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## EXECUTIVE SUMMARY

CityRail requests for increased fares to pay for the provision of car-parks should not be allowed.

CityRail should show the costings and expected benefits of all improvements in future submissions.

If the prices of weeklies must be increased, the rail component in a busplus weekly should not be increased (as these people should not have to pay for car-parks).

In next year's submission, the costing of introducing an off-peak single should take into account the extra revenue-generating space this could create on peak services.

The off-peak discount should be available to those on concession fares, such as students.

The Liverpool to Parramatta TransitWay is another example of an "improvement" that should not mean an increase in fares.

TransitWay fares should be the same as fares for other STA bus services in Sydney.

TravelTens and TravelPasses should be valid on the T-Way.

TravelPass zones with a centre at Parramatta should be created. Weekly and daily tickets for these zones should be available.

The section spacing between Parramatta station and the Parramatta campus of UWS should be altered to make all sections 1.6km long.

International tertiary students should be eligible for concession fares on CityRail and STA services.

Some time in the 1880s, *Punch* published a cartoon in which an impoverished Irish tenant farmer told his landlord: "To be sure, I've been improving my land, but it's the sort of land the more you improve it the worse it gets". Over a century later as Australia tackles problems of soil degradation and rising salinity, we know that the farmer's paradoxical comment is no joke: the best intentioned improvements can often lead to disasters.

This year CityRail asks for a fair-rise on the basis of improvements that it has carried out. Some of these improvements—such as the provision of commuter car-parks—are like the Irish farmer,s and actually make matters worse. These should not constitute grounds for a price rise. This lies within the scope of the Tribunal's terms of reference.

**Cost of the services provided.** The place of a car-park within a public transport system should be questioned—is it an integral part of the service, or is it an admission of failure and actually destructive of the service?

**Relativities with private operators** They either charge for parking (airports) or do not provide it (private buses).

**Protection of consumers from abuses of monopoly power** Travellers have no choice for paying less for a 'no-frills' train service that does not provide car parks.

**Need for greater efficiency so as to minimise costs** If car-parks are not cost-effective, and if they are leading to a fare rise, then they are inefficient.

**Impact of pricing policies on borrowing and capital requirements** Not immediately relevant.

**Ecologically sustainable development** Car-parks encourage car use, not public transport use, and thus work against sustainability.

**Social impact** Commuter car-parks are for those wealthy enough to have a car not being used by anybody else during the day: if everyone pays for car-parks, the rich are subsidising the poor.

**Standards of service and effects of government funding** Not immediately relevant.

The STA is also a party to a government improvement that will actually make things worse, namely, the Parramatta to Liverpool TransitWay. The present service would seem by all accounts to be a declared government monopoly service, yet it charges fares above Sydney Buses fares, and above private bus fares in Sydney. (There is no indication on the IPART web-site that this service has been decreed not to be a declared government monopoly.) If the STA thinks that it can charge higher fares because this service is somehow an improvement, then the matter falls into IPART's terms of reference in much the same way as rail car-parks do. (In fact, car-parking is proposed at some of the T-way stations.) The STA has not mentioned the T-way at all in its submission, and so does not present any argument for these high fares.

This submission will argue that the cost of providing commuter car-parks should not constitute a ground for asking for an increase in fares. It will suggest that CityRail should give to IPART a costing for "improvements" that are not required for the running of the system or on environmental, social justice, security or similar grounds.

It will also ask that a similar costing be provided for the proposed off-peak single, so that its introduction will not be used as an excuse to increase the cost of an off-peak return ticket.

This submission will then consider the new T-Way, and argue that, for the amount spent on it, it is not a justifiable improvement. It will then consider how T-Way fares could be integrated into other STA fares, and even the possibility of some travel-passes that applied to Western Sydney only. It will raise one small case of a manipulation of section boundaries in an exploitative way.

Finally, it will argue that international tertiary students should be eligible for concession fares.

Most of these problems could be avoided if Sydney introduced a multimodal, zonal, time-based public transport fare. I shall not repeat my arguments this year that the present fare structure is haphazard, grossly inequitable, and founded upon no economic basis, as well as being so antiquated that it would be quaint if it did not afflict a city of four million so seriously. It is well within IPART's brief to tell CityRail and STA that it is high time that they adopted practices that became commonplace in most other Australian cities in the 1970s and 1980s.

### **CityRail: the more you improve it, the worse it gets.**

CityRail is recovering only a quarter of its running costs through the farebox, but it insists on spending money on "improvements" that will reduce rather than increase its cost recovery ratio, and then insists that it must increase fares to cover for this. CityRail's submission argues that it needs to increase fares because it has spent millions on improvements, including \$545,000 on 39 car parking spaces at Broadmeadow, \$400,000 on 72 spaces at Glenfield, and an undisclosed sum on a multilevel car park at Holsworthy. It is time to do a little maths.

Each car-parking space at Glenfield costs \$5555. If we presume that each space prompts one who would otherwise commute to the CBD by car to switch to the train, then we are talking about spending \$5555 to attract \$36 a week, or \$1800 per annum (allowing 2 weeks leave). Of course, if an early-rising UTS student beat our city worker to the parking spot for 30 weeks in the year, and paid only \$16 a week, then the parking spot would only generate \$1200 a year. And there is no guarantee that the parking spot will not be used by someone who already caught the train, but used to park farther from the station, or walked to the station, or even regularly caught the bus, or else by someone who commutes to Parramatta, and pays only \$29 per week. All we can do is estimate, but an extra \$1200 annual revenue per parking spot is a generous assumption, or just over 25% annual return.

Now, if your average investor could get 25% annual return, they would be laughing. But remember that it costs CityRail to transport customers. A train carriage can accommodate 150 people at any

one time and costs \$3m. If CityRail continues building car parks in this corridor, and attracting more peak-period patrons, eventually it will need to buy more rolling stock. \$3m per carriage represents a \$20,000 investment per passenger: if the rolling stock needs to be replaced each 30 years, this is about \$700 per year. The extra train-driver and guard would come to about \$100,000 per year, or \$800 per passenger. Cleaning, maintenance and running costs would be at least \$100 per passenger per annum. If we presume that the money spent on car-parks could have been invested at 4%, it would return \$222 a year.

These figures are rather rough (accurate data are not easily available in the public domain), but also fairly conservative. What they prove is that if CityRail makes it a policy to increase peak-period patronage by building car parks, then it is easily investing over \$1800 per year for each peak-period patron it recruits, and getting only \$1800 a year return. In other words, the more you improve CityRail by constructing car parks, the worse it gets.

As well as being uneconomic expenditure, it is also inequitable. Making stations more accessible for people with disabilities helps disadvantaged people, and in particular people who are disadvantaged with regard to transport, and each lift or ramp can be used by many people in the course of a day. Building more awnings at stations helps all people who wait there, and a dozen people can shelter in the same spot over the two hours of the morning peak.\* Constructing a car parking space helps only one person a day, and in particular only someone who has a car, in other words, who is sufficiently wealthy and is not suffering from disadvantage when it comes to transport. Why should those who walk, cycle or take a bus to the station subsidise those who drive?

Finally, building car parks confirms rather than challenges the dominance of the car. It has just been shown that attracting extra peak-period patrons to the city is economically unviable, but, apart from special events, trips to the city, and almost always peak trips to the city are the only public transport trips you are going to get car owners in the outer suburbs to make. Thus improvement to public transport should not focus on these. It should focus on people who do not have cars yet—the young, students, new arrivals to Australia—and should provide them with transport that meets their needs so that they postpone the expense of buying and running a car as long as possible, perhaps even indefinitely.

There are good arguments that peak-period commuters to the city should pay more, both on the equity argument that they are the ones who are the most expensive to carry, and on the economic argument that the high demand and the captive nature of the customer base means that a modest fare increase will not produce a significant decline in patronage. I have argued in previous submissions that a fare increase for peak-period passengers to the CBD should be part of a new integrated fare structure. However, the CityRail proposal for a general increase in the price of weekly tickets hits all commuters, whether they are going to the CBD or just travelling in the outer suburbs. It also seems, from the mention of the word “metropolitan”, that this fare increase will not apply to the longer distance bands, where the discount for the weekly is much higher. On these grounds, such an increase should be opposed.

People are used to paying for car-parking, even in Western Sydney. At campuses of UWS, for instance, if you want to park near the main buildings, you pay for it. Car-parking fees are normal at major suburban hospitals. People will also pay to park when they are changing to another transport mode (e.g. at the airport). There is even a charge for the use of a bicycle locker. How does one make sense of all this?

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\* At least it does when they are designed well. The new awnings at Merrylands, for instance, are considerably more narrow than they are high; moreover, they have a fence at the back: in cases of high wind and heavy rain there is almost nowhere you can stand where you are not getting wet.

The answer would seem to be that, where parking provision becomes expensive, businesses charge if they think that they will not earn enough for the new patron the car-park attracts. Thus major suburban hospitals charge, but suburban shopping centres do not. There also seems to be a principle that you charge for parking when one moves to a superior mode of transport: bike to train, or car to plane. CityRail ought to charge for parking, because it does not pay for itself, and because in the peak hour, rail is a superior way of getting to the city compared to the car.

A fee of \$1 per day would yield about \$250 a year, or a 4% return. Perhaps a higher fee could be charged at Broadmeadow, where the car parks cost \$12,000 each.

The other way to pay for car-parking is to increase fares. If, however, IPART does not tell CityRail to charge for car-parking, and gives in to their plea to increase the price of weekly tickets, then it would be good if those who do not use car parks could be exempt. While this is not universally possible, it would be quite easy to insist that this fare increase would not apply to those who buy Busplus weekly tickets. It would be a humble beginning to recognising that it makes economic sense for the railways to subsidise private bus operators.

Most importantly, IPART should insist that each improvement that CityRail mentions in its next submission must be accompanied by a cost-recovery justification (or else by a statement that it is necessary for legal, environmental or similar reasons). This cost recovery statement should give:

- a) the capital cost of the improvement;
- b) the annual maintenance costs of the improvement;
- c) the expected number of *new* patrons that this improvement will attract;
- d) the proportion of these new patrons who will be filling up otherwise empty seats;
- e) the proportion of these new patrons who are peak-period passengers to the CBD, and hence the extra cost involved in carrying them.

Given the enormous loss that CityRail makes each year, any “improvement” that is not accompanied by a cost recovery statement (or other justification, as mentioned above) is irresponsible.

### **Improvements we are still waiting for**

CityRail says that it is considering a discounted single ticket in the off-peak. This is very good news, and something that I have long argued for. However, it says that the discount on off-peak returns will be reduced to compensate for the revenue loss the off-peak singles will cause.

IPART needs to insist that the calculations that CityRail does to justify the size of the discount take the following into account.

The purpose of the off-peak discount is to move passengers who have more discretion with regard to the time (or day) of travel out of the peak, to take the load from peak services, or to allow a full-fare paying passenger to take the previous passengers place.

Currently, off-peak return tickets cost 60% of peak return tickets. Thus when a passenger is induced by the off-peak discount to begin the journey later, if this means another passenger travels because the train is less crowded, then, instead of experiencing a 40% loss, CityRail gets a 60% gain. While this does not happen for all off-peak travellers, CityRail needs to do some research to see how big this effect is.

Secondly, if this is the effect that off-peak tickets are trying to encourage, then it makes sense to target people who would be most sensitive to price variations and are more likely to have greater discretion with regard to travel times. Tertiary students fall into this category. Yet presently tertiary students who pay concession fares are not eligible for the off-peak discount. Of course, if we do the maths again, we note that a student who moves to the off-peak and goes from paying 50% to paying 30% could leave room for a full-fare paying passenger, so that actual revenue goes from 50% to 130%. This is not a drop of 40% of what was once received, but an increase of 160%.

## **The more you improve it, the worse it gets II: The Liverpool to Parramatta Transitway**

In February the Parramatta to Liverpool T-Way opened at the cost of \$200m. Admittedly it has not had time to reach its maximum passenger loads, but newspaper reports suggest that it is not as popular as has been had been predicted, averaging only 3000 passengers on a weekday (*Sydney Morning Herald* 13/6/2003). But the predictions were figures pulled out of the air. The details submitted to the Environmental Impact Statement were extremely vague about service frequencies, stopping patterns (and hence journey times) and whether there would be feeder buses to a trunk route, just a trunk route, or buses that travelled along normal roads and then joined the T-Way as well. With no idea what level of service was operating or the size of the catchment area, one cannot make any sort of grounded projection of patronage levels.

However, the figure that was quoted in the EIS said that it would carry 2000 peak-hour patrons. Generously presuming that this means 2000 passengers per hour in the peak period, this would mean an extra 4000 peak period passengers. Even if the inter-peak passenger total was another 2000, this is only 6000 new passengers. (Actually, the projections the STA give in the *SMH* article of 6000 passengers a day seem to be referring only to 3000 people, each of whom takes two trips)

On the most generous figure, the capital investment still comes to \$33,000 per passenger—and there is no indication how many of these passengers were already public transport users who have just switched to a different service. If they all buy full-fare 10 section weekly tickets at \$30.80 for 50 weeks of the year, this is \$1500 per passenger or \$9m per year. This is an expected return of 4.5% on the capital, before any of the running costs have been paid.

Fortunately, the construction of the T-Way was a sheer gift from the Government, and it does not expect the money to be recouped by raising fares. The STA does not need to recoup the capital cost of the infrastructure from fares. Indeed, if the T-Way provides quicker running times, the running costs per km of buses should be lower for the T-Way than for regular services, particularly in the CBD where traffic movement is very slow. T-Way fares should not be higher. Customers may be getting a slightly higher level of service, but that is their good luck: they do not have the option of alternative, “no frills” bus services to Parramatta or Liverpool from those locations. A realisation that operators cannot charge higher fares should send messages to the Government that it cannot pretend to solve Western Sydney’s public transport problems by spending high on infrastructure and then expecting the people out west to pay more. Indeed, there was no need to build any infrastructures. There are plenty of north-south running roads in the area: the problem was that a normal north-south route would have crossed the monopoly zones of too many operators. There is no point in building infrastructure to solve political problems.

Yet T-Way fares are higher. This raises an important question: is the T-Way a private bus operation or a government bus operation? Surely it must be one or the other.

If it is a private bus operation it is covered by IPART’s determination for private bus fares for 2002-2003; if it is a Government bus service, then it would seem that it should be governed by the maximum fares laid down for STA bus services in Sydney last year. Either way, T-way fares clearly exceed the maximum, as can be seen from the following table.

Sections	Private fare	STA fare	Transitway fare
1	\$1.10	\$1.50	\$1.50
2	\$1.70	\$1.50	\$1.50
3	\$2.40	\$2.60	\$2.70
4	\$2.70	\$2.60	\$2.70
5	\$3.10	\$2.60	\$2.70
6	\$3.40	\$3.40	\$3.90
7	\$3.70	\$3.40	\$3.90
8	\$4.00	\$3.40	\$3.90
9	\$4.30	\$3.40	\$3.90

10

\$4.60

\$3.90

\$5.20

It would seem from the definition of “declared services” of 1998 given on the current IPART website that T-way services are STA services in clear breach of the 2002 price determination.

If the STA claims that the fares prescribed were for “Sydney Buses” services and the division of the STA which runs the T-way operates under a different name, then that is a legal quibble. The fact remains that, unless the Government has changed the definition of “declared services” in a way that is not notified on the IPART website, T-way services are subject to IPART regulation and IPART would be derelict in its duty if it did not recommend maximum prices. This is to preserve the people from being charged higher prices as they obviously are at present.

The fact that for some of its length the T-way operates on a special route all of its own is irrelevant: the same could be said of buses that go down Anzac Parade.

But there is more. Tickets that are valid on all other STA declared bus services in the Sydney region, such as TravelTens, TravelPasses and pensioner excursion tickets are not valid on the T-way. Again, there is no reason given for this, and IPART needs to rule against this. To have the TravelPass valid on the T-way, so that people pay only one fare for a combined bus and train journey to the city is precisely the sort of innovation that Sydney needs. This is the perfect opportunity for a limited trial of such a system, and the Government has gone completely in the opposite direction and made it more expensive.

#### **Possible new tickets**

In reality, now that there are STA-run bus services to the north-east and the south-west of Parramatta, as well as the longstanding train services running west, south and east of Parramatta, the time has come for travel-passes and day tickets based on the western suburbs alone. Research published in the *Sydney Morning Herald* only last week has shown that most people who live in Western Sydney also work in Western Sydney. In many local councils in the west, fewer than 10% of the trips are to destinations outside of Western Sydney, and more than two thirds of workers living in Western Sydney work there too. Thus the present situation where a Western Sydney resident can only buy a TravelPass that includes the CBD and the eastern suburbs (not to mention the northern beaches) is simply not appealing to the market. It is not giving the residents of Western Sydney the same mobility afforded to the residents of the inner suburbs.

Therefore I suggest that there be three new travel-pass zones, for which weekly or daily tickets could be bought.

**Zone W1** (about 10 km around Parramatta west and south, slightly less to the east), would include trains in the area bounded by Seven Hills, Fairfield, Lidcombe and Carlingford, and buses as far as, say, Marsden Road and The Horsley Drive.

A rail weekly from Fairfield or Seven Hills to Parramatta costs \$20, the TravelPass could cost \$30 (the same as a red TravelPass currently costs). It would not be cheaper to buy a W1 TravelPass than to buy a weekly from Fairfield to Seven Hills (\$26) or Lidcombe (\$23). The ticket is to assist those who make a bus-train transfer.

**Zone W2** (about 20km around Parramatta west and south) would include train travel in the area bounded by Quakers Hill, Rooty Hill, Casula, Bankstown and Strathfield (to the east), Epping to the north, as well as bus services as far as Liverpool, Eastwood and Epping, and ferries as far as Meadowbank.

A rail weekly from Rooty Hill to Parramatta currently costs \$26; the TravelPass could cost \$36 (slightly less than the \$38 of a green TravelPass).

**Zone W3** would include all rail services between Richmond, Emu Plains, Macarthur, Padstow, Canterbury, Ashfield and Hornsby, and any STA bus services north of the Parramatta River and west of the Lane Cove River, and ferries as far as Gladesville.

A rail weekly from Richmond or Macarthur to Parramatta costs \$36; the TravelPass could cost \$45 (as much as a pink TravelPass).

The day tickets would cost about a quarter of the weekly tickets: \$8, \$9 and \$11 respectively.

The STA and CityRail will no doubt cry out that these tickets would mean that people who make combined bus and train journeys would now pay less than what they do. That is precisely the point of them. The ability to make combined journeys for a slightly lower price is already enjoyed by those people who travel around the CBD, and equity suggests that it should also be enjoyed by those in Western Sydney. Even more importantly, those who make bus and train journeys in inner Sydney are probably somewhat captive patrons: car-parking is expensive, and with high congestion and reasonable public transport provision buying a car is not highly desirable. Thus if TravelPasses were withdrawn, many of these people would complain but would continue to pay higher prices and use public transport. In Western Sydney the situation is quite the opposite: car-parking is cheap or free, congestion is not as bad, and going car-less is a risky proposition: people in Western Sydney will invest in a car and use it for everything except commuting to the CBD unless they have good and affordable public transport. These tickets would make public transport affordable for those who need to make a combined bus and train journey, and those whose work and/or study patterns mean multiple destinations within Western Sydney. Not providing a TravelPass means losing many of these patrons and losing revenue.

(Yes, such a new ticket would make it cheaper to buy a W3 daily for travel between Richmond and Ashfield than to buy a peak return. But as it currently stands, it is cheaper to buy a \$13.40 day tripper than to buy a \$16.00 return between Richmond and Chatswood. No system is perfect.)

There is one smaller example of inequitable fares in Western Sydney that will probably be easier to correct.

It is generally taken that, for calculation of bus fares, a section is 1.6km (1 mile). When IPART sets fares for sections, it is presumed that the STA will have been fare in setting its sections. However, there is one case that stands out.

When a private operator ran the shuttle service between Parramatta station and the Parramatta campus of UWS (at Rydalmere), passengers were charged \$0.90 for the journey, the equivalent of a one-section fare. When a few years ago the STA took over the running of the service, the fare jumped to \$2.50, the fare for three to five sections. Close inspection reveals that, following the route from Parramatta station along Church Street and Victoria Road, the second section ends just before James Ruse Drive, at about 2.9 km from the station. The stop opposite the university entrance, just before the bridge over the railway line, is about 3.2 km from the station, and would in the normal course of events form the end of the second section from Parramatta. The section beginning at James Ruse Drive is an unusually long one, 1.9km long, ending at Myrtle Road, Rydalmere. All the other sections along the Victoria Road route are about 1.6 km long. Thus there are reasons to suspect that the sections have been deliberately set at unusual lengths in order to ensure that UWS students pay 50% more.

This is all the more worrying when one compares the situation at Macquarie University. Epping station is 3.3 km from Macquarie, but the sections have been lengthened so that it is only two sections between the university and the station. It would be helpful if IPART could ask the STA to account for this pricing anomaly, particularly as one of the terms of reference for IPART is to compare the STA with non-government operators.

**One last plea**

Tertiary students from overseas are not eligible for concession travel on CityRail or STA services. This is in contrast to the practice with private bus services, an abuse of monopoly power, ecologically unsustainable (as overseas students, who would be reluctant to buy a car in a foreign country are constrained to do so), and has adverse social impacts, as many overseas students have limited finances once they have actually come to Australia and paid the university fees—they have to pay for accommodation, but are restricted in the number of hours a week they can have paid work.

Of course, most of these difficulties would vanish if Sydney were to introduce multimodal fare structures.