44 those equity goals in terms of ensuring that people who  
45 live those longer distances can still access services and  
46 jobs and education affordably.  
47

1 The shame about all of this is that we have a T-Card  
2 coming in over the next three years, we have an immensely  
3 complex fares and concessions system and all of this hasn't  
4 been resolved in advance when it should have been. I draw  
5 your attention to the situation in other cities in  
6 Australia - Brisbane, Melbourne and Perth - which have all  
7 gone down the track of an integrated fare system. We have  
8 south-east Queensland last year reporting, after the  
9 introduction of their integrated fare system, a  
10 9.5 per cent increase of patronage in one year across their  
11 transport network.  
12  
13 To me that is an indication of what can be improved by  
14 thinking more carefully about fares and concession products  
15 and thinking about things like having a day fare where  
16 people can get off and on different modes of transport over  
17 the day. I make that comment in the sense that I don't  
18 think this is the appropriate forum to pick apart that  
19 formula between how much we subsidise short-term trips  
20 versus how much we subsidise long-term trips. We need to  
21 actually engage in more thoughtful discussion about those  
22 products and where they sit in terms of revenue returns and  
23 what we want to achieve with public transport.  
24  
25 MS FINGLAND: I would like to support what Dinesh said but  
26 also make the point that in relation to the comment about  
27 thinking more long term I think we should be thinking very  
28 seriously about major looming issues, such as the oil  
29 supply issue and also the point I made earlier about the  
30 aging of the population, how people are going to travel  
31 around, particularly those who are highly car dependant,  
32 what is going to happen when they can no longer drive their  
33 cars any more and they're in areas, particularly in  
34 Western Sydney, that have no access to facilities and  
35 services? Yet, you have a health service delivery process  
36 at the moment that is encouraging people to stay home  
37 longer. How are they going to get around?  
38  
39 I would support the idea that there needs to be a much  
40 bigger philosophical discussion. It is not whether there  
41 are fare increases of 9 per cent for short distances.  
42 I think we should follow the Victorian model and help to  
43 reduce the demand for air and car travel by looking at the  
44 longer distance trips and whether they should be subsidised  
45 more to encourage people to use the train rather than  
46 either flying or driving to Canberra, for example. I think  
47 there are a lot of issues there. There are some very

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1 fundamental policy areas that need to be addressed first  
2 before we think about that.  
3  
4 MR TREVASKIS: When you talk about short distance, it is  
5 interesting to observe that with our services at the moment  
6 the destinations are changing, as I indicated before, with  
7 respect to the number of people who are accessing Penrith  
8 for health, sport, education, social, shopping, et cetera,  
9 so that a short-term distance really could be from  
10 Springwood to Penrith or from Blaxland to Parramatta.  
11  
12 One comment I heard was where a person was driving to  
13 Parramatta, it was costing him \$60 a week in tolls,  
14 et cetera, and he had 15 minutes walk to get from where he  
15 parked his car. I said, "Why doesn't he travel by train?  
16 It would be a lot cheaper." But I didn't get a response to  
17 that.  
18  
19 I do find it hard to accept that you're going to  
20 increase 9 per cent on a very short distance. What is a  
21 short distance? Down in the Illawarra, as you know, you've  
22 got services from Thirroul to Wollongong. You could say  
23 that is a short-term journey. In relation to very long  
24 distance ones, the long-distance commuters are paying \$2.50  
25 approximately, they are part of the service, but included  
26 in the number of people in all the trains are those getting  
27 off at stations in between. What has happened is where we  
28 used to have two or three trains a day where the two trains  
29 were fully booked seats and arrived in for a nine o'clock  
30 start and returned home at 5.15, et cetera, that's changed  
31 and our survey in the early 1990s indicated the changes  
32 that were taking place.  
33  
34 Really, I think our association will have to run  
35 another survey on the mountains community to do an overall  
36 assessment of that because we find that there are new  
37 residents on the mountains at Medlow Bath and Blackheath,  
38 for instance, who are changing its population. Glenbrook's  
39 population is changing with people moving from Greystanes  
40 and also Baulkham Hills. We are having a change there and  
41 a change from youth with the aging of the population and  
42 our good friend over there from WSROC has identified that.  
43  
44 It was interesting during the debate on the \$2.50  
45 ticket at one of our meetings in Blackheath, in the  
46 Katoomba area, which consisted of a mixture of long-term  
47 daily users or short-term users or pensioners, they agreed

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1 that a \$5 ticket would be acceptable, especially when  
2 you're going from Katoomba to Newcastle or to Wollongong.  
3 I think the Government misread the community on that one.  
4 Mr Vince Graham would have a better fare box input if it  
5 was adjusted to that.

6  
7 You have got me thinking, Mr Chairman. I will go away  
8 and have to look at travel patterns on the mountains and  
9 also in relation to bus travel as well because we're  
10 looking at having an integrated system, both bus and rail,  
11 and where it might be more economical to run bus a bus  
12 service, but the fare box for the bus should be the same as  
13 the train service. The forecast is said to be roughly \$3m  
14 a car. That is \$12m, where two or three local buses at  
15 \$360,000 each might serve the service, but we will have to  
16 market that to the community because there are advantages  
17 as it progresses down the highway or into other areas that  
18 they might save time by getting on the bus closer to their  
19 homes. We are looking at that as well outside the IPART  
20 inquiry. You have given us a challenge and I suppose we  
21 will have to meet that. Thank you.

22  
23 THE CHAIRMAN: Thank you.

24  
25 MR BENDALL: On point A, that 9 per cent should be a  
26 maximum of 10 cents or 50 cents on a rounding, depending  
27 upon the fare types. In that context it is minimal. If  
28 the Tribunal follows the master-fare schedule you talked  
29 about that you've applied for the bus fares, that makes it  
30 quite explicit on how those rounding peaks and troughs are  
31 evened out.

32  
33 There is an issue underneath this section about the  
34 split between a flag fall and a per kilometre component in  
35 fares. The table suggests the relative cost of short  
36 journeys increases much more than the relative cost of long  
37 journeys. Averaged over 200 kilometres, there are few  
38 travellers and few opportunities.

39  
40 With respect to point C, I can't provide any in-depth  
41 response to this because it talks about short and  
42 long-distance services when people make trips. On the  
43 train I caught today people would have travelled to  
44 intermediate stations, one, two, three stations to  
45 Wollongong, then to Sutherland and then to Hurstville and  
46 people would have got on at Sutherland and Helensburgh, so,  
47 you know, because I'm a user I don't have the depth of

1 understanding about provision.

2  
3 In some places it is relatively cheap because there's  
4 line capacity and a couple of rail cars can be provided to  
5 add shorter distance services, but providing short-distance  
6 services, for example, on the inner west, adding a service  
7 there is very expensive because of the competition for  
8 capacity. Mind you, on the inner west you can probably  
9 generate quite a lot of usage over a large amount of hours.

10  
11 With respect to patronage levels, it depends on  
12 people's circumstances, whether they're likely to get  
13 increases in their trainee or part-time work by way of  
14 earnings and whether their circumstances are such that  
15 they're paying 20, 30 or 40 per cent of their earnings to  
16 get there and back and their domestic circumstances are  
17 sustainable or not. The other aspect to that is what is  
18 involved in the trip? Is it a bus or a train and a bus?  
19 Some people might end up changing what they do, drop out  
20 of work or education, because they're tipped over the  
21 threshold.

22  
23 MR PARISH: In relation to A, I checked all this out on  
24 the email list to all the different groups and so forth and  
25 really didn't get any specific response to that. There was  
26 certainly a lot came back and said the service is not as  
27 good as they're saying it is, et cetera, et cetera, but  
28 they never actually said they objected to the 2.9 per cent  
29 rise and generally historically we have always accepted a  
30 rise that didn't exceed the CPI.

31  
32 As far as the 9 per cent for very short distance  
33 trips, we started to discuss this three or four years ago  
34 with the chap who then was the head of the CityRail  
35 stations, I think you would have called him, and he was  
36 looking for a much bigger change. For instance, you have a  
37 short-distance zone, medium distance and a long one and the  
38 proposal was to provide almost as much from the fare box on  
39 the short-distance zones as you would pay on the  
40 long-distance zones. We started to discuss that but we  
41 never really came up with any conclusion. Generally, left  
42 to us, we would prefer no fare rises at all, but we  
43 acknowledge that they've got to exist. Yes, I would say we  
44 really don't have any objections to point number A.

45  
46 As far as the longer distance in point number B is  
47 concerned, naturally we've got no objection to that one

1 either and we do acknowledge - it's brought up quite  
2 frequently at meetings - that the fellow who travels the  
3 longer distance doesn't get paid any bigger wages than the  
4 fellow who travels the short distance, so the point seems  
5 to be there that they should go easy on the longer distance  
6 trip; but then, on the other hand, you've got to look at  
7 the cost of providing those and it is a bit more costly.  
8 All these things have to be looked at pretty carefully. As  
9 an off-the-cuff response, I would say yes, we would agree  
10 with B. What are the relative costs? We'll have to talk  
11 to the railways about that.

12  
13 THE CHAIRMAN: That question is obviously directed more  
14 at RailCorp.

15  
16 MR PARISH: Is our patronage likely to be affected by the  
17 proposed changes in fares? I would certainly say from our  
18 experience in the last 30-odd years that there are many  
19 different types of customer and there are different  
20 sensitivities as far as fare levels and service levels are  
21 concerned and it would be pretty hard to answer that kind  
22 of question. There has been a tendency for people from the  
23 outer areas to swap on to the expressways, a higher  
24 percentage again than for rail. When you ask them why  
25 they've done that they sort of say, you know, it's quicker  
26 and more convenient and all these sorts of things, but  
27 whether that gives you an answer to what you've asked I'm  
28 not real sure. It is a very interesting question. I would  
29 like to go into it much more deeply at some future time.  
30 That is about all I can say.

31  
32 MR EADIE: I understand we're dealing with the peak fares  
33 at this stage.

34  
35 THE CHAIRMAN: That is right, yes.

36  
37 MR EADIE: I only want to address item D in this  
38 discussion paper. I can see that it is tempting for IPART  
39 and CityRail to increase the peak fares because the trains  
40 are going to be full anyway. Irrespective of how much you  
41 raise the fares, the trains will be full in peak hour.  
42 Again, that's probably outside IPART's realm, but I need to  
43 record that somebody needs to consider the impact of  
44 raising peak fares on the community. If peak fares go up,  
45 some people will transfer to road or other means, despite  
46 the fact that the trains are still full. I will give IPART  
47 an extract from Mr Tom Parry's report in 2003, on page 54,

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1 in which Parry said:

2  
3 Planned improvements to the CityRail  
4 network are not expected to produce  
5 noticeable improvements in service levels  
6 until 2008. Any real increase in fares  
7 prior to significant improvements flowing  
8 to service quality would need to be  
9 carefully managed in order to minimise the  
10 incentive to switch to road use.

11  
12 Thank you.

13  
14 THE CHAIRMAN: It is your turn, Vince.

15  
16 MR GRAHAM: Thank you, Chairman. On the issue of the  
17 9 per cent and long distance, pragmatically I think we all  
18 recognise that you're caught here by a coinage issue, that  
19 if you have a current \$2 fare and you try to increase that  
20 by 3 per cent, then six cents doesn't work. Our network  
21 basically operates on a minimum coinage of 10 cents.  
22 Because you have to deal with the half fare, the concession  
23 issue for children's fares, that means your adult fare has  
24 pragmatically to move by 20 cents. In the short fare  
25 distances I think there has been an attempt over recent  
26 fare increases to recognise this coinage issue and the  
27 shortest distance fare band, the five kilometres or less,  
28 even though it's going up 20 cents this time, hasn't moved  
29 in the last two increases. I think over time there has  
30 been an attempt to put some pragmatism behind that issue.

31  
32 Obviously, the other thing we tried to do is ensure  
33 that the net return of the increases is as close to  
34 2.9 per cent as we can make it. As you then go through the  
35 fare bands, because you've got different levels of  
36 patronage in each fare band, it's simply a bit of pragmatic  
37 manipulation to try to ensure that we don't exceed the  
38 total 2.9 per cent. We stay within the coinage issues.  
39 Frankly, I think we're more than open to any alternative  
40 pragmatism that might emerge from IPART on that particular  
41 issue.

42  
43 In terms of the issue of relative costs, if we define  
44 our system into two parts, suburban and outer suburban, and  
45 we define the suburban as bound by Waterfall, MacArthur,  
46 Emu Plains, Berowra, and if you look at that very broad  
47 definition of suburban versus outer suburban and look at

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1 some of the underlying cost drivers, we have 43 per cent of  
2 our track kilometres outside the suburban area. It is the  
3 nature of our distributed geographic metropolitan railway  
4 that we run - 43 per cent of track kilometres.

5  
6 But, in terms of our total patronage, of the order of  
7 270 million passenger journeys we only have 15 million of  
8 those that originate or terminate in that outer suburban  
9 area. 43 per cent of your track, 5 to 6 per cent of your  
10 passengers in that area, so obviously if you take a logical  
11 conclusion from that - and I am certainly not doing that -  
12 but if you took a logical conclusion, that, added to it the  
13 fact that when you are purchasing outer suburban rolling  
14 stock you are purchasing rolling stock that gets no more  
15 than one turn in each peak period, you can only roster one  
16 peak flow out of an intercity train set, whereas in that  
17 suburban area, particularly as you come into an inner  
18 suburban area, you are actually getting two and a little  
19 better peak services out of the same rolling stock set.

20  
21 I always worry when I see questions represented as the  
22 relative costs in those areas because inevitably I have a  
23 discussion with an economist about what that means and then  
24 my simple engineering brain gets very confused between the  
25 issues of avoidable and marginal and shared. And then I am  
26 sorry I asked the question in the first place. I think  
27 that is an obvious issue that needs to be brought down, but  
28 given the assumptions that will be made, the economic  
29 assumptions and calculations, I think we could all come to  
30 the pragmatic conclusion now that it is more expensive to  
31 operate in the less dense geographic areas of the outer  
32 suburban network. Does that necessarily mean that the fare  
33 scales should necessarily reflect those differences in  
34 costs?

35  
36 As soon as you take that logically from start to  
37 finish, it seriously affects some of the historical travel  
38 patterns that may be there. The issue of affordability of  
39 a rise will always be an issue to be considered in the  
40 broader community. This is modest and I don't think anyone  
41 is suggesting that 2.9 per cent is not a modest increase.  
42 It is an environment where community wages, and I use that  
43 generic term, where community wage growth has been  
44 significantly in excess of that.

45  
46 In terms of the patronage impact, one also has to take  
47 heed of the alternatives that may be there. I think in the

1 current circumstance we are certainly seeing alternatives  
2 where fuel cost rises strongly suggest that this is a  
3 modest increase relative to the alternatives that might be  
4 available and given the historical low elasticities on this  
5 issue that we would not expect any negativity at all in  
6 patronage. Quite the contrary. Since the new timetable  
7 our experience has been patronage growth with reliability  
8 and fuel cost rises.

9  
10 THE CHAIRMAN: Thank you. Is there anybody who wants  
11 to address this issue of peak fares?

12  
13 MR KEN MORRISEY: I am from WSROC, an elected  
14 representative of WSROC and transport spokesperson for that  
15 organisation. Just in relation to this 20 cents rounding,  
16 et cetera, we perhaps should bear in mind what Sharon  
17 raised earlier about the market that is available, or  
18 possible market, in the Fairfield, Blacktown and Penrith  
19 areas. That 20 cents increase to somewhere from Ashfield  
20 or Summer Hill or whatever might represent 9 per cent, say,  
21 out in those areas. It is probably 50, 60, 70 cents.

22  
23 A lot has been said today about percentages but really  
24 it is how much extra it will cost me to go to work or to  
25 have a day in town. For someone from Ashfield it might  
26 cost them 20 cents extra, which might be a 9 per cent  
27 increase, but out west that sort of increase would be in  
28 the order, getting up to 50 cents to \$1. We have to bear  
29 in mind that I guess the income groups that are out in the  
30 west and the south-west, compared to say the inner city,  
31 that in my view the inner city would be more able to cope  
32 with a 9 per cent increase which might represent 20 cents  
33 than say out in the other areas. I just think the tribunal  
34 should keep that in mind.

35  
36 You can argue about percentages when the \$1.10 went up  
37 to \$2.20. You could put a headline in the local press,  
38 "Pensioner hit by 100 per cent increase", but the reality  
39 of the situation there was what you can do with that \$2.20?  
40 All I am saying is that everybody looks at how much it will  
41 increase and how much benefit I get from that or non  
42 benefit. I would keep that in mind, that it is the outer  
43 people that are still going to pay more than the inner city  
44 people, even though the percentage of the inner city people  
45 might be greater.

46  
47 MR AMER: I have been a commuter for about 15 years. I

1 thought I would make representation on behalf of myself,  
2 using the trains and all. I do not think any increase is  
3 warranted for peak fares. The performance has been a  
4 shambles. Day in day out we put up with crowded,  
5 overheated, dirty trains. I think any increase is  
6 unacceptable. They have raised the bar from 3 minutes to 5  
7 minutes classified as on-time. I got here about half an  
8 hour ago. CityRail may be on time, but not me coming to  
9 the meeting, so I don't think it is warranted.  
10  
11 Another thing that has not been discussed is the fact  
12 that these transit officers, how much extra revenue are  
13 they collecting for the coffers of CityRail? What has been  
14 said about that? Maybe Vince has an opinion about that or  
15 can say something about all the extra revenue they are  
16 collecting. You have got 400 on a network. When we do the  
17 wrong thing and don't pay for our tickets we get fined.  
18 But when CityRail does the wrong thing, management gets  
19 bonuses. Can you explain that?  
20  
21 MR GRAHAM: On the latter issue, I would be delighted if  
22 that was the case but unfortunately it is not. We have no  
23 bonusing arrangements in CityRail or RailCorp whatsoever.  
24  
25 On the issue of transit officers, we have 600 transit  
26 officers on the network. The week before last the  
27 Auditor-General released a report on fare evasion. That is  
28 a report independent of RailCorp. It suggested that fare  
29 evasion levels have dropped from the order of \$22m per  
30 annum to approximately \$12m per annum, so that is the  
31 result of the excellent work the transit officers do, and we  
32 would all acknowledge sometimes in extraordinary difficult  
33 circumstances. The work that they do has had a net revenue  
34 improvement of \$10m based on the Auditor-General's report.  
35  
36 MR AMER: That is a modest improvement?  
37  
38 MR GRAHAM: It is nearly a halving of fare evasion levels  
39 as a result of the transit officers being on the network  
40 and I think that does represent a very sizeable improvement  
41 and an improvement to the good of the travelling public.  
42 Obviously anyone out there evading fares is making life  
43 more difficult for those who are honest citizens.  
44  
45 MR AMER: That is all very good, but what about  
46 subsidising fares?  
47

1 THE CHAIRMAN: I think you have made your point. In the  
2 interests of others we will move on and give other people a  
3 chance. We are on the issue of peak fares. What you said  
4 before, we have heard it.  
5  
6 MR GANTAR: I live on the Bankstown line. A lot of trains  
7 go from Bankstown direct to Liverpool. During the peak  
8 period some do, but on weekends all do, yet the fares are  
9 charged via other places. That adds on another kilometre.  
10 The same thing applies on the Cumberland line. The fares  
11 charged, instead of being charged direct from Merrylands to  
12 Harris Park, they add another kilometre to go via  
13 Granville, so if you are saying it is a 10 kilometre fare  
14 band, you go to a station - I have not got the figures, my  
15 local station does not supply the kilometre distances to  
16 each station any more - but if you go, if it was direct, it  
17 would be say 9 kilometres, but if it goes via Regents Park  
18 or Granville they will charge you for 10.5 kilometres and  
19 that puts you on to the next fare band. It is an anomaly in  
20 the system.  
21  
22 THE CHAIRMAN: We will ask CityRail to comment on fare  
23 bands and fare structures and the like, whether they could  
24 be less complicated?  
25  
26 MR GRAHAM: That is the case. There are many origin of  
27 destination fares on the network where there are  
28 alternative routes - Hornsby to Central via Strathfield or  
29 down the Shore. If you want to go to Liverpool, there are  
30 a number of directions that you can take. Obviously a  
31 passenger who presses the button on the ticket vending  
32 machine to go from this station to that station, the  
33 machine needs to have software that reflects the fare. You  
34 can take any number of decisions as to how you do that but  
35 you do need to take one decision and modify the revenue  
36 yield. Modifying that only adds to the burden of the fare  
37 increase that needs to be undertaken in order to get the  
38 average return that cost recovery seeks.  
39  
40 THE CHAIRMAN: One last question.  
41  
42 MR COLLETTE: Is intermodularity of the ticketing system  
43 being seriously considered at this stage?  
44  
45 MR GRAHAM: The short answer is yes, there is an  
46 integrated ticketing project that is being managed through  
47 the Department of Transport that will be a product that

1 applies across all modes of transport and that project is  
2 now well advanced.  
3  
4 MR COLLETTE: When you say all modes, could you define  
5 all?  
6  
7 MR GRAHAM: Rail, bus, ferry.  
8  
9 THE CHAIRMAN: All public modes.  
10  
11 MR GRAHAM: There is some private, also school subsidy.  
12  
13 MR COLLETTE: The thing is, with the inevitable increase,  
14 the seemingly inevitable increase in fares, to whatever  
15 degree, the thing is public perception, especially the  
16 public that uses public transport networks.  
17 Intermodularity will alleviate the public perception that  
18 they are not getting value for money, I am sure of it, and  
19 it will probably alleviate to a large degree that which was  
20 discussed by this gentleman here.  
21  
22 THE CHAIRMAN: We will move to off-peak fares and I will  
23 ask Vince to kick it off, please.  
24  
25 MR GRAHAM: First of all, I must say I have read a number  
26 of the submissions in regard to this issue and first of all  
27 I think we need to be clear about off-peak and what  
28 off-peak actually is relative to the off-peak fare discount  
29 period. Secondly, there is a strong flavour in a number of  
30 the submissions that because the off-peak period is a  
31 marginal cost period that there is a strong justification  
32 for substantial discounts. I will not go over the material  
33 in the submissions about relative discounts in other  
34 systems.  
35  
36 Let me make a few simple points. Our off-peak return  
37 discount fare generally applies from after 9 o'clock.  
38 Depending from where you are coming on the network, it  
39 may be earlier. If you are travelling longer distances the  
40 applicable time for off-peak fares is a lot earlier. If  
41 you are coming out of Lithgow, it is around 7.30am that the  
42 off-peak fare kicks in.  
43  
44 But for the point of the discussion if we just regard  
45 it as applying from around 9am, our off-peak period starts  
46 at 9 and goes through to midnight, applies Saturday and  
47 Sunday. Of the 168 hours in a week there are only 45 hours

1 in the week where the off-peak fare does not apply. That  
2 period where the off-peak fare operates, we have  
3 approximately 70 per cent of our services that are  
4 currently operating in what is regarded as the off-peak  
5 fare band. Off-peak is simply not what happens between the  
6 AM and PM peak Monday to Friday. It is after 7pm Monday to  
7 Friday in terms of operating off-peak periods and of course  
8 it is all day Saturday and Sunday.  
9  
10 When you have 70 per cent of your services that are  
11 available to an off-peak discount fare, I cannot see the  
12 robust argument that says this is a marginal pricing issue.  
13 Quite the contrary. It lends weight to the argument that  
14 the 30 per cent of services in the peak might be a little  
15 better dealt with in terms of the overall farebox recovery.  
16  
17 On weekends, and I made the point earlier, compared to  
18 a week day we are operating two-thirds of our services for  
19 one third of the patronage and providing the opportunity  
20 for a 39 per cent discount on the return ticket.  
21  
22 Not all of our costs are directly related to the AM  
23 peak. 75 per cent of our transit officer's shifts sign on  
24 after 9am and the reason for that is on our intelligence of  
25 employment of transit officers there is clearly both a late  
26 night and a weekend security issue for our passengers  
27 relative to the morning peak period, so I think in opening  
28 up the conversation on this issue of off-peak I did want to  
29 make the point very strongly that 70 per cent of the  
30 services that we are currently operating do have access to  
31 what is the off-peak discount period.  
32  
33 MR WADIWEL: I guess from the NCOSS position, based on the  
34 evidence that has been provided publicly by RailCorp in  
35 their submission, I don't think there is any justification  
36 to grant what is being requested for off-peak fares.  
37 Limited data has been presented to the tribunal on the  
38 characteristics of off-peak return travel in order to  
39 assess the impacts for users. We don't know who uses those  
40 services because data is not collected about those users.  
41 We don't even have presented in that submission the number  
42 of off-peak return tickets that are sold.  
43  
44 We had people advising on our submission and we had a  
45 guy estimate it by using the 1991 data, 15-year-old data,  
46 to assess how many off-peak return tickets. We are really  
47 flying in the dark in terms of how many people are buying



1 those off peak return tickets. RailCorp has not yet  
2 presented information to justify the claim that off-peak  
3 return fares are out of step with other Australian  
4 jurisdictions, certainly not to an adequate degree, and has  
5 not presented evidence to suggest that the off-peak, the  
6 way that fare is structured, is out of step with the  
7 characteristics of Sydney as a city. It has to go back to  
8 what is the function of public transport and the fare  
9 structure. It has to deliver some goods to the city in the  
10 long term.  
11  
12 RailCorp mentioned the equity issue about the  
13 discrepancy between peak and off-peak pricing. There is  
14 little justification in the submission as to whether that  
15 is an issue or not. In terms of other jurisdictions, it is  
16 very difficult to make those comparisons to say Melbourne  
17 or Brisbane. An example is the Brisbane ticket. There is  
18 a day fare available where there is an off-peak pricing  
19 applied to that day fare. It is something like \$5.40 to  
20 get around Brisbane all day. Sydney is nowhere near that  
21 level of affordability for public transport. And even if  
22 you can demonstrate that the discrepancy is there between  
23 peak and off peak pricing, certainly the fare price is more  
24 attractive and more affordable for most people.  
25  
26 RailCorp has failed to provide any short-term or  
27 long-term elasticity estimates and to us the long-term  
28 stuff is very important. It is not just about what will  
29 happen in 2007 if you grant this but what will happen over  
30 time in terms of encouraging, or in this case not  
31 encouraging, people to use rail services in that off-peak  
32 period.  
33  
34 Existing off peak travellers will include a  
35 significant proportion of low income people such as  
36 apprentices, casual and part-time workers, unemployed  
37 people and shift workers. And all of these people may have  
38 limited capacity to meet this fare increase. Part of our  
39 concern is that a number of these travellers don't have  
40 access to a concession, so these are low income workers who  
41 already are struggling to meet transport costs and are not  
42 in a position to get in their cars because of the heavy  
43 fuel bills and maintenance costs associated with cars and  
44 they are likely to be spending up to a quarter or even more  
45 of their income meeting existing transport costs. They are  
46 not necessarily in a position to meet this sort of level of  
47 fare increase.

1  
2 It should be added that during all of this time we  
3 have had arguably declining service quality and service  
4 frequency in off-peak services, so if this is granted we  
5 are not paying for any better service. In fact, the  
6 experience of people who have used off-peak services  
7 regularly has been declining service qualities.  
8  
9 To us in the long term the likely effect of this will  
10 be incentivised private motor vehicle use in the long term  
11 for these journeys and this to us works at cross-purposes  
12 with Sydney's own social and environmental sustainability  
13 goals.  
14  
15 Just let me talk generally about some principles on  
16 off-peak pricing. From my perspective, and I am not a  
17 transport planner, you have off-peak pricing to encourage  
18 people to use services when existing services are  
19 potentially not full, so you are trying to get people on  
20 those services and, because the train is running anyway, it  
21 is only going to increase revenue, getting more people on  
22 that service at that time.  
23  
24 The other important goal of having off-peak pricing is  
25 to create an incentive for people to travel outside the  
26 peak. The tribunal would be familiar with this particular  
27 problem in relation to energy where there is a similar  
28 problem in terms of a heavy peak in the morning and the  
29 need to actually somehow massage the people who are using  
30 that away to other periods of the day. RailCorp has not  
31 really demonstrated the effect of what they are proposing.  
32 From our perspective we are talking a 5 to 30 per cent  
33 increase for those fares. What will be the long-term  
34 effect on that goal of changing that, incentivising people  
35 to use the service outside of the morning peak period? We  
36 already know that the stress is on in terms of the rail  
37 network's capacity to respond to that morning peak. To us  
38 it is only going to get worse if we grant this sort of fare  
39 increase without adequately investigating what the impacts  
40 will be.  
41  
42 We also want to raise that there are some problems  
43 with the report, the 1996 fare elasticity report, as far as  
44 we are concerned about the need to identify different users  
45 and the likely elasticity for those users. Some people  
46 will be in a position to meet that fare increase. And, as  
47 I say, some people won't be in that position. Some people

1 will get in their cars because they will not be able to  
2 financially justify paying that increased amount. We need  
3 to be very clear about what will happen in terms of that  
4 off-peak pricing for some of those user groups.  
5  
6 I have raised the issue of Sydney's metropolitan  
7 strategy. To me there is a very clear message how we  
8 should be planning Sydney's growth in the long term and  
9 that includes improving the responsiveness of the transport  
10 networks to trips other than work-related destinations.  
11 Again, how we respond to off-peak will be the key.  
12  
13 Finally, I just have to express some utter amazement  
14 about this proposal from RailCorp. Vince raised obviously  
15 this very important issue about the long-term revenue  
16 return for the rail operator and the very serious concerns  
17 for it as a business, but we are not talking about a local  
18 milk cart but a multi billion dollar rail network with \$1.5  
19 billion or more in revenue every year and some capacity to  
20 plan in the long term about what it wants to do and what  
21 its targets are for each of its user groups and how it  
22 structures its fares accordingly. Absolutely astounded  
23 that this sort of proposal can arise with so little  
24 evidence about the impact presented when potentially there  
25 could have been other ways to do it other than attacking  
26 what we see as low income users for using this ticket  
27 product. Thank you.  
28  
29 MS FINGLAND: Just reinforcing what was said about how  
30 many low income passengers are travelling and that these  
31 are the people most likely to be affected by the off-peak  
32 increases. It is currently the situation in Western Sydney  
33 that transport costs are the third highest item of  
34 household expenditure after housing and food. Obviously in  
35 a situation where you have a lot of people who are on low  
36 incomes, an increase in transport costs in an area where  
37 you have already got people suffering housing stress as a  
38 result of housing costs and other costs, is actually  
39 leading to a potential further stressing of those people.  
40 We would be very concerned that it is not just an issue of  
41 raising the off-peak rail fares but what that means to the  
42 overall household budget for those people.  
43  
44 We are also concerned that if there is less  
45 insensitivity to travel in the off-peak period, that could  
46 add to the overcrowding problems in the peak services.  
47 Also the lack of frequency can result in a drop in

1 patronage and under utilisation of the off-peak capacity.  
2 That then leads to the risk of possibly an even further  
3 reduction of services as a result of decreasing demand.  
4  
5 We would be very concerned if the deterioration of the  
6 off-peak services and quality got to the point where  
7 CityRail may become a peak hour only service.  
8  
9 MR EADIE: There are three points I want to make. First  
10 of all, I support everything that Dinesh said. I will just  
11 make three further points. One is an Action For Public  
12 Transport hobby horse and it is on our website, that  
13 consideration should be given to the introduction of a \$10  
14 Day Tripper ticket to cover all public transport in Sydney.  
15 It is presently priced at \$15. We believe there is a lot  
16 to be gained for the community with a simple off-peak all  
17 modes ticket of \$10. I think we might experience something  
18 like the south-east Queensland patronage increase if we  
19 tried that.  
20  
21 The second point is about percentage increases.  
22 According to my statistician, some of the increases  
23 proposed by CityRail amount to a 38 per cent increase in  
24 the fare. I counsel IPART to do the necessary  
25 investigation to ensure that no fares increase by figures  
26 such as 38 per cent.  
27  
28 The third point is that, as Dinesh said, CityRail has  
29 spare capacity in the off-peak. Most businesses reduce  
30 prices to attract custom, not increase them.  
31  
32 MR PARISH: We have always accepted that the major purpose  
33 of providing off-peak fares at a discount is to encourage  
34 people not to travel on the peak hour services but to  
35 travel on the off-peak, so if you have got some latitude in  
36 your travel times you can get the fare a fair bit more  
37 cheaply so logically you would go for the lower cost  
38 ticket.  
39  
40 We have argued before this tribunal for many years now  
41 that CityRail be encouraged to introduce a one-way off-peak  
42 ticket because there are a lot of people who make a one-way  
43 trip and at the moment there is no incentive for them to  
44 use an off-peak service. They would just go on a peak hour  
45 fare. As you know, the peak-hour services are very full and  
46 any step that would get people on to an off-peak service is  
47 good for the system. We repeat that. We do support the

1 concept that Action for Public Transport raises that a \$10  
2 all-day ticket would be of considerable benefit in getting  
3 people off the roads and on to trains and at this stage  
4 I don't think it would cost the railways a great deal, but  
5 I would suggest those people already use their motor cars  
6 and would only shift on to trains if they had an attractive  
7 ticket.

8  
9 So far as the actual above CPI increase in the  
10 off-peak fare proposal is concerned, at this particular  
11 stage we are against that, but we haven't been able to come  
12 up with a written submission to justify our viewpoints on  
13 that particular one. I think that is about all I should  
14 say.

15  
16 MR BENDALL: Some of the comments here refer to a lack of  
17 knowledge, certainly by me, of the changing and increasing  
18 diversity of travel behaviours by people travelling in the  
19 off peak and whether the information is available as to  
20 what they might do over a week's period and that should  
21 feed in to what sort of ticketing products might be  
22 available.

23  
24 There are some alternative approaches for increasing  
25 off-peak fares. For example, what increasing the pensioner  
26 excursion ticket by 10 per cent might do; what having a  
27 PM peak ineligibility period for off-peak fares might do.  
28 There are some alternative directions that should be  
29 assessed in that direction.

30  
31 If we're running 70 per cent of services in  
32 70 per cent of the hours, plus or minus whatever the  
33 figures are, that seems to make sense to me. The other  
34 thing is this \$2.50 Sunday Supersaver, three zones,  
35 all day, all over Melbourne, so it depends what you want to  
36 do and what you know about people travelling. Melbourne  
37 has taken a stimulatory approach to a low-usage period.  
38 Their structure obliges them to run services during  
39 Sundays, so they're saying, "Why don't we make it  
40 attractive for people to use it, to take the family out for  
41 the day?" Thank you.

42  
43 MR TREVASKIS: I support what the other speakers have  
44 said. It touches upon many of the issues. One of the  
45 things that hit me recently whilst travelling on the  
46 weekends is the number of families coming in to the city on  
47 the weekends and young children experiencing for the first

1 time the joy of travelling by train. I hope RailCorp  
2 markets that because on Channel 7 News recently they  
3 announced that on the weekends there's a road peak between  
4 10am and 2pm, so there's another opportunity and that means  
5 getting over this inimitable upgrading system which should  
6 be looked at in depth.

7  
8 NCOSS talked about shiftworkers and casual workers and  
9 all the others and, of course, the other aspects of that,  
10 travel for education, social and shopping, et cetera.  
11 Mr Vince Graham talked about 40 per cent of the track being  
12 used by freight. You have the figures there, but what we  
13 have forgotten is that in the off-peak period we have the  
14 opportunity to increase rail freight, freight on rail.

15  
16 We approached the Department of Planning to ensure  
17 that a resource of sand, et cetera, at Newnes was going to  
18 be on rail. We also found out this week that there's going  
19 to be a distribution point at Rooty Hill. I have a tape at  
20 home - I don't want to be long on this - that says that  
21 40 per cent of use of passenger trains on our rail network  
22 only constitutes 14 per cent of wear and tear. That could  
23 be increased by an increase in passenger traffic, but the  
24 other infrastructure cost is due to freight. That can be  
25 overcome with new technology.

26  
27 There does seem to be some opposition by some  
28 commuters to freight on rail, but having timed a 45-wagon  
29 train through Penrith, it took 45 seconds, the same type of  
30 train through Glenbrook took 60 seconds and that's because  
31 of braking, so there's an opportunity for RailCorp to  
32 reduce its costs of infrastructure during off-peak periods  
33 by supporting freight on rail.

34  
35 There are other issues which I raised in support, but  
36 I think at this stage it would not be prudent for RailCorp  
37 to increase the off-peak fares and I recommend that IPART  
38 tell Mr Watkins that it would not be prudent to do so at  
39 this stage until the on-time running and the other  
40 infrastructure problems we have in off peak are overcome,  
41 because often times coming into the city you can wait at  
42 Regent Street for a platform at Central while another train  
43 has exited and yet, there are other trains available. This  
44 happens quite often.

45  
46 I think there should be a strong investigation into  
47 off-peak services. We demand the same standard of

1 services in off-peak periods as we do in peak periods; then  
2 we might be able to justify reduction in the discount.  
3 Also, in summary, may I say why doesn't RailCorp market  
4 their services better? Thank you.

5  
6 MR LAIRD: I think it is a generous discount and sometimes  
7 such a discount is appropriate. The point has been well  
8 made. There is scope possibly for differentiation between  
9 weekday and weekend off-peak pricing. If a compromise is  
10 sought, it could possibly be limited to go up by the  
11 inflation rate since 2003. This might leave a gap in short  
12 funding, which I suggest should be addressed by looking at  
13 another \$2.50 card. The discounts offered by this \$2.50  
14 card to an aging demographic group that is rapidly  
15 increasing its numbers is beyond belief. With this  
16 instrument of budget destruction I can get on at  
17 Wollongong, I can go right up to Newcastle, right out --

18  
19 MR EADIE: Only if you're a masochist.

20  
21 MR LAIRD: I can ride all day on government buses and  
22 ferries. Let's be serious.

23  
24 MR MILLS: Some of us have a life.

25  
26 MR LAIRD: I am not saying pensioners. This is that  
27 rapidly growing class of baby boomers. The first thing is  
28 the modest peak hour increase, the 2.9 per cent: it's very  
29 modest. I don't think there's real argument about that in  
30 the last three years, but the off peak, sure, I think the  
31 discount can come down a bit, but not as much there.  
32 I have used the word "unfair", but I think the point was  
33 made elsewhere in the Illawarra Mercury by the Illawarra  
34 Commuters Association that it is unfair to expect people  
35 who depend on the pricing advantages offered by off peak to  
36 pay more when these people are not, including myself, being  
37 asked to pay any more.

38  
39 THE CHAIRMAN: I had better declare an interest also.  
40 I have a Seniors Card. I would just like to add to the  
41 list of questions that I would ask you to respond to,  
42 Vince. In terms of what we've heard, you are obliged or  
43 you are making available 70 per cent of your services in  
44 the off-peak hours. Nevertheless, as Dinesh pointed out,  
45 the cost of an extra passenger for one of those services is  
46 close to zero and I don't have an answer for the dilemma  
47 that imposes but, on the face of it, Dinesh is right; the

1 cost of putting an extra person on a service you're going  
2 to provide anyway is close to zero.

3  
4 On the other hand, it has also been suggested that  
5 there may be a reduction of patronage in off peak and  
6 reference has been made to different types of people, even  
7 to the point where they switch from off peak to peak, which  
8 isn't something that's terribly desirable for a variety of  
9 reasons which have been enlarged on, and perhaps that  
10 incentive would be greatest if there were very large  
11 increases. The figure of 38 per cent was mentioned and  
12 I think that's broadly right. That is the advice I've had.  
13 It is those sorts of points that most concern us.

14  
15 MR COX: I have one question I would like to add. What do  
16 we know about when people who purchase off-peak tickets  
17 travel? Do we know how many of them are in the afternoon  
18 peak or not? I think it is very useful factual information  
19 to have, if it's available.

20  
21 MR GRAHAM: To start with the last question first, yes, we  
22 do. Based on our barrier entry-exits we do have an  
23 understanding of the periods of the day or after 9am that  
24 these tickets are being used and it certainly is I think an  
25 important point for those who are concerned about the  
26 potential impact on the AM peak that a reduction in the  
27 discount won't affect.

28  
29 The reality is that there is a very significant  
30 portion of the PM peak and we have the data and we can  
31 convert it, but on the basis of interpolating the graph,  
32 I would expect that probably of the order of 10 per cent of  
33 passengers travelling in the PM peak are utilising an  
34 off-peak ticket. For all of the argument that is there  
35 about the AM peak, we already have that issue in the PM  
36 peak.

37  
38 The argument that either the train is running or for  
39 your next passenger the marginal cost is zero is absolutely  
40 correct, but it is as correct in the off peak as it is in  
41 the peak. If an additional person is hopping on a peak  
42 service that precise economic argument, to my mind,  
43 applies. I come back here to a --

44  
45 THE CHAIRMAN: They are not crowded often.

46  
47 MR GRAHAM: I think there are very limited periods of the

1 AM peak where the capacity issue is at issue and certainly  
2 my very regular train does not suffer from that issue and  
3 the marginal customer getting on my train of a morning is  
4 certainly getting a seat and the marginal cost for that  
5 passenger would be zero. In the off-peak period the  
6 argument that the train is running anyway I don't think is  
7 a sustainable argument. After 7pm at night the train is  
8 not running anyway. The fact is we are providing a service  
9 after 7pm at night for the off-peak user. The argument  
10 that the train is running on the weekend anyway is not a  
11 sustainable argument because it is there to cater for a  
12 service frequency and a patronage that is there.  
13  
14 The total package of revenue increases that we're  
15 seeking in this submission to IPART will result in an  
16 additional revenue yield of approximately \$30m. That  
17 revenue yield is of the order of fifty-fifty in terms of  
18 the peak, the 2.9 per cent, and the off-peak discount. Is  
19 that a fair distribution? Bear in mind that \$30m in total  
20 from both of these initiatives is still only covering  
21 20 per cent of the \$150m worth of wage increases. I am  
22 certainly sensitive to all of the arguments that have been  
23 put forward, but the reality is none of the arguments that  
24 have been put forward on this off-peak issue have helped me  
25 fundamentally in this issue of the wages and other costs  
26 growth and the fact that the users be peak or off peak.  
27 I think it is fair that they meet a reasonable proportion.  
28 This is a very modest proportion at 20 per cent of wages  
29 costs alone, a very, very modest proportion.  
30  
31 The argument I think about lower income impact is also  
32 an argument that should be sustained on behalf of the  
33 non-users, the taxpayers, meeting 75 per cent of the cost.  
34 Is there not an equal socio-economic distribution of people  
35 who are contributing to that 75 per cent of the cost?  
36 My answer to that is clearly there is. On the issue of who  
37 should pay in any of the lower and associated demographics  
38 that we might want to consider, the question is it fair  
39 that non-users pay 75 per cent is an equally powerful and  
40 indeed I would argue a more powerful argument in the lower  
41 socio-economic categories. The wage increase we need to  
42 pay is real Australian dollars. It needs to be cash paid  
43 every single fortnight and therefore it needs to be funded  
44 by one of the three sources that I dealt with earlier.  
45  
46 I had no expectation that reducing the off-peak  
47 discount would be a popular move, no expectation at all,

1 but I think in fairness one needs to reflect on the \$150m  
2 wages per annum increase and the three options that we have  
3 to fund that. Thank you, Chairman.  
4  
5 THE CHAIRMAN: Does anybody from the floor want to make a  
6 comment on off peak?  
7  
8 MR AMER: I would like to say I don't see any  
9 justification for raising fares on off-peak services,  
10 especially when the services are slashed during the daytime  
11 and on weekends. CityRail would be saving costs on the  
12 weekend with all the weekend services that have been  
13 slashed. I don't understand how they can say it is a  
14 higher wages increase because the services have been  
15 slashed. There is less manpower to do the job. Also, on  
16 weekends trackwork occurs, so the commuters would be  
17 inconvenienced and pay extra to be serviced by a bus and  
18 not even a train. I don't see the logic behind that.  
19  
20 The panel has received close to 200-plus submissions  
21 from commuters and it has never received so many  
22 submissions before like this. The Transport Minister said  
23 that fares wouldn't go up until customers were satisfied  
24 and it would be fair to say that the customers are not  
25 satisfied, no pun intended.  
26  
27 MR COLLETTE: I remember the question I was going to ask  
28 before. Just on intermodal tickets again, I understand  
29 from what you said that the intermodal system will not be  
30 extended to private buses in the outer suburbs. If that's  
31 the case --  
32  
33 MR GRAHAM: I didn't say that.  
34  
35 MR COLLETTE: You didn't say that?  
36  
37 MR GRAHAM: No.  
38  
39 MR COLLETTE: Is it then intended to extend it to the  
40 private bus system?  
41  
42 MR GRAHAM: The private bus system is currently trialling  
43 the T-Card for the school students subsidy scheme, so there  
44 is a participation in the private industry and the BCA, the  
45 Bus Council, are heavily represented within the T-Card  
46 governance process. I think the private bus industry is  
47 very much integrated into the intended T-Card application.

1  
2 MR COLLETTE: What I'm thinking of if we're going to  
3 provide value for money, especially in the light of the  
4 fare increase, then we've got to make it worth people's  
5 while to travel on public transport and by inference then  
6 by train and in order to effect that it will be necessary  
7 to have a very wide-ranging intermodal system, similar to  
8 that which they have in Melbourne, actually. I know their  
9 public transport network isn't as extensive as ours, but if  
10 we follow their principles I think we would be going a long  
11 way.  
12  
13 I don't know whether this is viable, but perhaps even  
14 including the light-rail system and the monorail system,  
15 they're in the CBD, and perhaps consideration should be  
16 given to extending the intermodal tickets to those  
17 systems as well, particularly for people who are on lower  
18 incomes leaving the city.  
19  
20 THE CHAIRMAN: I think we will move on to the Travelpass  
21 issue because it has just been raised. In introducing the  
22 Travelpass issue I do note that the Ministry of Transport  
23 has made a submission to the Tribunal covering the  
24 Travelpass issue. I think it would be useful if the  
25 Ministry of Transport was allowed to make some comments  
26 on this first up.  
27  
28 MS McNAMARA: My name is Liz McNamara. I am from the  
29 Ministry of Transport. I will keep my comments very brief.  
30 The Ministry's position was detailed in the submission that  
31 we made to IPART, to the Tribunal. The Ministry believes  
32 that in light of the improvements that have been made in  
33 the performance of CityRail, which I think have been more  
34 than adequately detailed both in the CityRail submission  
35 but also by the comments of the CEO here today, based on  
36 those improvements and also based on the determination of  
37 the Tribunal earlier in the financial year with regard to  
38 ferries and buses, that an increase in the Travelpass in  
39 line with CPI of 2.9 per cent, which is in line with the  
40 request that CityRail's made through its submission - and  
41 also it should be noted that it is below the increase that  
42 was granted to both buses and ferries - would be  
43 appropriate: an increase of 2.9 per cent. Also, in  
44 considering our submission, we think it is worthwhile that  
45 the Tribunal does consider it in light of the fact that  
46 there has not been an increase in the Travelpass or  
47 Day Tripper since August 2003.

1  
2 I will leave my comments at that. In considering the  
3 Travelpass, we think that the arguments put to the Tribunal  
4 by CityRail for its fare increase should also be taken into  
5 consideration.  
6  
7 THE CHAIRMAN: Thank you.  
8  
9 MR EADIE: All our feelings about Travelpass are included  
10 in our submission. I will leave it at that. Thank you.  
11  
12 MR PARISH: We go along with APT on what they said about  
13 Travelpass.  
14  
15 MR BENDALL: Travelpass and zoning systems is a bit of a  
16 personal hobby horse, if you see my prior personal  
17 submissions. I would make these comments looking forward  
18 and outwards a bit. We have a zoning system operating in  
19 the Tweed, multi-modal, multi-state, multi-operator, and in  
20 future years a way forward to a different structure should  
21 be considered.  
22  
23 If the Ministry of Transport and the bus reform  
24 process is unable to look at that, perhaps we should ask  
25 the people from Queensland to have a look. The Travelpass  
26 doesn't actually extend down to the Illawarra, so we would  
27 have to buy a train ticket and add on, but it brings up the  
28 question of what is the Wollongong, Shellharbour, Kiama  
29 multi-modal ticket product offering going to be in the  
30 future? Thank you.  
31  
32 MR TREVASKIS: The mountains doesn't qualify for  
33 Travelpass. Most of these ticketing systems stop at  
34 Emu Plains. We would like to see a zonal system that  
35 covers all buses. We haven't got any ferries on the  
36 Nepean River, but the private bus system which we are  
37 negotiating with all comes under the T-Card and our  
38 association will hopefully address that as time goes by, as  
39 they say, but it does annoy us that this ticketing stops at  
40 Emu Plains. Anyway, I think we'll have to get more  
41 information from RailCorp about what their future plans are  
42 on those zonal systems, because we would like to see an  
43 integrated ticketing system, such as the zonal fare system,  
44 that integrates with Penrith, Blacktown and Parramatta  
45 where we have an increase in the number of employment  
46 opportunities.  
47

1 Could the inquiry recommend that the Travelpass be  
2 extended to the outer areas and the zonal system be  
3 incorporated into that? I suppose it puts IPART at a  
4 disadvantage when we've got the T-Card. The Chairman might  
5 be able to answer this - I don't know - is IPART looking at  
6 the T-Card and the costs that are going to ensue coming  
7 from the purchase of that and will the operating expenses  
8 of that become part of IPART's area? We would also like to  
9 find out if IPART is going to look at the Airport Link  
10 fares. How does that come into the orbit of IPART because  
11 there are people complaining about extra costs going to the  
12 airport, using the Airport Link, when it is heavily  
13 subsidised by the Government to quite a substantial amount.

14  
15 There are three factors there. It might be confusing,  
16 How is the T-Card going to operate; zonal fares, how is  
17 IPART going to address fares on the Airport Link as well.  
18 As a couple of members mentioned, the private system, such  
19 as the monorail and the light rail, is all part of our  
20 transport system. Thank you.

21  
22 MR LAIRD: Is the Travelpass priced at \$15 at the moment?

23  
24 MS CIFUENTES: For Day Tripper.

25  
26 MR LAIRD: Is this the one we're talking about?

27  
28 MS CIFUENTES: No.

29  
30 MS McNAMARA: Day Tripper and Travelpass.

31  
32 MR LANGEREIS: The Day Tripper is a daily product and the  
33 Travelpass is a weekly, six-monthly or annual product.

34  
35 MR LAIRD: Thank you for the clarification.

36  
37 THE CHAIRMAN: They don't cover the same areas.

38  
39 MR LAIRD: Again, the quantum of additional funds  
40 requested is very modest and I can see no reason not to  
41 grant the request, but I think the points made should be  
42 taken on board and again, if everyone is asked to put in a  
43 bit more I think it leaves the Seniors Card sitting out on  
44 a limb.

45  
46 MR WADIWEL: Generally, there is the process question for  
47 IPART and it is something that has always been a bit of a

1 grey area about when people can send their submissions in,  
2 what happens when the government and the operators are late  
3 with their submissions and what happens, as in this case,  
4 when the government sends a submission when most people  
5 have already made their submissions to the Tribunal.  
6 I would certainly urge the Tribunal to clear that process  
7 question up.

8  
9 As far as granting CPI for Travelpass, I think from  
10 NCOSS's perspective that's fine, but we would also urge the  
11 Tribunal to consider where Travelpass sits with the T-Card  
12 that is coming because from our perspective the  
13 government's position at the moment is certainly  
14 inadequate, which is basically Travelpass will just operate  
15 where it operates in the publicly-owned network, and we'll  
16 again be in a situation of inequity where a whole range of  
17 users, including those who probably most need that sort of  
18 integrated product in terms of affordability, will miss  
19 out.

20  
21 MS FINGLAND: I would just like to reinforce the concern  
22 about the price. WSROC was concerned that people making  
23 submissions to this inquiry would assume that RailCorp's  
24 submission was the Government's submission in relation to  
25 this and, whilst the differences are relatively small,  
26 RailCorp didn't ask for an increase in Day Tripper tickets  
27 so as a matter of principle we would like to say that we  
28 would be disappointed if as a principle the IPART inquiry  
29 were to consider this sort of process in the future to be  
30 an acceptable way of doing it.

31  
32 THE CHAIRMAN: Thank you.

33  
34 MR BENDALL: When I said Wollongong, Shellharbour and  
35 Kiama, I was talking being about inside that area, not in  
36 addition, that trips to Sydney would be in addition to  
37 that.

38  
39 THE CHAIRMAN: Before I call on CityRail, I will just  
40 clarify what our role is. IPART reviews what is referred  
41 to it by the Government for review. We have not had a  
42 reference on T-card. I do not say we will not get one. We  
43 have not had a reference on the airport link. While a  
44 number of people have suggested things we should look at, I  
45 am reminded of another tribunal at the moment that is  
46 looking at the sale of wheat to Iraq and all sorts of  
47 people have suggestions about what they should look at but,

1 as I think the Chairman of that tribunal has made clear,  
2 the tribunal looks at what is consistent with its terms of  
3 reference.  
4  
5 MR GRAHAM: Can I make it absolutely clear, none of our  
6 fare increases go to Saddam Hussein.  
7  
8 In terms of the T-card issue, the government is  
9 establishing a special purpose corporation to deal with the  
10 development, implementation and management of T-card and  
11 that certainly isn't a matter that is part of any RailCorp  
12 future submission, it is a matter that will be dealt with  
13 separately by the corporation that is set up for that  
14 purpose.  
15  
16 THE CHAIRMAN: Anything you would like to add on what is  
17 in front of us, which is the TravelPass? You had a number  
18 of suggestions about new products in this broad generic  
19 area. Do you have any comments you want to make on the  
20 various suggestions.  
21  
22 MR GRAHAM: There are a substantial number of issues  
23 around the peak off-peak issue and a lot of commentary - I  
24 think it is a shared view - about the off-peak fare  
25 structure and its use as a demand management tool for both  
26 AM and PM peak periods. I also understand, and indeed in  
27 some ways are attracted to the issue, that the off-peak  
28 product is a single fare rather than a return fare, because  
29 it requires the demand management of that to be dealt with.  
30 The flip side of that is that for passengers who want to  
31 travel two ways in an off-peak period, they obviously have  
32 to buy two tickets and on our preliminary look at that that  
33 would probably mean something in the order of 7 million to  
34 8 million additional ticket issues in moving that way. But  
35 in terms of a demand management tool, that is certainly I  
36 think an attractive proposition.  
37  
38 All of those issues, in terms of the suggestions that  
39 have been made, I think need to be constructively taken on  
40 by RailCorp to look at how that whole issue may be dealt  
41 with in a more focused way, focused in the sense of demand  
42 management in the future. In the interim, the \$150m wage  
43 increase has to be paid every fortnight so I continue to  
44 give strong support to the submissions that have been made.  
45  
46 Can I just conclude by saying how important I think  
47 this process is in the ultimate determination. We make a

1 submission and I personally regard this and give this quite  
2 a high priority in terms of listening and understanding  
3 what the various stakeholder groups have to say about it  
4 and I thank each and every party represented here today and  
5 each and every party that was part of the 250-odd  
6 submissions that were made.  
7  
8 THE CHAIRMAN: Thank you. We wanted to give people an  
9 opportunity to make any brief observations on issues that  
10 have not been covered to date that they think are relevant  
11 to the review of CityRail fares and the matters before us.  
12  
13 MR EADIE: One small issue. I will ask a question: why  
14 is there no link between fares policy and the bigger  
15 problems of Sydney, which are traffic congestion, air  
16 pollution and the economic efficiency of the city?  
17 Somebody should have made submissions for your  
18 consideration on the big issues. It does not appear that  
19 that has happened.  
20  
21 THE CHAIRMAN: I could envisage a different sort of  
22 inquiry on those issues which possibly IPART could conduct  
23 but we are governed by our terms of reference. It would be  
24 a matter of sending us a reference, an appropriate set of  
25 terms of reference.  
26  
27 MR EADIE: I just want to record my disappointment that  
28 Sydney's really big problems haven't been addressed in this  
29 inquiry and I suppose I am suggesting that IPART might  
30 suggest to the Minister, or somebody else, that for the  
31 benefit of the Sydney community your terms of reference  
32 need to be considered more broadly. Thank you.  
33  
34 MR PARISH: Thank you very much. The thing I would like to  
35 say, if I could, about this fare review proposal is that we  
36 really don't do a good job of representing the users in  
37 this particular case. We should not do it in one big lump  
38 all in a big rush. We have to talk somehow to the other  
39 stakeholders as the year goes on so that by the time that  
40 the Pricing Tribunal comes around to doing its review we  
41 have got documented material that is of real value to you  
42 rather than what we do now, which is we go through the  
43 submission of StateRail, the comments of the Ministry of  
44 Transport, and then we send out emails to different groups  
45 and try and build it all into something we can feed to you,  
46 usually with about half the time that we should be getting  
47 because usually State Rail is late putting in its



1 submissions and things like that, so it makes it a bit hard  
2 for us to do a proper job on behalf of the consumers.  
3  
4 The government set us up to look after the interests  
5 of consumers and I do sometimes feel that we are not really  
6 doing as good a job as we should be and that we have to  
7 look at how we can change the structures, our practices and  
8 procedures, to do a better job. As you see, all the issues  
9 brought up today are very important issues and generally we  
10 are making decisions without facts to support them and just  
11 doing it on what we believe is the answer to the particular  
12 question, so that is the only thing I would like to say. I  
13 hope next year, if I am still alive, we can come up with  
14 some more meaningful material to put before you.  
15  
16 THE CHAIRMAN: Thank you for that. I hope you are able  
17 to.  
18  
19 MR BENDALL: When the Oscars arrive and the Hunter cars,  
20 we are looking for some attention to the V sets and a refit  
21 to the Endeavours. The other issue is the change in the  
22 excursion arrangements. That has changed the way the cash  
23 flows, the physical money. Tickets that were previously  
24 sold through stations are now sold on board private buses  
25 and should RailCorp get compensated in some way for that  
26 change? Thank you.  
27  
28 MR TREVASKIS: Thank you, Mr Chairman, and thanks to  
29 IPART for allowing us to present to you the ideas from the  
30 Commuter Association. We have regular meetings on the  
31 mountains every couple of months and we get repetitive  
32 problems presented to us such as the infrastructure  
33 problems, which hopefully RailCorp will be addressing in  
34 the very near future by addressing rolling stock failures,  
35 et cetera.  
36  
37 However, it does put the responsibility on our  
38 association in representing the Blue Mountains, which is  
39 changing in its demographics, as I pointed out earlier. I  
40 think it would be worthwhile if we could talk to members of  
41 IPART, or the staff of IPART, to guide us in some way as to  
42 what information you require because we have carried out  
43 for some years our own individual surveys which are I would  
44 say as accurate as they could be. The other points of view  
45 presented by the CEO today gives us other challenges and I  
46 am hoping that the information that has been provided will  
47 be on the website.

1  
2 THE CHAIRMAN: Yes.  
3  
4 MR TREVASKIS: Because I feel we have a task in the next  
5 couple of months to not only look at that but all the other  
6 submissions because I feel in that context we should be  
7 able to draw out a plan for the future. RailCorp gets a  
8 lot of brick bats but that is part of life. I hope it  
9 takes them constructively. We get a bit cranky with them  
10 but we try and do that so that all our doors are kept open  
11 so we are able to negotiate the issues as they arise on a  
12 daily, monthly or yearly basis. Thank you.  
13  
14 MR LAIRD: Just very briefly, I think the quantum of \$30m  
15 requested is very reasonable. I think in the three years  
16 since the last hearing we may have lost some of the bigger  
17 picture items. I look forward to a stronger submission  
18 next year from RailCorp and I also look for more attention  
19 not only from RailCorp but other government departments,  
20 including I think the Ministry of Transport, who no longer  
21 seem to be represented here, on externalities. I think  
22 these are very important matters. Thank you for the  
23 opportunity to present those things.  
24  
25 MR WADIWEL: Obviously apart from the short-term impacts  
26 that NCOSS has detailed in its submissions and today here,  
27 we have raised some of those issues about the broader  
28 context in which CityRail services run. To us these are  
29 the really important considerations and have to be taken  
30 into account in any single fare determination.  
31  
32 There has been a lot of talk about the rights of non  
33 users and unfortunately I think it is probably a sad  
34 indictment that the state of politics is that people who  
35 don't use it are aggrieved that people who use it get  
36 subsidised. We have lost that clear idea about what the  
37 broader social benefits of a particular service are. Let  
38 me remind people that the cost of not having a rail service  
39 is potentially more than half a million additional vehicles  
40 on the road, people getting to work late, increased  
41 congestion, increased pollution, so this is the actual cost  
42 of not having a functional rail network.  
43  
44 I think the Centre for International Economics did a  
45 report last year about the financial cost, including some  
46 of the human costs in terms of the health system and its  
47 responsiveness to motor vehicle accidents. There are some

1 very tangible benefits for people who don't even live in  
2 Sydney in terms of having a functional rail network. We  
3 need a sophisticated discussion about where all that fits  
4 and in some respects I think emphasizing that having a  
5 determination that just talks about 2007 rail prices is  
6 probably not the place to have that sophisticated  
7 discussion. We need to operate within the broader context  
8 that I have outlined.

9  
10 MS FINGLAND: Thank you for the opportunity to present  
11 some comments in relation to the WSROC region. Greater  
12 Western Sydney actually houses one in 11 of the population  
13 and I have to just remind everybody that over the last 25  
14 years at least in just about any community consultation  
15 that takes place on any subject in Western Sydney public  
16 transport, or the whole issue of transport, is at least in  
17 the top three issues on the top of everybody's agenda, so  
18 it is an incredibly important issue. Thank you.

19  
20 THE CHAIRMAN: Are there any more comments?

21  
22 MR MILLS: I am assuming you have gone off other topics?

23  
24 THE CHAIRMAN: This is the chance for anything that you  
25 felt hasn't been covered.

26  
27 MR MILLS: I would like to make a closing statement then,  
28 if it is now. It just occurs to me, taking a big picture,  
29 you have on one side the peak period travel to the CBD and  
30 North Sydney, on the other side you have the off-peak  
31 travel and it seems to me that the improvements to the  
32 system have been focused on the peak period travel to the  
33 CBD. It seems that the wages of the people doing this  
34 travel are the highest and it would seem that the  
35 elasticity to go to other modes for peak period travel to  
36 the CBD is the lowest because the routes are congested. On  
37 the other side you have the off-peak users, where the  
38 services have declined because of less frequency in some  
39 cases, you have lower incomes and you probably have much  
40 higher elasticities. It seems obvious to me who can bear  
41 the fare increases. Thank you.

42  
43 MR COLLETTE: I would like to ask on a different tangent,  
44 are there going to be more public open forums - POFS - or  
45 is this the only one? Are there going to be more of these?  
46 Like, the implication of my question is that there should  
47 be. There has to be.

1  
2 THE CHAIRMAN: There won't be any more in relation to this  
3 particular reference. I think we have adequately  
4 explored the topic and I don't think holding another day  
5 would extract a great deal more information that is  
6 relevant to our consideration.

7  
8 MR COLLETTE: But on related subjects, transport in  
9 general?

10  
11 THE CHAIRMAN: As I have tried to make plain, we deal with  
12 what is referred to us and the terms that are referred to  
13 us. There may be such references in the future. I am  
14 pretty confident that there will be further references  
15 about pricing of rail transport in the future.

16  
17 MR COLLETTE: The only reason I ask, I only got to know  
18 about this through MX, the free newspaper distributed  
19 around the network.

20  
21 THE CHAIRMAN: Any other questions?

22  
23 If CityRail does not want to add anything further, I  
24 think in summing up there are a couple of things that come  
25 through today. One is that there is a view that the basic  
26 request is a pretty modest request. The next point is that  
27 there has been a lot of suggestions that we should do a  
28 broader inquiry. That is really a matter for the  
29 Government but I have some sympathy personally with that  
30 point of view.

31  
32 I suppose I would say that even if we were confined to  
33 pricing references that there is a lot of merit in  
34 the suggestion that there ought to be a longer term price  
35 path and/or that we should do a more substantial review  
36 than this modest request for CPI and that if we did, if the  
37 demand, if I can put it that way, was more substantial,  
38 either in terms of quantum or increase, we would need more  
39 information than we currently have on the efficiency side  
40 in particular and the scope for improved efficiency in  
41 terms of what happens in other jurisdictions, other rail  
42 services, or even within CityRail. So I just put that on  
43 notice.

44  
45 The next issue I want to pick up in my closing remarks  
46 is that it was suggested that in looking at CityRail's  
47 expenditures we should distinguish opex and capex. I

1 totally agree with that.

2

3 A lot of comment has been made about road versus rail.

4 It is a pretty familiar issue but I think the important  
5 point there, in people's minds at least, is the amount of  
6 capex on roads versus the capex on rail, and it would be  
7 interesting to actually track that a bit further. I think  
8 what we heard from CityRail is that a very considerable  
9 capex is going ahead on rail at this point of time. Sure,  
10 there is substantial expenditure on roads as well, but I  
11 don't think we can lose site of the fact that the  
12 Government is rolling out a very considerable capex program  
13 on CityRail.

14

15 Turning to opex, operational expenditure, what the  
16 tribunal is cognisant of is that the level of cost recovery  
17 has been falling and while at the end of the day it is a  
18 political judgment as to what the appropriate level has  
19 been, generally IPART is concerned where there is a falling  
20 level of cost recovery and previous IPART determinations  
21 have set somewhat higher standards of cost recovery than we  
22 currently have. I think it is fair to say that the level  
23 of cost recovery for CityRail at the moment is  
24 significantly lower than is generally thought to be the  
25 appropriate level when one looks around the world at other  
26 major metropolises. We tend to find a higher level of cost  
27 recovery on average, I will not say everywhere, but  
28 typically than we have currently in Sydney.

29

30 With those closing remarks, I would just like to  
31 finally take the opportunity to thank all of you for your  
32 participation today. It does involve significant work by  
33 the people who have put in written submissions and have  
34 presented and we could not do our job without the advice  
35 that you provide to us and the information that you  
36 provide.

37

38 There has been some suggestion that there should be an  
39 improvement in the information. If you contact our  
40 secretariat for help for representative groups to improve  
41 that, we would be happy to allow to you talk to Ruth and  
42 her team about how you could improve submissions in the  
43 future. Again, I thank you for all your participation  
44 today and declare the hearing closed.

45

46 AT 1PM THE FORUM CONCLUDED

47