

TRANSPORT ADMINISTRATION AMENDMENT (RAIL AND FERRY TRANSPORT AUTHORITIES) BILL 2008

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Second Reading

The Hon. HENRY TSANG (Parliamentary Secretary) [5.42 p.m.], on behalf of the Hon. John Della Bosca: I move:

That this bill be now read a second time.

I seek leave to have my second reading speech incorporated in *Hansard*.

Leave granted.

This Government is committed to doing what it takes to improve transport services for the people of New South Wales. The citizens of our State look to the elected members of Government to deliver on our commitments, and that is exactly how it should be. The buck stops here.

We, as a Government, are accountable for the delivery of essential services such as rail, bus and ferry transport. We accept this responsibility and we take it very seriously.

However, at the moment we do not have sufficient control over RailCorp or Sydney Ferries to produce results. This must change.

The public expects and demands that the Transport Minister is able to direct government-owned public transport service providers so that they deliver the services the Government has been elected to provide.

Operating transport services in New South Wales is a complex task.

Approximately two million passenger trips are taken on public transport in New South Wales every day, and about half of them are on our rail network. Ferry services in Sydney serve a smaller market, but even so provide around 35,000 passenger trips on an average weekday.

Transport is also an essential public service.

It plays a vital role in the social and economic wellbeing of a community and we need a governance structure that works.

We need transport agencies that can effectively run safe and reliable services that the people of New South Wales expect and, importantly, deserve.

We also need our transport agencies to be ultimately accountable to the people of New South Wales through their elected representatives.

The Government is introducing this legislation to change the corporate structure of RailCorp and Sydney Ferries to make that happen.

Under the current model, the Government does not have sufficient control over the operations of rail or ferry services.

Even a matter of urgency or public safety requires a written direction to the Board and otherwise requires following a slow and cumbersome process.

This legislation will give the Government the ability to direct the management of RailCorp and Sydney Ferries in the delivery of one of our State's vital public services, to ensure that the Government can

deliver on its policy directions for public transport.

State-owned corporations work well in some areas. They have worked well in the utilities and ports sectors and have allowed government organisations in these industries to be commercially focused in a competitive environment in which we expect to see dividends.

However, public transport services in New South Wales are heavily reliant on government funding and do not operate in a competitive market—they are essential public services not profit-making enterprises.

The community needs transport services every day—to get to work and school, to access shopping and commercial centres, to visit friends and family—but the needs of the community are not being met under the current arrangements. It has become clear that public transport services cannot be effectively managed under a system in which the delivery agency is a State-Owned Corporation, reporting to an independent Board and not the accountable Minister.

Even privately operated transport service providers have contracts with Government that provide for far greater accountability than the model that currently applies to government-owned rail and ferry services.

Mr Bret Walker, SC, in his 2007 report on the Special Commission of Inquiry into Sydney Ferries, highlighted the problems of the type of governance model that is currently used in the management of Sydney Ferries services—which, of course, is also used for RailCorp.

Mr Walker drew attention to the fact that throughout Australia and internationally, experience has shown that public transport systems do not operate on a commercially viable basis because they are unable to run services without significant funding contributions from Government.

He also commented that, while the Government is held responsible for public transport, the State-owned corporation governance model limits the Government's control over the delivery of these services.

Five years ago, consistent with recommendations of the Ministerial Inquiry into Sustainable Transport in New South Wales, the Government corporatised the organisations responsible for rail and ferry service delivery with the aim of improving management, increasing accountability and lifting the performance of transport services in a financially responsible way.

For the past few years RailCorp and Sydney Ferries have operated as businesses and have taken direction from and reported to a commercial board of management. These agencies have not delivered the results that the Government or the people of New South Wales expect under this arrangement and it is time for us to reclaim control.

I make no apologies for this Government taking the necessary steps to make sure we have a direct say in the running of our public transport services.

We are not afraid to make the changes necessary to get the very best results when it comes to providing transport services for the community and getting value for money for taxpayers.

As a result, the bill before this House amends the Transport Administration Act 1988 to reorganise the corporate structure of the existing rail and ferry agencies so that they become statutory authorities.

They will retain the corporate names of RailCorp and Sydney Ferries Corporation to avoid unnecessary costs.

There will be a Board for each authority and the Minister for Transport will appoint members who have the necessary skills and experience to get on with the job of delivering safe and reliable services in an efficient, effective and financially responsible manner.

The Boards will be subject to the direction and control of the Transport Minister in the exercise of their functions to ensure rail and ferry services are delivered in line with the Government's policies and to the high standards that public transport users expect.

Contrary to accusations that, in taking back control, we are "handing over the keys to union bosses", this Government has put RailCorp and Sydney Ferries on notice. They must lift their game or face the outsourcing of functions like maintenance or face private sector competition for the delivery of

services.

This means that both management and the relevant unions must put the interests of commuters first and get on with the job of improving the delivery of services. If they are not up to that task we will find someone who is.

In keeping with the recommendations made by Mr Bret Walker, SC, this bill will also allow the Government to put arrangements that are similar to the current bus service contracts in place for ferry services. It also creates a similar framework for contracting passenger rail services.

Mr Walker pointed out the need for an effective contracting regime to specify and regulate the provision of public transport and the Independent Pricing and Regulatory Tribunal's recent draft report titled Improving CityRail's Accountability and Incentives through Stronger Governance Arrangements also supports an effective contracting regime.

Therefore, the bill provides for the establishment of contracts that clearly stipulate what is expected of the rail and ferry authorities in terms of service levels, service alterations, community consultation, regular service reviews, performance standards and the handling of complaints.

The new arrangements will also provide incentives for patronage growth and service quality improvements.

We can already see how successfully these same contractual arrangements are working in the delivery of bus services.

There have been steady increases in patronage on bus services operating under the new contracts and there is now a level of community consultation in integrated bus network planning that has not been seen before in New South Wales.

Bringing rail and ferries into line with the provision of bus services in New South Wales will also assist the Government to deliver improvements across the transport portfolio such as fare harmonisation and reform, the introduction of a common ticketing system, standard performance reporting, better coordination between transport modes and network planning.

Importantly, the rights of existing private ferry operators who hold contracts under the Act are not affected. These operators are a small but vital part of the public transport network, particularly those providing services to communities that are difficult to reach by land-based transport.

Finally, as Mr Walker also recommended, the bill provides the maximum fares for contracted ferry services to be regulated—whether operated by Sydney Ferries or a private sector operator—and the Independent Pricing and Regulatory Tribunal will be the determining authority.

Similar provisions govern fares for contracted passenger rail services.

I commend this bill to the House.