

## ON EVIDENCE-BASED HIGH-SPEED RAIL FARES

### Brief Note #14 – July 5<sup>th</sup> 2011

From the authors of *The Financial Risks Of California's Proposed High-Speed Rail Project* and six Briefing Papers. Available at <http://www.cc-hsr.org/>

**Finding: CHSRA's projected fares not only don't mirror existing systems' but are also below the costs of running Europe and Japan's subsidized systems**

**Background:** In 2008 California's voters were promised they could travel from LA to SF ". . . for about \$50 a person."<sup>1</sup> By 2009 the one-way fare had doubled to \$105.<sup>2</sup> The driving distance between LA and SF is roughly 430 miles. The 2008 ticket price per mile was therefore \$0.12 per passenger mile; the 2009 ticket price \$0.24 per passenger mile.

What do subsidized European, Japanese systems, and their US high-speed rail's cousin (Acela), charge travelers for the one-way, least expensive class of travel on major segments? And what would the LA to SF least expensive class, high-speed rail ticket price be if those segments' rates were applied?<sup>3</sup>

EXISTING HIGH-SPEED RAIL SYSTEM SEGMENTS <sup>4</sup>	From/To	To/From	Miles Center to Center	One Way Lowest Adult Fare (\$US)	Lowest Adult Fare per passenger mile	A Similar CHSRA LA-SF Fare Would Therefore Be
Italy – Trenitalia	Rome	Milan	362	\$122	\$0.34	\$145
France – TGV	Paris	Lyon	289	\$115	\$0.40	\$171
Spain – AVE	Madrid	Barcelona	383	\$153	\$0.40	\$172
USA – Acela	Boston	WDC	449	\$196	\$0.44	\$188
Germany – ICE	Berlin	Frankfurt	339	\$168	\$0.50	\$213
Japan-Shinkansen	Tokyo	Osaka	343	\$170	\$0.50	\$213
EXISTING HIGH-SPEED RAIL AVERAGE PRICE PER PASSENGER MILE AND A COMPARABLE CHSRA LA-SF TICKET PRICE					\$0.43	\$184
AS PLANNED BY THE CALIFORNIA HIGH-SPEED RAIL AUTHORITY (CHSRA)						
CHSRA 2008 Plan	LA	SF	430	\$55 est.	\$0.12	na
CHSRA 2009 Plan	LA	SF	430	\$105 est.	\$0.24	na

Using the average of those existing systems' rates (\$0.43/mile), the least expensive, one-way, LA to SF ticket would cost about \$184. This is more than three times the price promised to voters in 2008, and almost twice (175%) the price in the CHSRA's 2009 Plan. If CHSRA is to it meet the Legislature's statutory requirement and keep its promises to 2008's voters about no operating subsidies, no new taxes and only "users of the system pay for the system", then the CHSRA fares must be higher – probably much higher.<sup>5</sup>

**Conclusions:** Since the average passenger per mile price of the six established system segments is \$0.43/mile (the five that are truly high-speed rail systems plus Acela), and all these systems are subsidized; their operating costs must be at least \$0.44/mile. How can the CHSRA price their tickets at just slightly more than half (\$0.24/mile) the actual average of \$0.43/mile rate and still claim to produce an operating margin (surplus)?<sup>6</sup> The CHSRA's estimated fares do not stand up to scrutiny; or even comparisons to Acela and the subsidized high-speed rail fares in Europe and Japan.

<sup>1</sup> See: The Official Voter Information Guide at <http://www.voterguide.sos.ca.gov/past/2008/general/argu-rebut/argu-rebutt1a.htm> (pg. 1)

<sup>2</sup> California High-Speed Rail Authority "Report to the Legislature; December 2009; pg. 65 and Table B, pg. 70.

<sup>3</sup> On the issue of high-speed rails' subsidies, see Note #6 and Note #10. Found at <http://www.cc-hsr.org/>

<sup>4</sup> Distances between European and US city pairs are from Google Maps, taking their city center to city center driving distances as representative of track miles. Ticket prices for European systems are from Rail Europe; <http://www.raileurope.com/index.html>. Distance and price (using \$US = 80.9 Yen) for Shinkansen are from East Japan Railway Company; at <http://www.jreast.co.jp/e/charge/index.asp>

<sup>5</sup> Section 2704.08(J) says the high-speed train cannot have an operating subsidy. Also see: Op. Cit Official Voter Information Guide says (pg 1) that the system will relieve congestion "without raising taxes" and Op. Cit Official Voter Information Guide (pg.2) that the "users of the system pay for the system"

<sup>6</sup> Op. Cit Report to the Legislature; December 2009; page 82, Table J.