

On the Right Track: Why NSW Needs Business Class Rail

Oliver Marc Hartwich and Jennifer Buckingham

EXECUTIVE SUMMARY

No. 119 • 29 October 2009

Every day, thousands of people travel between Sydney and the neighbouring urban centres of Wollongong, the Blue Mountains, and Newcastle. Increasingly over the last decade, these people are making the journey by private car instead of public rail.

The single-class trains that have been reliably servicing NSW for the last three decades offer a level of comfort to passengers that is no longer adequate on longer intercity journeys. International comparisons reveal that NSW intercity rail connections have not moved with the times. The seats are uncomfortable; there are no buffet services, no power sockets for portable electronic devices, no wireless Internet—features that are standard on many train connections in countries like the United Kingdom, Korea, Germany, or South Africa.

For these reasons, taking the train remains unattractive to business commuters who choose the more expensive option of driving when travelling intercity in NSW. A cursory examination of the amenities people demand when travelling by car and by plane demonstrates that rail is falling short of the expected standards of service and comfort.

Some simple policy changes would be sufficient to make trains a more serious competitor to the car. First, timetables for the only comfortable train to service NSW's major cities, the CountryLink XPT, should be changed so that day commuters to and from Sydney can use it. At present, it is suited only for tourists.

Second, business class service should be introduced on all intercity routes, similar to first class services offered by train companies abroad. CityRail could either operate the new business class compartments or contract out the new service to private companies. The extra cost of business class passengers should be reflected in the ticket price. A simple solution would consist of charging twice the price of a standard fare. This would not even require new ticket machines. Beyond that, the business class service would not require additional public funding for the rail network. Quite the reverse, it could actually reduce the need for subsidies.

Forecasts of population growth for the greater Sydney region require a renewed focus on transport strategies and policies for NSW. Transport links between Sydney and regional cities like Wollongong, Gosford and Newcastle have to be improved to cope with the projected increases in population and traffic. If Newcastle Airport is designated as the state's second international airport, this will be crucial.

Capacity building alone is not enough, though. Apart from big, capital intensive infrastructure projects that NSW needs to accommodate its growing population, it also needs a fresh start when it comes to the quality of transport solutions, particularly for rail services.

Dr Oliver Marc Hartwich and **Jennifer Buckingham** are research fellows at The Centre for Independent Studies.

The authors wish to thank Dr Richard Wellings, Cassandra Wilkinson and James Cox for their comments. The views expressed in this paper do not necessarily reflect those of the reviewers or CIS staff. The usual caveats apply.

Introducing business class rail services for NSW's intercity connections would be a straightforward, low-tech policy. It could be part of a new drive towards making rail a more effective competitor for private car journeys. In diverting traffic from roads to rail, business class services provide a solution to problems related to projected increases in population density and associated environmental impacts.

Introduction

The new train service between Sydney and Newcastle advertised in the *Sydney Morning Herald* promised to be fast and comfortable. The train's 'luxurious carriages' would be 'finished with polished crow's foot elm and cudgerie, and fitted with comfortably-sprung seats.' Some seats would have tables, and a buffet service would be available.

To regular commuters on the Newcastle to Sydney services, it sounds like something exciting to look forward to. Spending more than two and a half hours on a train each way, it would be nice to at least get a coffee and a sandwich on board. The tables at the seats will be very welcome for people wishing to work on their laptop computers before they get to their offices.

Unfortunately, what seems like the dawn of a new age in New South Wales's transport history turns out to be its past. The *Sydney Morning Herald* report about the new comfortable train carriages was published on 8 November 1929.

Today, 80 years later, passengers on the Newcastle to Sydney line can only dream of the amenities of the distant past. They also wish that today's train services were as fast as they were decades ago. In 1937, the Newcastle Flyer travelled to Sydney in 2 hours 26 minutes—nine minutes faster than the current travel time. And as the *Daily Telegraph* reported last year, a train journey from Gosford to Sydney Central took 70 minutes in 1960 but takes up to 94 minutes today.

With journeys getting slower, it would be nice if the comfort level had remained high if not improved. Yet the opposite is the case. Gone are the tables, gone are the buffet services. If you want a coffee on your way from Newcastle to Sydney, make sure to bring your own. And if you want to work on your laptop computer, then you will be reminded why it was called a laptop in the first place. Worst of all, should you need to go to the toilet, you better be a contortionist and have some disinfectant with you.

The train journey that once was a pleasurable experience has indeed become a far less classy affair. Travel classes on NSW intercity trains were abolished in 1974. Gone were first and second class compartments and carriages, in came 'one class' trains.¹

A single class makes sense if you are travelling from, say, Bondi Junction to Wynyard. Passengers have different needs for longer journeys. Trips from Wollongong, Gosford, Newcastle, or Katoomba to Sydney take from one to two and a half hours each way—enough time to make sitting in crowded carriages on hard seats offering little legroom quite unpleasant. These longer train journeys could be a comfortable and even productive travel experience, given the right train services. Passengers could use the time to work, prepare for a meeting, read the newspaper—or just relax after a long day's work.

This paper considers the options for improving the quality of intercity train services to and from Sydney. To be clear, we are talking about incremental changes, not a complete overhaul of the existing rail arrangements. High-speed rail connections may well be desirable but are beyond the scope of this paper. Nor do we seek to explore better organisational structures for delivering rail transport services in NSW. Whether the state government's rail companies (CityRail and RailCorp) are the best way of delivering train services may be an interesting question to explore, but not in this paper.

But what we do is discuss the small and inexpensive changes that could make a big difference to the travel experiences between NSW's major metropolitan areas and induce more people to choose the train over the car. Comfortable train journeys in NSW should no longer be a distant memory of the past. It is time to go back to the future of rail transport.

Great expectations? What travelling should be like

Travelling has long ceased to be only about getting from A to B. A quick look at the amenities we like to enjoy along the way confirms this. Even in compact-sized cars, we now expect as standard features such as air conditioning, radio and CD players, and comfortable seats. A class above this, and you may find DVD players for passengers

In 1937, the Newcastle Flyer travelled to Sydney in 2 hours 26 minutes—nine minutes faster than the current travel time.

If it is possible to offer coffee at 30,000 ft, then why do we not expect something similar on the ground as well?

in the back seats or massage functions in the front seats. Strictly speaking, all these are unnecessary for getting us from one place to another. However, the fact that people are willing to spend considerable amounts of money to enjoy these luxuries while driving tells us that they must find them important.

Air travel makes it even clearer that travel means more than just covering distances. In surveys of airline passengers, safety and security are usually the top concerns, which is hardly surprising. But these are closely followed by demand for in-flight entertainment, comfortable seats, sufficient legroom, and good food. Websites are dedicated to comparing the airlines' different meals, seating arrangements, and airport lounges. Even the no-frills budget airlines offer drinks, some snacks, and a limited entertainment program, although at some extra charge.

If this is the way we travel today, why should train journeys be an exception? Passengers can get a cup of coffee even in economy class when flying Qantas from Sydney to Melbourne (duration: 90 minutes) but not on a CityRail ride from Newcastle to Sydney (duration: 167 minutes). If it is possible to offer coffee at 30,000 ft, then why do we not expect something similar on the ground as well?

Trains around the world

Train passengers in other countries are used to better services than those offered on NSW's intercity connections. They are also willing to pay extra for added comfort on rail services. That's why a first class option is regularly offered on intercity rail connections in other countries.

- **Virgin Trains (United Kingdom):** Virgin Trains connects several British cities from London's Euston station to destinations in Scotland, the West Midlands, and the English North West. Mobile phone charging points and power sockets for laptop computers can be found throughout the train. First class passengers can expect even more: a range of complimentary newspapers; free drinks (alcoholic as well); food served at the seat; free headphones for the on-board entertainment program; and high-speed wireless Internet (at extra charge to second class passengers). All these services are available even on relatively short distances such as London to Birmingham (duration: 84 minutes, 170 km). Even better: First class passengers can access lounges at all major stations, where they are served drinks, food and newspapers. The surcharge on a first class ticket compared to a standard fare depends on the booking class and whether it is booked in advance, but it is roughly double the price of a standard class ticket.
- **German Rail:** Germany's rail operator Deutsche Bahn AG routinely offers first class compartments and carriages on nearly all of its services (suburban, regional and national connections). There are lounges for first class passengers, and on InterCityExpress (ICE) trains food, drinks and newspapers are served at the seat. German Rail also offers radio and TV programs. They even produce their own TV programs (*Bahn TV*). It offers a bistro style cafe and a restaurant car to all passengers. Wireless broadband is currently being installed on ICE routes. On a short route like Hamburg to Hanover (120 km), the standard price for a second class InterCity ticket is €35 compared to €57 in first class (duration: 101 minutes). In the high-speed ICE, standard class costs €40 and first class €65 (duration: 95 minutes). Discounts are available if booked in advance or using a frequent traveler's card.
- **Korea:** Standard and first class is offered on Korea's intercity trains. They do not have restaurants or buffet cars, but each train has 13 vending machines—10 for drinks and three for snacks. Plush first class seats are about 50% more expensive than standard class.
- **South Africa:** In 2008, the South African rail company Metrorail launched a new train connection called Business Express between Johannesburg and Pretoria. Apart from offering comfortable seats, free refreshments on board, free papers,

a laptop workstation with power points, and Wi-Fi Internet access, there are stewards and stewardesses in every coach. Perhaps even more importantly, the ticket includes free parking at the stations and a bus shuttle service from the stations to the CBD. This new train service was so successful that the South Africans are now considering replicating the model between Durban and Cape Town.

Uncomfortable journeys, inconvenient timetables, slow trains

It is no longer enough for carriers just to convey people from one place to another: they also have to make sure that their passengers enjoy the experience. Sadly, this travel experience is lacking on NSW's intercity trains—with one exception. The only train offering a service more reminiscent of international best practice is the CountryLink XPT and Xplorer services. These trains offer on-board dining, a first class service, extra comfortable seats, and even sleeping carriages. CountryLink trains connect Sydney to places like Brisbane, Canberra, Melbourne, and Orange. Ticket prices are reasonable. There is only one problem: their timetables are more suited to tourists than commuters or business people.

Say you are based near Broadmeadow/Newcastle and regularly have to spend entire days in Sydney for business. The only CountryLink trains to Sydney depart Broadmeadow at 04:29, 14:21, 14:36, and 18:50 (travelling time is roughly 2 hours 20 minutes). To return on the same day, there are trains from Sydney to Broadmeadow at 07:15, 10:05, 11:35, and 16:12. In other words, there are no CountryLink services that a business day tripper could choose unless he or she wanted to leave in the middle of the night and return before the end of the business day. With this kind of timetable, CountryLink doesn't provide an alternative to the car. Passenger statistics confirm this. In 2008, the XPT picked up an average of 11 people per day at Broadmeadow for a trip to Sydney.²

NSW's two largest cities, Sydney and Newcastle, are only about 120 km apart as the crow flies or roughly 160 km on the ground, but they are in effect separated by traffic conditions that make them appear as relatively unconnected.

The pros and cons of high-speed rail are not within the scope of this paper, but it should be noted that our train connections are slow by international standards. To take the Sydney-Newcastle example again, a CityRail connection taking 167 minutes for roughly 160 km equals an average speed of about 60 km/h. To put this in historical perspective, the *Canberra Times* reported in 1936 that a Newcastle to Sydney express train had recorded an average speed of 48 m/h, or 77 km/h.³

As the train service between Newcastle and Sydney is slower, less convenient, and less comfortable than driving, it hardly surprising that many commuters choose to make the trip by car. Despite the high likelihood of traffic delays due to accidents or congestion, the F3 freeway is clogged every day with commuters. Many of these people might choose to travel by train if there were at least some benefit in doing so.

In addition, the recently expanded Newcastle Airport is under consideration for NSW's second international airport.⁴ The transport links between these two cities will need to be taken into account in this process. At present, they are decidedly unappealing.

The intercity rail transport situation to and from Sydney is less than satisfactory. It is hardly the kind of service you would expect in a city that likes to portray itself to a global audience as world class. Sydney needs to do better.

CityRail's current fleet and intercity services

Compared to train passengers abroad, travellers to and from Sydney are treated to spartan services. On the Newcastle and Central Coast Line, CityRail uses three sets of trains: V, G, and H (Oscar). They came into service at different times and, therefore, offer different features. The following table, compiled using information provided by CityRail, provides a summary.

As the train service between Newcastle and Sydney is slower, less convenient, and less comfortable than driving, it hardly surprising that many commuters choose to make the trip by car.

The V set trains are still the most important train design serving Sydney's outer suburban/intercity lines. These trains are between 20 and almost 40 years old.

Table 1: Features of CityRail trains in 2009

| Train set | V set (Intercity) | G set (Tangara) | H set (Oscar) |
|------------------------|-------------------|----------------------------------|-----------------------------------|
| Into service | 1970–89 | 1994–95 | 2006 |
| Seating capacity: | | | |
| • Control car | 88–96 | 98 | 102 |
| • Other cars | 92–122 | 98 (toilet) / 112 (no toilet) | 110 (toilet) / 118 (no toilet) |
| Length: | | | |
| • Control car | 2,3968 mm | 2,0320 mm | 2,0340 mm |
| • Other cars | 2,3965 mm | 2,0220 mm | 2,0435 mm |
| Toilet | Yes | Yes | Yes |
| Disabled Access toilet | No | Yes | Yes |
| Baby change table | No | No | No |
| Air conditioning | Yes | Yes | Yes |

The G set trains on Sydney's intercity connections to the Blue Mountains, the South Coast, and the Central Coast are expected to be phased out eventually, leaving V and H sets to serve these routes.

Although the H set trains are undoubtedly more modern in technology, style and appearance than the old V set Intercity trains, they have one disadvantage to the passenger. The seating is more cramped. V set trains only have four seats per row (two on each side) at a carriage width of 2,928 mm, whereas H sets are marginally wider at 3,034 mm but seat 2+3 passengers per row.

That there is somewhat less space per passenger is also clear by comparing the length of the carriages. The new H set carriages are about 3.5 m shorter than the V set carriages, although both carry similar numbers of passengers. In a way, the ageing V set fleet seems more appropriate as a train covering longer distances than its more modern H counterpart.

The three intercity lines are currently served by different train sets, as indicated in the table below.

Table 2: Types of trains used on CityRail intercity routes.

| | V set (Intercity) | G set (Tangara) | H set (Oscar) |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| South Coast Line | Central to Kiama or Port Kembla | Central to Kiama or Port Kembla | Central to Kiama or Port Kembla |
| Blue Mountains Line | Central to Lithgow | Central to Springwood | |
| Newcastle and Central Coast Line | Central to Newcastle | - | Central to Wyong |

The V set trains are still the most important train design serving Sydney's outer suburban/intercity lines. These trains are between 20 and almost 40 years old, and although passenger space is slightly better than in the more modern G or H set trains, they are still lacking a number of basic features. For example, there are no on-board electronic information screens or disabled accessible toilets, which are both standard on the H set. Furthermore, there are none of the useful features found on trains abroad such as power sockets, wireless Internet, buffet cars, snack vending machines, entertainment programs, and so on.

Small steps towards greater comfort

If transport between Sydney and its neighbouring cities can only be called mediocre by international standards, how can we change this unsatisfactory situation? Over the past decades, successive state governments have presented grand plans for transforming (public) transport in NSW; in federal politics, the introduction of a modern, fast train service connecting the whole east coast of Australia has been discussed repeatedly but with no results.

Grand schemes take time to materialise, but this should not stop us from achieving some less ambitious improvements to rail transport in the meantime. Smaller changes are much easier and less costly to implement, which is why we are limiting our recommendations to what we believe to be straightforward. Of course, it would be nice if trains became much faster in the future. Whether fast trains would be economically viable, though, is a different matter.

Seating

Instead of proposing pie-in-the-sky ideas, we only suggest a simple and modest change to the way intercity trains operate: the introduction of a business class service. Our goal is to make the train services connecting Sydney to nearby cities comfortable enough to encourage business travel and commuting by rail rather than by car. At the same time, we want to ensure that these services will not require extra public funding but will be met by passengers willing to pay more for better services.

So what would a business class service on CityRail's existing routes look like? For a start, it would not require any new or additional rolling stock. Although more modern carriages would probably be desirable in the long run, the V set intercity trains could be modified to include a business class.

The way to do this is by reconfiguring one of the trailer carriages on express service trains. V set intercity trains have two seats on each side of the aisle. This configuration could be changed to three wider seats, two on one side and one on the other. In addition, the space between seats could be increased. A similar seating pattern is used, for example, in the first class section of Eurostar, the train service that connects London and Paris/Brussels.

This seating reconfiguration would mean that this part of the train would lose roughly a third of its current seating capacity, making it possible to install a different style of seats. Instead of using seats like the current ones that rather resemble benches, the new generation of business class seats could recline, provide a tray table, and even power sockets. They would resemble the seats in Premium Economy class on international flights. Such seats typically have a 38-inch pitch, are 19.5 inches wide, and offer a 9-inch recline. Better seating would make longer journeys such as the one from Newcastle to Sydney a much more comfortable experience. Passengers would be able to work on their laptop computers, read books and newspapers, or simply relax after a day at work.

Business class passengers might also enjoy some personal service. Train staff could help with luggage and timetable enquiries, serve hot and (non-alcoholic) drinks, hand out free newspapers, and ensure that the carriage remains tidy at all times. Even placing vending machines dispensing hot and cold drinks in the carriage would be an improvement.

Fares

The better seat comfort and personal services will come at a price, so business class fares will have to be considerably higher than standard fares. However, this may not require significant changes to CityRail's current pricing system. We suggest two simple solutions. Instead of issuing new business class tickets, passengers would simply purchase two standard class tickets. This would not require any changes to CityRail's ticket machines. Or, if business class carriages were available only on express services, these trains would stop only at major stations during hours when the station is staffed, so business-class

Our goal is to make the train services connecting Sydney to nearby cities comfortable enough to encourage business travel and commuting by rail rather than by car.

CityRail could run our proposed scheme or outsource business class services to a private contractor.

tickets could be bought at the ticket window. This second option would allow more flexible pricing.

In terms of its financial viability, we believe that a doubling of the fare would cover all the additional costs of running the service. A reduction in the capacity by about a third in the upper deck of one carriage would nominally justify a price increase by the same amount. This does not take into consideration, though, that not all trains currently operate at 100% occupancy levels, and a slight reduction in the number of seats would not necessarily reduce revenue by the full amount. Passenger load statistics for the main commuter express services between Newcastle and Sydney indicate that these trains rarely operate at full capacity. In March 2009, daily passenger loads were measured at 55% for the Newcastle to Sydney morning trip and 68% for the return trip in the evening.⁵

Even if we assume that the more generous seating arrangements would reduce the passenger numbers by a full third, the doubling in the train fare would increase revenue by a third. This should cover the cost of the additional services provided to business class passengers. A dedicated business class service may well attract new customers who had not previously considered the train for their journeys, possibly allowing a smaller price premium to cover the costs.

Private contractor

CityRail could run our proposed scheme or outsource business class services to a private contractor. In such a model, the contractor would rent a CityRail carriage and offer a business class service. The rent would be based on the revenue generated by a standard carriage at normal occupancy. The contractor could then operate the business class section according to his own business plans: make own pricing decisions by selling tickets at the seat or decide on the level of services provided to passengers. This may spark some creativity in providing better transport experiences to passengers.

Timetables

Finally, there is an additional change that could be made to Intercity services at no extra cost. Timetables should be designed in a way that would make it possible to spend the core business hours in Sydney (9am to 5pm) without having to get up at 3am or waiting until 7pm for the return journey to commence. In other words, the needs of business travelers should be given greater attention in the design of timetables.

The XPT is a case in point. If the XPT timetable were changed so that southbound trains departed Broadmeadow (Newcastle) at 6.00am instead of 4.29am, and northbound trains departed Sydney Central at 5.30pm instead of 4.12pm, many commuters would be able to use this existing service. However, it might not be sufficient to meet demand at this time so the CityRail first-class carriage proposal is superior.

We believe that our suggestions could be implemented within months rather than years, let alone decades. It is a straightforward, low-tech contribution to solving one of NSW's most pressing problems, namely to provide for adequate public transport connections in the state's capital region. Without massive investments in rail infrastructure and trains, it is unlikely that intercity rail travel will get any faster in the near future. In the meantime, it could quite easily be made more comfortable and more appealing to regular commuters.

The benefits of business class rail

Transport statistics indicate rail has become less attractive in NSW over the past years. Table 3 shows that in a 10-year period of population growth, patronage of intercity train services has increased only marginally in some cases and substantially decreased in others. While there has been a small overall increase in passenger journeys on the Newcastle/Hunter line, Table 4 shows that the main commuter express service on this line has seen a large decrease in patronage.

Table 3: Annual passenger journeys on NSW intercity lines (millions)

| | 1999 /2000 | 2000 /01 | 2001 /02 | 2002 /03 | 2003 /04 | 2004 /05 | 2005 /06 | 2006 /07 | 2007 /08 | 2008 /09 | % change 2000– 2009 |
|------------------------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------------|
| Newcastle/ Hunter | 2.09 | 2.11 | 2.13 | 2.14 | 2.12 | 2.15 | 2.13 | 2.13 | 2.15 | 2.20 | 5.7 |
| Central Coast | 7.43 | 7.48 | 7.46 | 7.27 | 6.91 | 6.64 | 6.50 | 6.51 | 6.55 | 6.59 | -11.3 |
| Blue Mountains | 2.76 | 2.76 | 2.77 | 2.80 | 2.83 | 2.78 | 2.79 | 2.74 | 2.73 | 2.71 | -1.6 |
| South Coast | 3.69 | 3.64 | 3.38 | 3.41 | 3.51 | 3.32 | 3.39 | 3.34 | 3.38 | 3.35 | -9.3 |

Source: Unpublished data obtained from RailCorp by FOI request, 11/8/09

Table 4: Daily passenger count on express CityRail service between Newcastle and Sydney Central (arr. Central 08.54, dep. Central 17.15)

| | NEW-SYD | SYD-NEW |
|------------------|----------------|----------------|
| March 2003 | 746 | 686 |
| March 2004 | 596 | 574 |
| March 2005 | 551 | 782 |
| March 2006 | 682 | 702 |
| March 2007 | 691 | 484 |
| March 2008 | 734 | 630 |
| March 2009 | 457 | 564 |
| % change 2003-09 | -38.7 | -17.8 |

Source: Unpublished data obtained from RailCorp by FOI request, 11/8/09

In contrast, transport on the roads has increased dramatically. This is something that transport planners in the state government are undoubtedly concerned about as it increases congestion and air pollution. For travellers, however, the problem may be even more severe.

Table 5: Traffic Volume Data for F3 freeway between Newcastle and Sydney (Annual Average Daily Traffic—AADT)

| | 1996 | 2000 | 2004 | 2008 | % increase 1996– 2008 |
|-------------------------------|-------------|-------------|-------------|-------------|--------------------------------|
| Newcastle off/on ramps | 11,924 | 14,621 | 18,131 | 19,045 | 59.7 |
| Freeman's Waterhole | 18,578 | 22,537 | 26,951 | 28,114 | 51.3 |
| Wyee | 26,890 | 32,258 | 38,494 | 38,877 | 44.6 |
| Wyang | 42,234 | 51,178 | 60,093 | 61,754 | 46.2 |
| Mooney Mooney | 60,364 | 68,437 | 73,401 | 69,489 | 15.1 |

Source: Unpublished data provided by NSW Roads and Traffic Authority on request, 28/9/09

In a 10-year period of population growth, patronage of intercity train services has increased only marginally in some cases and substantially decreased in others.

A business class service could be priced a lot higher than a standard ticket is today and yet be cheaper than the car ride.

Costs

Despite the availability of trains, if people prefer cars it's probably because they feel trains do not offer a viable alternative. Even on cost grounds alone, driving does not make sense. A return train ticket from Newcastle to Sydney Central costs \$34 at peak times and \$25 off-peak. This surely beats the full costs of driving the 160 km. Depending on the fuel price and the efficiency of the car, the fuel costs alone of a return trip would probably be \$30 to \$60.

Fuel costs, however, are not the only expenses of the journey. The car depreciates in value; there is wear and tear on the tyres; and road tolls and exorbitant parking fees have to be paid. In all likelihood, a return trip from Newcastle to Sydney CBD with a day's parking will cost in excess of \$60. The total cost could probably be substantially higher. The Australian Tax Office (ATO) allows deductions for car expenses for up to 5,000 km on a per kilometre method. ATO rates depend on the size of the engine and are between 63 and 75 cents per kilometre.⁶ Using this method, the costs for a return Newcastle to Sydney car trip would be as high as \$200 to \$240!

If people still prefer to drive rather than take the train even if driving is much more expensive, it only shows what a poor alternative trains are. And it also shows something else: a business class service could be priced a lot higher than a standard ticket is today and yet be cheaper than the car ride.

Conclusion

Despite the events that shook the world economy over the past two years, Australia's long-term growth prospects have not changed. If anything, it has become even clearer that Australia will be part of the fastest growing region in the world for decades to come.

Population growth is expected to reach about 35 million people by 2050. A substantial proportion of this growth will happen in and around Australia's big cities. We can reasonably expect the larger metropolitan region of Sydney to expand further. This also means that traffic between Sydney and surrounding urban centres such as Newcastle and Wollongong will become much denser.

This process can no longer be regarded as a remote possibility. In fact, it has already begun. Traffic statistics show that travelling between NSW's biggest cities has already substantially increased in the past decade. The question is how people will travel in the future.

If things go on as they have been, more commuters will simply mean more road transport, which would also mean more congestion, more pollution, and more time wasted on the roads.

We believe it is high time to develop a better alternative to this scenario. Rail should be able to play a much greater role in NSW's transport future. But in order to achieve this, rail has to be much better than it is today. It has to increase its capacity. It has to be faster. It has to be more user-friendly and comfortable.

Many of these challenges are of a strategic nature and only manageable in the long run. In the short term, though, we can make a difference by offering commuters a much better choice. Business travellers, who have become used to far better levels of service either as air passengers or on trains abroad, rightly expect to be treated better than on CityRail's ageing intercity fleet.

A business class service on intercity connections to Sydney can only be a first step towards a better transport experience in NSW, but we think that it is nevertheless an important step. Not only would it improve rail travel but it would also mark the beginning of a new era of public transport for the greater Sydney region.

Endnotes

- 1 Sydney Electric Train Society (19 October 2009).
- 2 Unpublished data obtained from Rail Corp by FOI request (11 August 2009).
- 3 *Australian Newspapers*, 'Sydney-Newcastle Rail Record,' *The Canberra Times* (2 May 1936).
- 4 Tess Campbell and Matt O'Sullivan, 'Newcastle still in running as second airport,' *The Herald* (20 June 2009).
- 5 Unpublished data obtained from Rail Corp by FOI request (11 August 2009).
- 6 Australian Tax Office, Claiming a deduction for car expenses using the cents per kilometre method.



Issue Analysis (ISSN:1440 6306) is a regular series published by The Centre for Independent Studies, evaluating public issues and Government policies and offering proposals for reform. Views expressed are those of the authors and do not necessarily reflect the views of the Centre's staff, advisors, directors or officers. Issue Analysis papers (including back issues) can be purchased from CIS or can be downloaded free from www.cis.org.au.