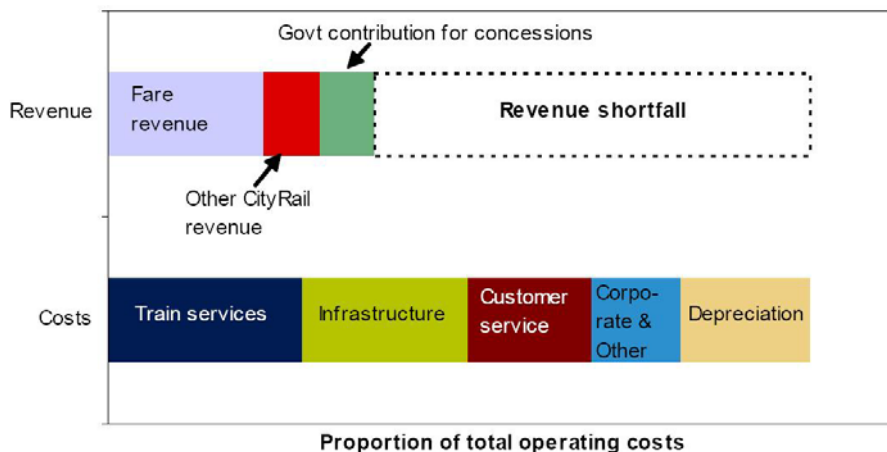


**APPENDIX 3: Performance Analysis- Continued**

**Profitability**

In 2007 the Independent Pricing and Regulatory Tribunal (IPART, 2007) conducted an annual analysis of CityRail’s financial situation and discovered that costs exceed revenue by a considerable margin. In 2006/2007 CityRail’s total expenditures were estimated to be \$2.1 billion and in 2007/2008 were expected to increase to \$2.4 billion. Meanwhile total revenue in 2006/2007 was \$529 million and \$551 million was expected in 2007/08. This also indicates that expenditures are increasing faster than revenue. Therefore CityRail’s operations have to be heavily subsidised by the NSW Government.

In 2006/2007 the government funding reached \$1.9 billion, which means every household in NSW provides a subsidy of \$15 per week in the form of their taxes. Other income is generated from fares and rent from commercial spaces at stations.



*Structure of revenue relative to total operating costs (IPART, 2007)*

**Shareholder Value**

Despite having many stakeholders, there are only two “Voting Shareholders”. One of them is the NSW Government represented by Premier, Mr. Nathan Rees and the Deputy Premier Carmel Tebbutt (Parliament of NSW, 2008). The second Voting Shareholder is the Ministry of Finance represented by the Hon. J.J. Della Bosca, MLC. Both Voting Shareholders hold one share on behalf of the NSW Government. The board of Directors of CityRail is appointed to by those Voting Shareholders and subsequently the members of the board report directly to them (RailCorp, 2007)

### Customer Satisfaction

Despite frequent criticism and negative publicity from the media, many website blogs criticising Sydney’s public transport, poor results (when compared to other public transport systems worldwide (Daily Telegraph, 2008a)) and the past experiences of the authors of this report (and their friends and colleagues) the customer satisfaction levels are surprisingly positive according to CityRail’s annual customer satisfaction survey (ITSRR, 2007).

Customers had their expectations met with CityRail’s website, stations’ signs, politeness and friendliness of staff, removal of litter and dirt, personal safety, etc. On the other hand expectations were not met for these aspects: crowding on trains, staff visibility on platforms during evening, availability of secured parking, delays and cancellations, etc. In recent years customers perceived punctuality as the most important aspect of public transport with frequency in second place. This has reversed in 2007 when 49% of commuters chose frequency while 41% chose punctuality and 9% chose journey time (ITSRR, 2007). On these most important criteria customer satisfaction levels are mostly acceptable:

<b>Aspect of service</b>	<b><i>Very poor</i></b>	<b><i>Poor</i></b>	<b><i>Acceptable</i></b>	<b><i>Good</i></b>	<b><i>Very good</i></b>
<b>Journey time</b>	5%	11%	33%	36%	14%
<b>Punctuality of trains</b>	10%	21%	32%	28%	9%
<b>Frequency of trains</b>	9%	20%	35%	25%	11%

(ITSRR  
, 2007)