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GENERAL PURPOSE STANDING COMMITTEE No. 4

Thursday 16 September 2010

Examination of proposed expenditure for the portfolio areas

TRANSPORT, CENTRAL COAST

The Committee met at 9.15 a.m.

MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. G. J. Donnelly
Ms C. M. Faehrmann
The Hon. K. F. Griffin

The Hon. M. R. Mason-Cox
The Hon. P. G. Sharpe

PRESENT

The Hon. J. C. Robertson, *Minister for Transport, and Minister for the Central Coast*

NSW Transport

Mr L. Wielinga, *Director General*

Mr R. Staples, *Chief Executive, Transport Infrastructure*

RailCorp

Mr R. Mason, *Chief Executive Officer*

State Transit Authority

Mr P. Rowley, *Chief Executive Officer*

Sydney Ferries Corporation

Mr D. Callahan, *Chief Executive Officer*

Transport Construction Authority

Mr C. Lock, *Chief Executive*

Department of Premier and Cabinet

Ms K. Minto, *Acting Regional Coordinator for the Central Coast*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I declare this hearing for the inquiry into budget estimates for 2010-2011 open to the public. I welcome Minister Robertson and accompanying officials to the hearing. Today the Committee will examine the proposed expenditure for the portfolios of Transport and Central Coast. Before we commence I will make some comments about procedural matters. In accordance with the Legislative Council's *Guidelines for the Broadcast of Proceedings*, only Committee members and witnesses may be filmed and recorded. People in the public gallery should not be the primary focus of any filming or photographs.

In reporting the proceedings of this Committee, you must take responsibility for what you publish and the interpretation you place on anything that is said before the Committee. The *Guidelines for the Broadcast of Proceedings* are available on the table by the door. Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers while at the table. I remind everyone to please turn off their mobile phones.

The Committee has agreed that the Transport portfolio will be examined from now until 12.15 p.m. and the Central Coast portfolio will be examined from 12.15 p.m. until 1.00 p.m. The Committee has resolved that answers to questions on notice must be provided within 21 days from the time that you receive them, or as otherwise determined by the Committee. The Committee has not varied the 21-day time frame. Transcripts of the hearing will be available on the web from tomorrow morning. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. I remind you, Minister, that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament. All other witnesses will be asked to state their full name, job title and agency and swear an oath or make an affirmation.

ROD STAPLES, Deputy Director General, Transport Infrastructure,

LESLIE ROBERT WIELINGA, Director General, Transport NSW, and

CHRISTOPHER DECLAN LOCK, Chief Executive, Transport Construction Authority, sworn and examined:

ROBERT FRANK JAMES MASON, Chief Executive, RailCorp,

DAVID JOHN CALLAHAN, Chief Executive, Sydney Ferries, and

PETER ROWLEY, Chief Executive, State Transit Authority, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolios of Transport and Central Coast open for examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

Minister, with respect to the CBD to Rozelle Metro, at the end of April this year the Government admitted to having already spent \$404 million on the CBD to Rozelle Metro, including \$3 million in compensation. Can you give us the cost of the project as it stands today?

The Hon. JOHN ROBERTSON: I am advised the expenditure to the end of June 2010 on all technical and related matters on the metro project since the initial announcement in 2008 is approximately \$318 million, including \$32.6 million of Commonwealth funds. In addition, approximately \$93 million has been paid to the five major consortia bidding for the major construction contracts for the project. The total expenditure includes approximately \$136 million for property acquisition and related transactions. Approximately \$5 million of total costs has been recouped from other government agencies and rent from properties. Following the decision in February 2010 to stop work on the metro project, Sydney Metro resources have been progressively reallocated to work on other transport projects. In regard to additional details, they will be provided in the Sydney Metro annual report, which will be available later this year.

The Hon. MATTHEW MASON-COX: What does all that add up to?

The Hon. JOHN ROBERTSON: You can do the maths: \$318 million plus \$93 million.

The Hon. MATTHEW MASON-COX: Plus \$136 million plus \$5 million.

The Hon. JOHN ROBERTSON: No, the total expenditure includes approximately \$136 million, I am advised, for property acquisition and related transactions.

CHAIR: Minister, what do you estimate the total cost of the project will be once compensation and other costs have been settled?

The Hon. JOHN ROBERTSON: Those figures and details will be provided once the Sydney Metro annual report is released later this year.

CHAIR: When will that be?

The Hon. JOHN ROBERTSON: I will ask Mr Staples or Mr Wielinga if they are aware when it will be released.

Mr WIELINGA: The annual reports for all agencies are published towards the end of the year and tabled in Parliament. It ranges from between October through to early December. The Sydney Metro one I expect around November.

CHAIR: At this stage what do you reckon the estimated total cost of the project that appears in the annual report will be?

Mr WIELINGA: Given that discussions are still occurring with some of the affected property owners, it is probably not able to be predicted with accuracy at this stage. We can progressively provide information, but not the full details at this time.

CHAIR: What is the estimate at this time?

The Hon. JOHN ROBERTSON: We have said it will be provided when the report is released later this year.

CHAIR: You do not have an estimate?

The Hon. JOHN ROBERTSON: We are not going to speculate on figures. Mr Wielinga has made the point that there are ongoing issues that are being dealt with. I think you would be aware of that. As such, those figures will be released when the annual report is available and tabled later in the year.

CHAIR: Can you tell the Committee what is the total of outstanding compensation claims?

The Hon. JOHN ROBERTSON: Those matters are ongoing. There are ongoing legal matters that are likely to progress before the courts and those sorts of things. At the moment it is difficult to give any figures until all matters are resolved.

CHAIR: Do you have any timetable for when you think this matter will be wrapped up?

The Hon. JOHN ROBERTSON: My advice is that people have got rights that they can exercise for an extensive period of time in some circumstances. I might ask Mr Staples to deal specifically with that.

Mr STAPLES: In terms of the claims process that we have been running with KPMG as our independent assessor, we are expecting to bring it to a close in a matter of weeks. However, as the Minister has indicated, there are other rights available to the majority of the claimants to lodge appeals in the Land and Environment Court and those appeals start from three years to the notification of abandoning acquisition processes. So there is an outstanding opportunity for some claimants who have not resolved the issues to do that for a period of three years. Where they have put in a submission and we have made an offer to them for reimbursement of costs, they have 90 days to lodge an appeal in the Land and Environment Court if they are not satisfied by the determination that we have made. So those matters will be dependent on when we gave the determination to them in terms of the time frame.

CHAIR: So it could be years down the track before the project so far is brought to some conclusion financially?

Mr STAPLES: We expect the majority to be brought to a conclusion this year, but there is some potential for some residual activities beyond that.

CHAIR: What contingency has the State Government made in relation to those outstanding claims for compensation?

The Hon. JOHN ROBERTSON: We have budgeted for these situations and we have capacity to deal with it.

CHAIR: What is the budget?

The Hon. JOHN ROBERTSON: The budget figures will all be available in that annual report, which will be available later this year.

CHAIR: Why are they not available now?

The Hon. JOHN ROBERTSON: The figures will be available later in the year when we table the annual report. If you want accurate figures, those accurate figures will be available when that report is tabled later in the year.

CHAIR: This is an estimates hearing, so have you got any estimates?

The Hon. JOHN ROBERTSON: I think we have dealt with the fact that they are ongoing. It is very difficult to speculate on what might or might not be the circumstances.

CHAIR: You mentioned the KPMG report. Why are you refusing to make publicly available the Deloitte and KPMG reports into compensation claims?

The Hon. JOHN ROBERTSON: In February the Cabinet made the difficult decision to stop work on the metro so that we could redirect money into trains, buses and growing our existing transport network. It was not an easy decision to be taken but the Government has done the right thing. The move has freed up more funding for buses, trains, bus corridors and more rail infrastructure to reduce journey times, improve services and increase capacity on the public transport network. I assure the Committee that we are, and will continue to be, as transparent as possible with the taxpayers of New South Wales.

There are literally hundreds of documents publicly available on the Transport NSW website. I have made a public commitment—and I will reiterate it—to release as much information as possible about this project and the process. But I am not going to release documents that contain private information about individuals, small businesses, private properties and the commercial activities of private sector companies. The people of New South Wales are entitled to be able to deal with the New South Wales Government with confidence that their private affairs will not be made public for cheap political pointscoring.

CHAIR: Do you have any intention of ever making those reports available?

The Hon. JOHN ROBERTSON: The process, as we have said, to manage property and third-party claims is ongoing, and the release of the information could compromise ongoing commercial discussions. Once the process is finalised—and I will say it again—I have asked the chair of the steering committee that is overseeing this process to provide advice on what information can be released without negatively impacting on individuals or businesses.

The Hon. MATTHEW MASON-COX: Minister, as I understand it the Deloitte report deals with the compensation for the bidding consortia, does it not?

The Hon. JOHN ROBERTSON: That is right.

The Hon. MATTHEW MASON-COX: I understand that that report recommended that \$93 million to be paid to the bidding consortia, is that correct?

The Hon. JOHN ROBERTSON: I think that is about right, yes.

The Hon. MATTHEW MASON-COX: Has that money been paid to the bidding consortia?

Mr STAPLES: Yes, it has.

The Hon. MATTHEW MASON-COX: In acceptance that there will be no further claims from those bidding consortia, I presume?

Mr STAPLES: Yes, that is correct.

The Hon. MATTHEW MASON-COX: Given that that matter has been settled, if you like, why is the report not being released publicly?

The Hon. JOHN ROBERTSON: Again, I asked the chair of the steering committee that is overseeing the independent assessment to provide me with advice on whether the Deloitte report could be released without negatively impacting on individuals or businesses. I think it is very important to make the point that we do not want to have a negative impact on anyone in regard to this. The advice I received outlined the fact that the Deloitte report contains huge volumes of commercial information about individual businesses and that the release of the information would have a serious impact on the businesses. He also advised me that the redaction of the sensitive information would, in effect, make the documents nonsensical. In lieu of the release of the report, the chair asked Deloitte to prepare a document that outlined the process that was followed and provide as

much information as possible on the reimbursements paid, and that document is now available on the Transport NSW website.

The Hon. MATTHEW MASON-COX: The Deloitte report is available?

The Hon. JOHN ROBERTSON: No, I said that—

The Hon. MATTHEW MASON-COX: It just strikes me as odd that you consistently say that you want to be open and transparent and accountable in relation to this process but you refuse to release a report—the Deloitte report—on a matter that has been settled in the interests of transparency and accountability. Why will you not do that?

The Hon. JOHN ROBERTSON: I asked for advice, as I have already outlined, and on the basis of that advice—that the redaction of the sensitive information would, in effect, make the documents nonsensical—rather than not release—

The Hon. MATTHEW MASON-COX: I think your position is nonsensical, Minister.

The Hon. GREG DONNELLY: Point of order—

The Hon. MATTHEW MASON-COX: We will move on.

The Hon. JOHN ROBERTSON: I am happy to keep answering your questions if you like.

The Hon. MATTHEW MASON-COX: How much compensation has been paid to date to small businesses arising out of the central business district [CBD] to Rozelle metro cancellation?

The Hon. JOHN ROBERTSON: I might get Mr Staples to answer that.

Mr STAPLES: We are going through the process of reimbursement at the moment and once we finalise that we will provide a summary of the total payments made when it is brought to a close later this year, and that will be documented in the annual report as well.

The Hon. MATTHEW MASON-COX: How many businesses have been compensated so far?

Mr STAPLES: We have received about 75 claims over the period from when we invited property owners particularly that we were dealing with to put in their claims, and approximately half of those have refused payment and about 90 per cent have been offered reimbursement.

The Hon. MATTHEW MASON-COX: So that is 90 per cent of 75 claims?

Mr STAPLES: About 90 per cent have offers. Some of the claimants who have not been paid yet are still considering their offers. We are meeting with some of them to discuss aspects of their claims where additional information may exist that warrants reconsideration.

The Hon. MATTHEW MASON-COX: Once they have received an offer they have three months in which to consider it?

Mr STAPLES: The majority do. It is a little more complicated depending on the stage they reached in the acquisition process. The 90-day timeframe relates to their rights through the Land and Environment Court. Generally speaking, we have given people a period of weeks to consider their offer, to talk to us about it and to see whether there is any additional information that they can provide to clarify their claim.

The Hon. MATTHEW MASON-COX: Minister, what action have you taken personally to ensure that small businesses affected by this failed project are dealt with fairly?

The Hon. JOHN ROBERTSON: An independent process was established by the Government to ensure that all businesses were treated equally and fairly.

The Hon. MATTHEW MASON-COX: The large businesses—the bidding consortia—had their compensation of \$93 million finalised within three months of your announcement in February. However, a range of small businesses are still caught up in the process. Is that fair treatment of small businesses?

The Hon. JOHN ROBERTSON: It is important for us to ensure that we have a process to deal with these matters expeditiously. That process utilises the services of KPMG, which makes assessments about whether people have an entitlement. There is an additional process through which people have access to former Land and Environment Court Justice Paul Stein. We are working through that process with those businesses on a first-in, first-served basis. We are working to ensure that we get the balance right—that is, we are ensuring that we act responsibly in expending taxpayers' money. At the same time, we are ensuring that those who have an entitlement are dealt with appropriately.

The Hon. MATTHEW MASON-COX: It strikes me as odd that in four months you have dealt with the bidding consortia, which has its \$93 million, but another four months later only 50 per cent of the affected small businesses have an offer. Is that correct?

Mr STAPLES: I will clarify that: 50 per cent have an offer and have accepted payment, another 40 per cent have been offered payment but have not yet received it, and a further 10 per cent are awaiting an offer. That 10 per cent includes the most complex claims that have required a lot of ongoing interaction with the claimants until recently and some that have been received only recently. While we asked people to submit a claim by the end of March, we did not close the door; we allowed later claims and we continued to receive them until August. It is only complex claims and claims received recently that are outstanding.

The Hon. MATTHEW MASON-COX: I imagine that the claims from the bidding consortia would have been reasonably complex, would they not?

Mr STAPLES: They were, but they went through a tender process that involved clear parameters. That made the assessment process more straightforward. We were also dealing with only five parties. The property claims tended to involve individual circumstances that required careful examination.

The Hon. MATTHEW MASON-COX: Do you expect all the small business claimants to have a formal offer from the Government by the end of this year? Is that your timeline?

Mr STAPLES: We expect all those who have lodged a claim to have received an offer within a matter of weeks. That is not limited to small businesses; it involves any claimants, not necessarily only small businesses.

The Hon. MATTHEW MASON-COX: The 90-day period will then commence during which they will consider their offer, and it will expire at about Christmas. Will you then have an idea of what is outstanding in terms of offers not accepted?

Mr STAPLES: Yes. We will continue to work with the claimants between now and then, as we have all the way through the process, to bring these matters to a close as quickly as possible. Sometimes it requires them to do further work and to find additional information. It is dependent on when we get that further information.

The Hon. MATTHEW MASON-COX: I refer in particular to the businesses at Chifley Arcade. Given that the Government forcibly vacated two buildings during the global financial crisis at 9-10 Elizabeth Street and 12 Castlereagh Street, which you would be aware had a devastating impact on the businesses involved, why have those businesses not been compensated?

Mr STAPLES: The majority of the claims were received from parties we were dealing with through a property acquisition process. We approached them to acquire their property and we issued acquisition notices. We have received additional claims from parties that were not involved in that process; that is, we were not looking to buy their property. However, we have accepted those claims and put them through the same process with KPMG. A number of those parties have not as yet received any payment. Some have been advised that there is no basis for a payment according to the KPMG process. As the Minister said, some of them have a right of appeal through an external review undertaken by Justice Paul Stein, who is a former Land and Environment Court judge. They are going through that process at the moment. Some of the claimants have asked to be

considered outside the KPMG process and the Government is examining that issue at the moment. I cannot provide any further detail on that.

The Hon. JOHN ROBERTSON: I make it clear that these are people who were affected by the purchase of a building for the purposes of a construction project. A process was put in place and we are dealing with legal entitlements while being responsible with taxpayers' money. Some small businesses were affected by construction undertaken in the middle of the Sydney central business district, which is an not unusual concept for anyone who has spent any time in Sydney's central business district where buildings are purchased by developers, planning applications are lodged, approvals are issued, buildings are emptied, demolition occurs and new buildings are erected. Those new buildings are then tenanted and people move in.

My experience is that there is an expectation that because this involves the Government something else should happen. If the buildings were purchased by a private property developer the circumstances would be identical—that is, the building would be purchased, emptied, demolished and a number of businesses would be affected. The Government is going through the process of establishing legal entitlement. It is acting responsibly in meeting its legal obligations in these circumstances.

The Hon. MATTHEW MASON-COX: I will take the private sector analogy a step further. In this case, the Government bought the buildings, undermined the businesses that relied on them, then went bankrupt and pulled the plug on the project and left the whole thing dangling. Is that not the true analogy if you take the private sector perspective?

The Hon. JOHN ROBERTSON: I like analogies and I am happy to continue using them. This is analogous to the private sector purchasing a building, emptying it and then making a decision not to proceed with the project. It is identical to that. It could happen and has happened historically within the construction and development industry over many years. People purchase buildings, empty them and then, for a range of reasons, decide not to proceed with a project. I acknowledge that consequences flow from that. However, we are dealing with this situation using independent, external advisers, in this case KPMG, to examine the situation. We have established an additional appeal process involving a highly regarded former judge of the Land and Environment Court, Justice Paul Stein. People are being offered the opportunity to have their claims reviewed and that process is available to everyone involved in this situation.

The Hon. MATTHEW MASON-COX: Will the Government be compensating small businesses that have had resale value extinguished because of the deferment of the metro project?

The Hon. JOHN ROBERTSON: The Government has been very clear about this. It is dealing with each and every one of these claims, including the Chifley Arcade claims, while ensuring that it meets its legal obligations.

The Hon. MATTHEW MASON-COX: Mr Staples, what is the basis of a valid compensation claim?

Mr STAPLES: The basis of the assessment undertaken by KPMG is the Land Acquisition (Just Terms Compensation) Act, which contains provisions dealing with abandoning acquisition of land. There are specific heads that must be taken into account when considering reimbursement and the associated costs. KPMG has been working very much within those parameters.

Ms CATE FAEHRMANN: Minister, can you please provide a breakdown of the costs associated with the \$2.6 billion Parramatta to Epping rail link?

The Hon. JOHN ROBERTSON: I might ask Mr Wielinga to go through the details of the breakdown.

Mr WIELINGA: The Parramatta to Epping rail link has a concept estimate of \$2.6 billion. It is essentially for the civil work and construction of the communication system and signalling system of the railway. It does not include stabling, it does not include rolling stock, it does not include property acquisition. It is for the civil infrastructure, the design and construction.

Ms CATE FAEHRMANN: How much of that \$2.6 billion is for contingency for risks and how much is for the Transport Construction Authority's fees?

Mr WIELINGA: Perhaps I should take a little time to talk about risk and contingency around projects. When quantity surveyors, project managers and civil engineers prepare an estimate for a project there is contingency put in it but it is not contingency called spare money; it is put there because it recognises the uncertainties in execution and delivering a project. When that money is put into projects at this stage, when you have reasonable scope information about a project, you expect that money to be used when uncertainties unfold. When you have risks on a project—there might be 40 or 50 risks associated with a project that could potentially impact on its costs—not all of those will materialise. There is a process that goes through to project a certainty of price on the outcome of the project. You do a risk-weighted approach. You do Monte Carlos on the risk. You do computer simulations of delivering the project 5,000 or 10,000 times. You get a cumulative risk per curve. You pick a 90 per cent or 50 per cent certainty and you provide a provision, but the fundamental tenet underneath it is that that is not spare money; that is a provision for things that you know will happen in delivering a major project.

Ms CATE FAEHRMANN: So, how much of the \$2.6 billion has been put aside for risk?

Mr WIELINGA: I need to get advice on it but at this stage, for a project like that, it is in the order of around 30 per cent.

Ms CATE FAEHRMANN: Who was involved in coming up with that \$2.6 billion? Is it just officials within the Transport Construction Authority? How is that \$2.6 billion determined?

Mr WIELINGA: It is qualified estimators, project managers, civil engineers, in this case in the Transport Construction Authority.

Ms CATE FAEHRMANN: So, regarding stage two of the South West Rail Link, can you please tell me how much the new station and commuter car park at Leppington and Edmondson Park respectively cost?

Mr WIELINGA: I do not have that detailed information with me. I will check with Chris Lock.

Ms CATE FAEHRMANN: For stage two it is \$1.3 billion. There are two commuter car parks in there, two new stations and commuter car parks. There is a new train stabling facility and there are 11.4 kilometres of train line. They are the four main aspects of that \$1.3 billion. The figure would be pretty easy, I would think, for you to tell me how much one of the stations cost, considering it is the major component of stage two.

The Hon. JOHN ROBERTSON: The head of the Transport Construction Authority, Chris Lock, is here. He might be able to answer your question.

Mr LOCK: Stage two of the South West Rail Link is out for tender at the moment. Tenders close on 2 October. When those tenders come in and are appropriately assessed we will be able to tell you exactly how much the real cost of the car parks, of the track work, of the civil infrastructure, the rail system—the stabling and so on—is going to be.

The Hon. JOHN ROBERTSON: One of the reasons we do not want to release those figures is that once those figures are out there the bids tend to reflect whatever is allocated in the total budget for each of those particular packages. So, if we said commuter car park X was budgeted for whatever the figure might be, you can pretty well anticipate all those tenderers will come in knowing that is what we have budgeted for. That is why we apply a global figure and then go out to tender to each of those packages without identifying specific aspects.

Ms CATE FAEHRMANN: You can argue that the global figure of \$1.3 billion, which many transport experts have said is quite overinflated, does that anyway. It allows private contractors to come in with quite overinflated bids. That is what I am trying to get to the bottom of here—how much a commuter car park will cost.

The Hon. JOHN ROBERTSON: It is one of the joys of government where you have to allocate figures to projects and those figures become publicly available. What we try to do is allocate specific components of the project with a figure for the world to see so when we call tenders we do not necessarily get competitive tenders; we get tenders that put figures in based on what is budgeted for for a commuter car park or for signalling or for stabling. I accept that might be frustrating, but this is a really important project for south-west Sydney. It is one of those significant growth centres and it is one of the critical pieces of infrastructure that

needs to be put in place to make sure that the people who move there are going to be in a position to access public transport. We do not want people in these circumstances waiting. They will have the public transport. If my memory serves me correctly, there are going to be about 110,000 dwellings in this growth centre. We want to make sure we have funding available to do that. We also have to make sure we get value in the tenders we call for each component of this project. Hence we do not break down those figures but we can give you the figures once the tenders close and break it down.

Ms CATE FAEHRMANN: The thing is the estimates for all of these rail links keep going up and as long as the final estimate of the huge projects keeps going up—exponentially, actually, compared to other States—we are increasingly unlikely to see projects either being approved or being built. This is a problem with the \$2.1 billion, is it?

The Hon. JOHN ROBERTSON: The total for the South West Rail Link project is \$2.1 billion, but that includes Glenfield upgrades. It includes also the car park that I opened recently with the member for Macquarie Fields and the Premier, which provides 700 additional car park spaces at Glenfield. The critical thing here is that the money you are referring to, the total of \$2.1 billion, is part of the Metropolitan Transport Plan, which is \$50.2 billion fully funded. The South West Rail Link is a project that we are progressing now. To somehow suggest it is not going to happen—and I know the Opposition likes to say that we are not building it and it is banging on about us purchasing land out there for this rail link—we are building the flyovers at Glenfield, and the upgrade of Glenfield Station is going on right now.

You are concerned about the cost and this not progressing. I can assure you we have fully funded this project. This project is underway right now. Last week in the House I invited anyone who is interested to come out with me and I will take them around. I know you were not there then but I will extend to you the same invitation. I am happy to take you around and show you what construction is going on right now in the south-west. This is not a project that you can be concerned might not proceed; the work is out there right now. They have been driving piles, building the flyovers. The Glenfield station is there. The car park is open at Glenfield. Seddon Park is open as well, which got an additional 117 car parking spaces. This is happening right now. It is fully funded. It is part of the Metropolitan Transport Plan and we have allocated \$50.2 billion in its entirety, fully funded.

Ms CATE FAEHRMANN: I am aware some of it is happening right now, and that is a good thing and it would be great to go out and have a look at it. But what I really want to look at is a breakdown of some of the estimates and costs in association with the overall estimate of the huge rail projects. On 29 September last year an advertisement ran in the *Sydney Morning Herald*. It consisted of a statement addressed to the Commonwealth Grants Commission and was signed by the Treasurer, Unions New South Wales and a number of business chambers and others. The following statement is made:

Due to the geographical and population spread of Sydney, tunnelling is one of the only options to improve transport and rail links—and the cost of tunnelling through Sydney sandstone is \$400 million a kilometre.

Are you aware of that statement, Minister?

The Hon. JOHN ROBERTSON: I am vaguely familiar with it.

Ms CATE FAEHRMANN: This is a statement by the Treasurer. Do you know what type of tunnelling that is referring to? Is it a four-lane road tunnel, a single-track rail tunnel?

The Hon. JOHN ROBERTSON: I cannot remember seeing the advertisement but I am familiar with the arguments because those arguments have been around for years in terms of the Grants Commission and how we receive funding and how funding is allocated to different States. One of the arguments has been—historically, often going back to when Michael Egan was Treasurer and I was secretary of Unions New South Wales—about how funding was applied through the Grants Commission and the difficulties and the unique nature for Sydney when it came to us building infrastructure because of the topography of Sydney, the way Sydney had evolved and those sorts of things. The reality is, unlike a lot of other cities, when we talk about improving transport options a lot of it is associated with tunnelling. If you talk about the M5 East and the M4 East extension—and the Metropolitan Transport Plan talks about the Western Express, where we are talking about tunnelling from Redfern to build new platforms at Redfern, Central, Town Hall and Wynyard—all those things are extraordinarily expensive because we have to tunnel.

CATE FAEHRMANN: They are not \$400 million a kilometre, though—nowhere near it.

The Hon. JOHN ROBERTSON: I did not sign off on the advertisement. If you are asking my view of what the Treasurer said, you are going to have to ask him because I cannot tell you. I can simply tell you that tunnelling is a very expensive exercise. You have to do geological testing and take core samples. I will give you an example that I am aware of. The airport link is a classic example of where tunnelling was not only through hard rock; it was also through soft sand. It required a different sort of engineering technology to be applied and different work practices to be in place. We tunnelled under an operational airport, so a lot of contingencies have to be put into place. For us, the cost of building the sorts of infrastructure that we need to build is much more expensive than it is for any other State. The argument in that advertisement, if it is the same argument that has been around for years, is one of saying to the Grants Commission, "You need to review the formula that better reflects the costs associated with building infrastructure in Sydney by comparison to Melbourne, Brisbane, Perth or Adelaide".

Ms CATE FAEHRMANN: Their argument in that advertisement may actually reflect a mindset that seems to triple initial costs. I am wondering whether the Transport Construction Authority, which has recently changed its name, changed its name because it had an acronym that stood for triple initial development costs within the transport bureaucracy.

The Hon. JOHN ROBERTSON: I have not heard that before.

Ms CATE FAEHRMANN: The \$400 million per kilometre that you are referring to is essentially quadruple the amount that it costs to tunnel under the airport line. I know that the airport tunnel, which is eight kilometres long, was done in 2000, but the \$400 million does not account for consumer price index increases. What I am trying to get at is how does the Transport Construction Authority come up with these estimates? I would think, on the face of it, that they are grossly overinflated. It means that the private companies that then bid are bidding in a grossly overinflated way. Somebody is benefiting from all this and it is definitely not the people of New South Wales. Can we see the figures, the estimates and how the Transport Construction Authority gets to these estimates for these projects?

The Hon. JOHN ROBERTSON: The first thing I would say is that it changed its name because we established Transport NSW to centralise all these agencies under one individual, being Mr Wielinga, to make sure that we can allocate our budgets properly so that we can transfer budgets within agencies to where it is best required and where we can get the best outcome in the circumstances that exist. In regard to the advertisement and figure that is in the advertisement, I cannot answer for where that figure has come from. I was not party to the drafting of the advertisement. I suggest if the figure you are referring to in the advertisement is the question, you would need to ask the Treasurer, maybe the secretary of Unions NSW or the business chambers.

Ms CATE FAEHRMANN: How much is stage one of the North West Rail Link from Epping to Castle Hill currently costed at by your Government?

The Hon. JOHN ROBERTSON: I will take it on notice and come back to you.

Ms CATE FAEHRMANN: Has the Government made a final decision on which alignment to use under central Sydney for its planned CityRail central business district relief line?

The Hon. JOHN ROBERTSON: At this stage there is a proposal that is out there for the western alignment. There are reasons for that. You would be familiar no doubt, as everybody here would be, with the *Sydney Morning Herald* exercise undertaken by Mr Ron Christie in regards to an alternative alignment. There are issues associated with selecting an alignment through the city that deal with, for instance, our issues associated with the Western Express line. It is worth making the point that the Western Express line is a fantastic project that is going to deliver increased services and quite significantly shorten travel times for people all the way from the Blue Mountains on the Richmond line, as well as the western line to the Blue Mountains. It is a project that will see increased seating capacity in our peak hours and a project that is well worth doing.

One of the things that is contemplated at the time when you think about alignments are, first, the areas that need to be serviced in our central business district and how best to deliver those services and, secondly, as we continue to increase our rail network—the Parramatta to Epping rail line, the North West Rail Link, duplication of the Richmond line, South West Rail Link—all those things also lead into how we manage our network. One of the things that need to be contemplated in the future is a second harbour crossing. As such,

when you talk about alignments and whether it is the western alignment or the Pitt Street alignment—I think it is referred to by the *Sydney Morning Herald*—a whole range of things needs to be taken into consideration when we look at that. My recollection at this stage is that there is no final decision on an alignment but a long consideration needs to be made, not simply who thinks what would be an appropriate alignment for a particular project but how that integrates into a rail network.

Ms CATE FAEHRMANN: When is the Government due to make the decision on that?

The Hon. JOHN ROBERTSON: It will make the decision on that this year. I should just add that I have met with Mr Christie. Prior to him going overseas I actually took the opportunity to meet with Mr Christie. I have known him for many years and know he is very highly regarded when it comes to transport planning and the like. I took the opportunity to meet with him and also the gentleman from the University of Technology, Sydney, who was also involved, Dr Garry Glazebrook. I have taken the opportunity to meet with both of those gentlemen to explore the reasons why they have talked about Pitt Street as opposed to the western alignment. I think it is important to talk to these people to try to understand how they have arrived at these conclusions but we will make a decision later this year.

Ms CATE FAEHRMANN: Is the Government prepared to release the advice it has received, including advice from external consultants, on which corridor through the central business district is best for maximising capacity across the entire CityRail network?

The Hon. JOHN ROBERTSON: I will take that on notice.

Ms CATE FAEHRMANN: Are you prepared to release it?

The Hon. JOHN ROBERTSON: I will take it on notice and come back to you.

Ms CATE FAEHRMANN: Why is the State Government unwilling to support a feasibility study for rail funded by the Sustainable Living Initiative Funding Program as requested by Coffs Harbour council in its submission to the State Government?

The Hon. JOHN ROBERTSON: I am not aware of the submission. I will take that on notice.

Ms CATE FAEHRMANN: Back to rail costings then, how did the Government calculate its \$6.7 billion for the full CityRail North West Rail Link? A question was put to the Treasurer and the Minister on 23 February by Lee Rhiannon asking for detail on that. We got an answer back stating that the estimate is based on an analysis and data that includes comparisons against similar recently completed projects, such as the Epping to Chatswood rail. Can you expand again in terms of cost breakdowns on that \$6.7 billion for the full CityRail North West Rail Link?

The Hon. JOHN ROBERTSON: I am happy to talk about the project because it is one of the projects that we are talking about proceeding with.

Ms CATE FAEHRMANN: Costings though, rather than just the project broadly, please Minister.

The Hon. JOHN ROBERTSON: Again, we are committed to that project under the Metropolitan Transport Plan. It is fully funded, it is targeted and it will start in 2017. It is one of those projects that the Government is keen to make sure happens and it is part of that fully funded program under the Metropolitan Transport Plan. In terms of the breakdown of figures, Mr Wielinga might be able to give you an outline.

Mr WIELINGA: There are three different types of estimates based on the type of information you have, depending on where you are at in the life cycle. The first of those estimates is what we call a comparison with typical costs of previous projects or previous recent projects. They tend to be X kilometres per kilometre delivered—that sort of thing. The second estimate is when you have preliminary concept information, you are starting to get a breakdown of the scope and the quantities associated with the project, then you can again use typical costs for those components. The third more detailed estimate is what is called a first principles estimate. You have had a detailed quality survey of things, you have rates that can be estimated, you can calculate staff, materials, equipment that is needed and make a detailed estimate. That is generally done just before you call a contract. It goes through phases. The first phase for a project some years down the track is you use typical

estimates for projects of that type to indicate what the cost is. As information about the project improves you can—

Ms CATE FAEHRMANN: Will the Minister release details of those estimates so that the public can have some kind of faith in the costings of the projects under it?

The Hon. JOHN ROBERTSON: I will take that on notice.

Ms CATE FAEHRMANN: Are there any efforts being made by RailCorp to develop or recruit expertise in design construction or operation of light rail networks?

Mr WIELINGA: The light rail network project at the moment is being handled in the Infrastructure Division of Transport NSW and, yes we are recruiting people at the moment who can help us with those projects.

Ms CATE FAEHRMANN: How many people with a background specifically in light rail work do you have within Transport NSW?

Mr WIELINGA: We have project managers who are experienced with rail. Not a lot of light rail projects are being undertaken in Australia, as you are aware. We bring that expertise in, not only from within the public service but from within the large engineering companies that work in this State at the moment. All of those large engineering companies are global at the moment and they tack into that expertise for us and we utilise it when it is needed.

Ms CATE FAEHRMANN: So you do not have anybody specifically within the department who is a light rail expert?

Mr WIELINGA: Do I have an engineer who is a light rail expert at the moment? No, I do not, but I have access to those people from various sources in the private sector.

Mr STAPLES: I might just add to that. There are some people within the Transport Infrastructure division who have had experience with light rail, having been involved in the original development of the light rail that is operational now. They have been with the department for some time, so they have experience and knowledge of that. We have brought in consultants who had experience with the development of stage one as well, and we have brought in consultants who have had experience of light rail in other parts of Australia. We have also been working with other jurisdictions, such as Queensland where they are developing the Gold Coast light rail at the moment, sharing and learning from them in terms of cost realisation so we actually build up the skill set, because there has not been any development of light rail in Sydney for some time. We are working to build that, but we are working from the knowledge base that we have.

The Hon. GREG DONNELLY: Minister, how successful have the New South Wales Government's free central business district and Gong Shuttle buses been?

The Hon. JOHN ROBERTSON: The New South Wales Government is constantly looking for innovative ways to make public transport services more accessible and user friendly, and to get even more people out of their cars and onto trains, buses and ferries. One of the most popular transport initiatives over the past year has been the Government's free shuttle buses around the Sydney central business district and Wollongong. The patronage of these buses is phenomenal.

The Gong Shuttle has proved to be a winner in Wollongong, with more than 3.7 million passengers using the service to travel between the city's key destinations since it was introduced on 18 March 2009. That is more than 7000 a day. The shuttle runs as a free hop-on hop-off loop around the Wollongong central business district in both directions, with stops at key locations and landmarks, including the hospital, university, station and beach. The Gong Shuttle is extremely popular in Wollongong. It has been successful in reducing congestion around the central business district. It was so popular that the New South Wales Government expanded its operation on its one year anniversary in March. The Gong Shuttle was filling up so quickly that the Government increased its frequency during week days from every 20 minutes to every 10 minutes, with a 20 minute service frequency between 8.00 a.m. and 6.00 p.m. on the weekend. The bus continues to make a real difference to the Wollongong community. A survey by the *Illawarra Mercury* of 100 Gong Shuttle commuters found that 36 per

cent would have driven their cars if the bus did not exist. This is proof that this initiative is paying dividends for the local community.

Just as popular has been the 555 central business district shuttle that operates around Sydney. As of this week, there have been nearly three million passengers carried on the 555 since it went into service in December 2008. In May last year around 2,500 people were using the service each day. I am advised that figure has now grown to more than 4,000 each day. The 555 is popular as it is fast, it is free and it is easy to find. It passes through many of the key precincts of the city. The bright green 555 buses loop in both directions between Circular Quay and Central Station, along George Street and Elizabeth Street. The service connects the harbour with Sydney's main shopping district in the heart of the city, as well as Hyde Park, the George Street entertainment strip, Chinatown, Town Hall, Wynyard and other train stations. In particular, the shuttle bus makes it easier to move between transport hubs like Circular Quay and Central Station.

The New South Wales Government started the free and convenient route 555 bus service after seeing the need for better connections around the central business district. You do not need a ticket or a timetable; you just look for the green bus and jump on board seven days a week. It is a high frequency service, running every 10 minutes from 9.30 a.m. to 3.30 p.m. Monday to Friday, with a late finish of 9.00 p.m. on Thursday evenings to cater for late night shoppers. On weekends it runs every ten minutes between 9.30 p.m. and 6.00 p.m.

Both these free services are making it easier for people to leave the car at home and catch public transport. By better connecting existing transport services, the New South Wales Government is cutting travel times for commuters and making a real difference to their daily journeys. If I could also add, I would urge you all to get on. It is what I use to get around the city on a very regular basis and it is a fantastic service.

The Hon. GREG DONNELLY: I agree.

The Hon. PENNY SHARPE: Minister, I want to ask you about the community reaction to Metrobuses and the Government's plans to expand the network.

The Hon. JOHN ROBERTSON: In July this year the Premier announced that the popular Metrobus network would be expanded across Sydney, with the number of routes increasing to a total of 13. This represents a significant boost to public transport across Sydney, with Metrobus routes providing a brand new transport network, criss-crossing the city seven days a week. Their frequencies make them even more attractive as a travel option, with 10-minute frequencies during peak periods, 15-minute frequencies during week day off peaks and 20-minute frequencies in the evening and on weekends. There are currently five Metrobus routes in operation: M10 between Leichhardt and Maroubra Junction; M20 between Gore Hill and Mascot; M30 between Mosman and Sydenham; M40 between Chatswood and Bondi Junction; and M52 between Parramatta and the Sydney central business district via Victoria Road.

The distinctive red Metrobus services have been very popular with passengers. Since the service was launched in October 2008, more than five million people have used the Metrobus. With the introduction of each new service, passengers quickly realise the benefits of Metrobus. For example, since the M40 service between Chatswood and Bondi Junction was introduced in July this year, patronage has grown on a weekly basis. The service quality has moved passengers to write to local papers and to Sydney Buses to praise the service, and here are just two examples. The first one:

Congratulations and thank you to everyone involved in getting the new M40 route up and running. I live at Centennial Park and have just started a new job at Chatswood and having this bus saves me so much hassle and stress.

And the second one:

I am just so happy with this excellent change to my commuting. It has made my day so much more organised.

The big red Metrobuses raise the profile of public transport, promoting the travel options available by bus. They are all air-conditioned vehicles with low-floor, making travel easier for older people, those in wheelchairs and parents with prams. These environmentally friendly buses emit less greenhouse gases into the air and for every passenger that travels on them, that is one less car on the road. As well as being high capacity and high frequency, the Metrobus network links key employment and growth centres across Sydney. To link even more centres the Metrobus network will be expanded by another eight routes by the middle of next year. This will result in an additional 400,000 passenger spaces each week.

By the middle of next year, the expanded Metrobus network will also include the following routes: M41 between Hurstville and Macquarie via Burwood; M50 between Drummoyne and Randwick; M54 between Parramatta and Macquarie via Epping; M60 between Parramatta and Hornsby via Baulkham Hills; M61 between Castle Hill and the Sydney central business district via Baulkham Hills; M90 between Liverpool and Burwood via Bankstown; M91 between Hurstville and Parramatta via Bankstown; and M92 between Sutherland and Parramatta via Bankstown. Around 380 drivers will be rostered on each week day to run services across the expanded 13 route Metrobus network. Metrobus services will be supported by bus priority measures, including bus lanes and the public transport information priority system.

Since the Premier announced the expanded Metrobus network in June, the first service as part of the new larger service, the M52 service, commenced in August 2010 between Parramatta and the central business district along Victoria Road—an extra 485 extra services a week along this busy corridor. Travel times and reliability on this service will be supported by targeted bus priority measures including: the conversion of transit lanes to bus-only lanes between Gladesville and Ryde; the introduction of bus-only lanes through Ermington; and the Inner West Busway between Drummoyne and Rozelle.

Progress in rolling out Metrobus continues with the M50 between Drummoyne and Randwick via Sydney central business district due to start in October. This means more passengers will soon have more access to these high-frequency, high-capacity services that open up a range of employment and leisure destinations across Sydney. The Metrobus network is an excellent example of public transport solutions being delivered by the New South Wales Government, services that are meeting the needs of thousands of commuters every single day.

The Hon. PENNY SHARPE: Minister, will you update the Committee on the implementation of the new MyZone fares across Sydney and the expansion of the CityRail network?

The Hon. JOHN ROBERTSON: Yes. One of the most significant improvements to public transport over the past financial year was the successful introduction of new MyZone fares on Sunday 18 April 2010. Under MyZone public transport users have seen fairer and simpler fares that reward frequent commuters and provide a strong incentive for people to jump on a train, bus or ferry. MyZone applies across the entire CityRail, State Transit, Sydney Ferries and private bus networks of the greater Sydney region. MyZone is based on how far you travel and includes: MyTrain, five train fare bands instead of the old 20-plus; MyFerry, two ferry fare bands instead of the old five; MyBus, three bus fare bands instead of the old five, with standard tickets that can be used on both private buses and State Transit Authority buses; and MyMulti, three new "all you can travel" multimodal passes that cover all three modes of public transport and allow unlimited travel on buses and ferries, plus travel by train based on three zones.

Several key features remain the same under MyZone, namely: off-peak return fares continue to be discounted by 30 per cent on CityRail services, the \$2.50 Pensioner Excursion ticket, the \$2.50 Family Funday Sunday ticket, and the School Student Travel Scheme. Under MyZone 94 per cent of journeys are the same price or cheaper and the most any commuter will pay for weekly travel will be \$57 on the MyMulti3. A change this significant was never going to be easy but I am pleased to report to the Committee that the transition to the improved fare system went remarkably smoothly. More than 1.5 million passenger journeys are made every weekday on our public transport network, and each one of those passengers was affected by the change—whether it was a cheap affair, a new ticket they needed to purchase, or something as simple as a different looking ticket. As part of the implementation process nearly 10,000 ticket machines, barriers, dipping machines and driver consoles were reprogrammed or stocked with new tickets and around 12,000 transport workers were trained on MyZone changes prior to its launch.

The go-live phase of MyZone was treated as a major event, with technical and customer transition overseen by the Transport Coordination Group during the first week of implementation from 17 April to 26 April 2010. In the lead up to "go-live" 21 information booths were established across the network to provide MyZone information and distribute brochures to commuters explaining the upcoming fare changes. Additional resources were deployed to support the go-live phase, including mobile sales teams to deliver MyZone tickets to resellers. Around 100 customer service workers staffed information booths at stations and major interchanges, providing on-the-spot information to commuters. Rail mobile mechanic teams were on duty to provide rapid response in the event of faults with ticket vending machines or with gates. Extra staff were on duty to validate bus tickets before passengers boarded buses to reduce congestion at key locations in the central business district and along the M2-Rouse Hill corridor. Additional mobile ticket sellers were on duty at 25 stations across the rail network. Customer service officers at 20 major train stations were focused on providing information to

passengers queuing to buy tickets so that when they reached the ticket window they knew which MyZone ticket to ask for. This kept waiting times to a minimum.

MyZone has been welcomed by commuters, employers, industry and workers. I am very pleased to report to the Committee that, after initially talking down MyZone, even the Opposition has come to the party and agreed it was a good idea, with significant benefits for hundreds of thousands of commuters. There are winners under MyZone right across Sydney. You only have to visit the MyZone website to see that there are savings to be made for commuters in places such as Camden, Penrith, Castle Hill and Pittwater. Some simple examples of the savings for commuters include: weekly train tickets for commuters catching a train from Holsworthy to Town Hall went from \$43 to \$37, saving \$6 per week and over \$300 per year; weekly tickets from Sutherland to town Hall went from \$40 to \$37, saving \$3 per week; weekly tickets from Parramatta to town Hall also went down by \$3 to \$37.

Savings for commuters south of the city are also strong under MyZone. Weekly train tickets from Engadine to Town Hall went from \$43 to \$37, while commuters buying a weekly from Kirrawee are now saving \$3 a week. Some of the biggest winners out of the MyZone reforms are constituents in Opposition-held seats. When we talk about winners we are talking about the daily ferry commuters from Manly who can save \$7.10 per week or over \$350 per year. We are talking about commuters from Castle Hill to the City who will save \$16 per week or over \$800 per year. There are so many winners from MyZone, and I am pleased to report that so many people in the community support the new system.

The Hon. GREG DONNELLY: Minister, will you update the Committee on what actions the Government has taken to further reduce the carbon footprint of our buses?

The Hon. JOHN ROBERTSON: Yes. The Government is delivering on its promise to provide better bus services to the people of New South Wales. By its nature, public transport is environmentally friendly. The more people who catch trains and buses to and from work, the more cars we take off the road. Every bus takes up to 40 to 50 cars off the road. The Government's 10-year Metropolitan Transport Plan includes funding for the purchase of 1,000 additional buses, the first 200 of which are already on order. This is in addition to the Bus Replacement Program, which involves the Government spending more than \$275 million since 2006 to replace 535 of the older buses in the State Transit Authority bus fleet.

As part of the contract conditions currently in place with bus operators in metropolitan and out in metropolitan Sydney each operator must comply with all environmental and safety standards applicable at the time of registration of each bus. They must also comply with the accredited Clean Fleet Guidelines Program administered by the Roads and Traffic Authority, and ensure that their bus fleet does not exceed an average age of 12 years. As part of the comprehensive set of new bus specifications developed by Transport NSW all new buses are required to meet the Euro 4 emission standard. From 1 July 2011 all new buses registered in New South Wales will be required to meet the more stringent Euro 5 emission standard. Many of the buses purchased over the past 12 months are already complying with the Euro 5 emission standard.

Since 1995 all new and replacement State Transit Authority buses have been low-emission vehicles. As at 30 June this year 49.3 per cent of the State Transit Authority fleet is low emission, which is a mix of low-emission diesel and compressed natural gas buses. This equates to a total of 1,066 low-emission State Transit Authority buses on our roads. Sydney Buses alone operate more than 15,000 bus services every working day. So having more than 1000 low-emission buses in service is making a real difference already. I would also like to inform the Committee about the latest initiative from the Government to reduce bus emissions further.

The Keneally Government is currently exploring the possibility of rolling out other environmentally friendly technology onto buses, which is why we have asked the bus building industry to get involved in a trial of hybrid buses. Last month Custom Coaches, from western Sydney, and Bus and Coach International were awarded the tender to develop prototype ecobuses for use on Sydney's bus network. Hybrid technology has the potential to reduce emissions significantly and improve air quality. Both bus companies will build an ecobus, each of which will be equipped with two different types of hybrid technology.

The ecobus prototype produced by Custom Coaches will use series technology on a small Euro 5 emission standard diesel engine, which will either charge the electric battery of the bus or provide direct power to the electric motor if the battery is full. The ecobus prototype produced by Bus and Coach International will use parallel technology, which involves a small Euro 5 emission standard diesel engine and an electric motor that can operate simultaneously or independently, depending on conditions. Both these technologies have been

successfully used overseas and we are keen to test each one comparatively over 12 months, starting early next year.

The buses will be tested against a range of performance measurements, including customer feedback, emissions, engine reliability, performance and maintenance costs. If the trial proves that hybrid buses are economically viable and feasible, and work on Sydney's streets and terrain, they could become part of Sydney's permanent bus fleet. I am very pleased the bus building industry is getting involved in the trial that will see hybrid buses on Sydney streets for the first time. The hybrid bus trial reinforces the commitment by the New South Wales Government to roll out more environmentally friendly public transport.

CHAIR: Minister, with respect to the CBD to Rozelle Metro and the contingency plan the State Government made in relation to outstanding claims for compensation, can I ask you again to give a figure for that amount? It might assist you if I gave you a date, say, 30 June this year. What was the contingency that you factored in at that date?

The Hon. JOHN ROBERTSON: I will take it on notice.

The Hon. MATTHEW MASON-COX: Minister, where is that money going to come from? Will it come from the funding from your fully funded Metropolitan Transport Plan or some other bucket?

The Hon. JOHN ROBERTSON: I will take it on notice.

CHAIR: You do not know off the top of your head where all that money is coming from?

The Hon. JOHN ROBERTSON: I just told you, I will take it on notice.

The Hon. MATTHEW MASON-COX: Half a billion dollars and you do not know where it is coming from?

The Hon. JOHN ROBERTSON: I did not say that. I said I will take it on notice. There is a significant difference between what you said and what I said.

CHAIR: In respect to property acquisition for that same project, how many properties were purchased for the CBD Metro?

The Hon. JOHN ROBERTSON: I will ask Mr Staples to give you that information.

Mr STAPLES: There were seven properties acquired.

CHAIR: How many of those does the State Government still own?

Mr STAPLES: It still owns all seven of those properties.

CHAIR: Is it the plan to continue to own those properties?

Mr STAPLES: At this point in time, yes, it is. We have re-leased one of those properties and we are in the process of looking to lease some other properties. Two of the properties down in Clarence Street near the Wynyard precinct will be used for the construction of the Barangaroo pedestrian link and in the longer term the city relief line as part of the Western Express if the route is on the western side of the city. So some of those sites can be used for other projects as well.

CHAIR: Did you have to relocate any tenants in the buildings on those properties?

Mr STAPLES: Yes, there were a number of tenants relocated out of those properties.

CHAIR: What did that cost?

Mr STAPLES: The total cost for relocation of tenancies was \$34 million.

CHAIR: Are there any floors empty in those buildings?

Mr STAPLES: The two locations in the city where there was significant acquisition was in Clarence Street in the city, which I just referred to, and there are a number of floors in those buildings that are empty. We are keeping those vacant at the moment because they will be used for construction. There is a vacant building in Castlereagh Street as well and we are looking to re-lease that premise at the moment.

CHAIR: Is there a cost to taxpayers associated with keeping those buildings or floors empty?

Mr STAPLES: They are being retained as empty because it will be more cost effective to have those vacant for when we want to use them for construction.

CHAIR: With respect to the integrated ticketing program, can you advise the Committee when commuters will be able to use electronic integrated tickets to move around greater Sydney seamlessly on all modes of transport?

The Hon. JOHN ROBERTSON: We have said all along that we anticipate that people will be able to access that from 2012.

CHAIR: Can you explain why the budget papers say that the project will be completed in 2015, not 2012?

The Hon. JOHN ROBERTSON: Because, as I said, people will start to access the e-ticketing process from 2012. This is a significant project that involves the rollout of technology with the private sector and a range of other means of transport, and it will take three years from when it first becomes available to conclusion.

CHAIR: There will be several years of trialling and rollout of different parts of the system?

The Hon. JOHN ROBERTSON: Like any project it is progressively rolled out. It will commence to be rolled out and people will first begin to have access to it from 2012.

CHAIR: Will that be across all modes of transport when people have access in the first place or will you do it on some modes of transport first?

The Hon. JOHN ROBERTSON: My recollection is it will commence with private bus operators and will be progressively rolled out to others over that period of time.

CHAIR: Will the integrated ticketing include light rail?

The Hon. JOHN ROBERTSON: Whilst light rail is operated by the private sector, the Government has always been open to discussion with the light rail operator about integrating them as part of the e-ticketing process.

CHAIR: What about any other light rail that may come on stream later? Is it envisaged—?

The Hon. JOHN ROBERTSON: I cannot deal with hypotheticals. I can deal with what we currently have to deal with. The Government's position is clear. We have said that we would be open to having a dialogue with the operators and looking to integrating e-ticketing as part of those operations.

CHAIR: Have any of those discussions commenced?

The Hon. JOHN ROBERTSON: Not that I am aware of.

Mr WIELINGA: Transport NSW and the integrated ticketing people have been approached by the light rail people and some discussions have occurred. The structure of the integrated ticketing system itself makes it a relatively simple exercise. It is a tag-on tag-off arrangement. It will not be hard to do at any stage. It is just a matter of having all those discussions with people to make sure they have the right facilities and proper operating plans in place to make it work.

CHAIR: Minister, are you saying that the trial will start in 2012 or will there be some trials of the system before then?

The Hon. JOHN ROBERTSON: You asked me when people will be able to access it. People will be able to access it from 2012.

CHAIR: When do you think the system will be up and running to test it?

The Hon. JOHN ROBERTSON: The project is underway now and work is being undertaken. We have signed a contract with a consortium. The project is on track and work is being done right now. In terms of when the public will have access to it, not on a trial basis but operational access, it will be 2012.

CHAIR: Do you think it is embarrassing that in every other part of Australia, every other State, there is some form of electronic integrated ticketing up and running?

The Hon. JOHN ROBERTSON: I think this project is a fantastic project. It is a project that is going to apply across our whole operational network with private buses, government buses, trains and ferries, and it will be operational and effective. We have a consortium that was involved in the rollout of the Oyster card in London. We are very excited about that. The project is an exciting one and it is one that will be operational from 2012.

CHAIR: But Sydney and New South Wales are behind the rest of Australia are they not?

The Hon. JOHN ROBERTSON: Sydney and New South Wales will have one of the best e-ticketing systems in the world put in place by a consortium comprising the people involved in the Oyster card in London. The Oyster is recognised globally as being one of the best electronic ticketing systems in the world. What we have done is sign up with a company that was involved in that and will be able to deliver that technology from 2012, starting with our private buses.

The Hon. MATTHEW MASON-COX: Minister, this is a bit of déjà vu. We heard the same thing back in 1997 when the electronic ticketing concept, Tcard, was announced by your Government in time for the Olympics in 2000, for which we held a 10-year celebration yesterday. It is now 13 years later than the original time your Government first announced electronic ticketing. In those circumstances, what confidence can we have that this timetable will be met?

The Hon. JOHN ROBERTSON: The consortium we have signed up is a consortium that is experienced in rolling out these sorts of projects. As I have already said to the Committee, the consortium was involved in the rollout of the Oyster card. Globally that is recognised as one of the best electronic ticketing systems in the world. It is a consortium that is capable of delivering and we are confident that the first available access for the public will be in 2012.

The Hon. MATTHEW MASON-COX: We will have a ticketing system in Sydney 18 years after the original announcement by your Government?

The Hon. JOHN ROBERTSON: We will have a ticketing system in 2012.

The Hon. MATTHEW MASON-COX: That is a pretty impressive performance.

The Hon. JOHN ROBERTSON: We will have a ticketing system in 2012 that will be equal to the best in the world, rolled out by a consortium that was involved in delivering the Oyster card. That gives us confidence that we will be able to meet those milestones.

The Hon. MATTHEW MASON-COX: We will believe that when we see it. So far as the ERG debacle is concerned, how much money to date has been spent on legal and court costs involving ERG and the previous contract?

The Hon. JOHN ROBERTSON: I am sure you and the rest of the Committee would appreciate that I am not going to talk about those matters while there are ongoing legal proceedings.

The Hon. MATTHEW MASON-COX: Minister, with the greatest respect, what we are asking you for is a cost amount not negotiation material.

The Hon. JOHN ROBERTSON: I am not going to talk about these matters when they are ongoing matters before the court. I am sorry to disappoint you but there are ongoing court proceedings and it would be irresponsible of me to talk about those matters while there are proceedings before the courts.

The Hon. MATTHEW MASON-COX: Have you made any contingency allocation within the budget insofar as legal costs for this court case?

The Hon. JOHN ROBERTSON: I just refer you to my previous answer.

The Hon. Penny Sharpe: Point of order: Madam Chair, I refer you to the Budget Estimates Manual, which states at 4.11 on page 17 that a question is out of order if "The disclosure of information required by the question would be prejudicial to the privacy or rights of other persons, particularly parties in legal proceedings." The question is out of order, and I would ask you to ask the Hon. Matthew Mason-Cox to desist from asking these questions.

CHAIR: I do not think there is any harm in asking the question. If there is a contingency in the budget, this Committee is entitled to ask that question.

The Hon. Penny Sharpe: If you want to allow questions that are outside the standing orders, that is up to you as the chair. But it is basically a waste of time and it is wasting the time of the Committee.

CHAIR: Minister, you were saying that there is not a contingency in the budget that you are prepared to disclose?

The Hon. JOHN ROBERTSON: No. I said I am not prepared to discuss these matters whilst there are ongoing legal proceedings in regards to this whole area.

The Hon. MATTHEW MASON-COX: Can we understand, Minister, whether a contingency that you are not willing to disclose is the contingency in the Metropolitan Transport Plan bucket of money or is it some other bucket?

The Hon. Greg Donnelly: Point of order: Madam Chair, we are talking about something that is theoretical. I direct you to the observations of the Hon. Penny Sharpe. It is outside the bounds of the form of questions that are asked at budget estimates and I ask that they desist.

The Hon. MATTHEW MASON-COX: We will move on. Minister, under the current contract will the ticketing system be distance-based or zone-based?

The Hon. JOHN ROBERTSON: The system will be similar. The policy for the **electronic ticketing system** will be largely consistent with the principles of the recently introduced MyZone fare system.

The Hon. MATTHEW MASON-COX: Can you please outline the major milestones for the project in terms of delivery timetable and just confirm the timings?

The Hon. JOHN ROBERTSON: I will take that on notice.

The Hon. MATTHEW MASON-COX: We might then move to everybody's favourite, the Epping to Parramatta rail line.

The Hon. Penny Sharpe: It is everyone's favourite. It is going to be fantastic.

CHAIR: "Fantastic" is the right word. That was what John Aquilina said about the CBD metro.

The Hon. Greg Donnelly: This is the third joke this morning. You are on a roll.

The Hon. JOHN ROBERTSON: Jerry Seinfeld hasn't got much to worry about losing his job here.

The Hon. MATTHEW MASON-COX: Can you confirm to the Committee whether you knew about the Epping to Parramatta rail line announcement before it was made by the Prime Minister and the Premier?

The Hon. JOHN ROBERTSON: The New South Wales Government has been involved in discussions for some time with the Commonwealth at official and ministerial levels in respect to Commonwealth funding for transport infrastructure projects. Transport NSW has been providing advice about our Infrastructure Australia submission.

The Hon. MATTHEW MASON-COX: Just in relation to Epping to Parramatta. The announcement came out of the blue, as we all know, in the election campaign. Did you know about that announcement before it was actually announced?

The Hon. JOHN ROBERTSON: I thought I was allowed to answer the question, Chair.

The Hon. MATTHEW MASON-COX: It was a very specific question and I would just like a direct answer.

The Hon. JOHN ROBERTSON: I am more than happy to answer it and I will answer it. Transport NSW has been providing advice about our Infrastructure Australia submission, which was amended on the basis of the projects listed in the Metropolitan Transport Plan. I have had talks with the Federal Minister for Infrastructure, Transport, Regional Development and Local Government, and the Premier has also held talks with the Commonwealth Government. I was made aware that discussions were taking place between the Commonwealth Government and the New South Wales Government about funding transport infrastructure soon after I became Minister. I was made aware of the Federal Government's funding decision on 9 August.

The Hon. MATTHEW MASON-COX: Where were you when you were made aware of that? Were you in Sydney or were you overseas? It is a JFK moment for you, I am sure.

The Hon. JOHN ROBERTSON: A what?

The Hon. MATTHEW MASON-COX: A JFK moment for you. I am sure you would know exactly where you were.

The Hon. Penny Sharpe: It's another joke.

The Hon. JOHN ROBERTSON: None of them are terribly good. I could not even tell you what day 9 August was.

The Hon. MATTHEW MASON-COX: I just want to know whether you were in the country or not. The Treasurer was out of the country.

The Hon. JOHN ROBERTSON: Yes, I was here. I was in the State, yes.

The Hon. MATTHEW MASON-COX: When you were advised was it the Premier who advised you or the Prime Minister, the Prime Minister's office or the Treasurer?

The Hon. JOHN ROBERTSON: It was not the Treasurer. I do not recollect who advised me, I just remember being advised.

The Hon. MATTHEW MASON-COX: When you were advised did it surprise you that the Prime Minister was going to find \$2.1 billion for a project that was not even part of your 10-year transport plan in terms of a funding priority?

The Hon. JOHN ROBERTSON: Can we just put this to bed, this notion about whether or not it is funding priority? Page 43 of the Metropolitan Transport Plan lists a range of projects. Those projects have all been part of the discussions we have been having, the dialogue we have been having and the submissions we have been making to Infrastructure Australia around projects.

The Hon. MATTHEW MASON-COX: If you go to page 43 I will just read it to you, Minister, because it is self-evident: "Projects that are currently beyond the 10 year funding guarantee include the Parramatta to Epping rail link." So under your own document, yes, it is mentioned. It makes it very clear that it was not the priority of your Government to fund this project within the 10-year time frame. Is that not true, Minister?

The Hon. JOHN ROBERTSON: Why do we not read the whole of it, with respect? It says, "that could be brought forward if additional funding becomes available", and it then goes on to list those projects. Let us not selectively quote bits of the Metropolitan Transport Plan.

The Hon. MATTHEW MASON-COX: Clearly it was not a priority with the money you had available—the \$51 billion; it was not a priority to be done within 10 years under your own plan before you heard from the Federal Government, was it?

The Hon. JOHN ROBERTSON: It was a project that was identified as a priority if additional funding became available. You are right; it is self-evident in what it says.

The Hon. MATTHEW MASON-COX: It is a lower priority. So we have the Prime Minister calling you up or calling up your Government and saying, "We've got \$2.1 billion here. We are going to whack it into the Epping to Parramatta rail link", and it did not surprise you at all—that coming out of the blue in the middle of a Federal election campaign?

The Hon. JOHN ROBERTSON: I have heard in election campaigns Tony Abbott make comments that have surprised me.

The Hon. MATTHEW MASON-COX: I am talking about the Labor Government Federally, the Prime Minister, making an announcement on a project that is not within your 10-year transport plan as fully funded.

The Hon. JOHN ROBERTSON: That is exactly right, but it was part of submissions and dialogue that we have been making. We have had dialogue with the Commonwealth since February around a whole range of projects including the Parramatta to Epping rail link. So in terms of the project itself, it has been the subject of discussion prior to my time as Minister, and subsequently since I became Minister I have had discussions with Minister Albanese around a whole range of different projects. The Prime Minister made the announcement in the election campaign to deliver a fantastic rail project for the people of western Sydney.

It is worth thinking and talking about the opportunities that this presents for the people of western Sydney, because whilst this project links Parramatta to Epping, it provides a whole range of other opportunities for people from western and south-western Sydney in regard to access to employment opportunities in places like Macquarie Park, which is regarded as one of the high-tech job areas of employment in Sydney. This project will provide them with connectivity to those sorts of projects and access to Macquarie University, and it will also allow us to enhance services that we provide to people in western Sydney with an alternative rail route onto the northern line.

The Hon. MATTHEW MASON-COX: Does it concern you that a \$2.6 billion project was announced based on out-of-date patronage figures from 2003, cost estimates without a business case and current planning approvals?

The Hon. JOHN ROBERTSON: Does it what?

The Hon. MATTHEW MASON-COX: Does it concern you that this project was announced on 11 August based on out-of-date patronage figures from 2003, cost estimates without a business case and current planning approvals, which had expired?

The Hon. JOHN ROBERTSON: No, because we have been having a dialogue with the Commonwealth since February about a range of projects identified on page 43 of the Metropolitan Transport Plan where we referred to the fact that projects could be brought forward if additional funding became available. So we have been having a dialogue about Parramatta to Epping and a range of those other projects.

The Hon. MATTHEW MASON-COX: Given that your submission to Infrastructure Australia only asked for \$30 million for a feasibility study in relation to the Epping to Parramatta rail line, and also given, as we have gone through in some detail, that it was not part of your 10-year horizon in terms of your funding priorities for the Metropolitan Transport Plan, why do you think the announcement was made by the Prime Minister and the Premier at that time? Is there a reason why this came out of the blue, do you think?

The Hon. JOHN ROBERTSON: Can I clarify one point?

The Hon. MATTHEW MASON-COX: Is there a reason that this came out of the blue?

The Hon. PENNY SHARPE: Let the Minister answer the question. Stop interrupting.

The Hon. JOHN ROBERTSON: I make it abundantly clear that this was a Keneally Labor Government priority as part of the Metropolitan Transport Plan. I do not want you to keep saying that it was not. It was identified as a priority in the Metropolitan Transport Plan on the basis of additional funding becoming available. If you are asking me to speculate on why the Prime Minister made this announcement during the election campaign, I will not do that. If you want an answer, I suggest you contact the Prime Minister and ask her.

The Hon. JENNIFER GARDINER: There will be two budget estimates sessions in the Federal Parliament, so we will do that.

Ms CATE FAEHRMANN: When the Federal Government announced its support for the **Parramatta to Epping project** at a cost of \$2.1 billion, did it review the State Government's project costings or did it simply accept them?

The Hon. JOHN ROBERTSON: You would have to ask the Commonwealth Government what it did or did not do. As I said, we have been having a dialogue. I cannot answer for what the Commonwealth did or did not do.

Ms CATE FAEHRMANN: Do you have an estimate for land acquisition costs?

Mr WIELINGA: We will have to take that question on notice. As I said earlier, they are not included in the \$2.6 billion. We need to continue the review work and the land acquisition costs will have to be reconsidered again as part of that process.

Ms CATE FAEHRMANN: It is surprising how many questions are being taken on notice given the number of agency heads at the table. This is a budget estimates hearing and we are asking about major rail projects. I am simply asking for information about costs. My question is not very specific. Land acquisition costs are just one element. I was hoping that you would have the figures and be able to answer questions from the Committee rather than take them on notice.

The Hon. JOHN ROBERTSON: It is not unusual for questions to be taken on notice so that we can provide accurate information. We are required to provide an answer; we do not use this strategy to avoid providing answers, which we are required to provide within 21 days. It is not as though we can say that we will take questions on notice and then run away. You will provide responses and they will be accurate.

Ms CATE FAEHRMANN: I accept that, but these are questions about major infrastructure projects. I am not drilling down to tiny elements of detail. It is surprising how many questions are being taken on notice. I note that the Parramatta to Epping rail link project is not on the Transport Construction Authority's website. Is there a reason for that?

Mr LOCK: That is correct; it is not on our website. There is no particular reason for that.

Ms CATE FAEHRMANN: Will it be added soon?

Mr LOCK: It was on the Transport NSW website originally.

Mr WIELINGA: I will put that in context. Because it was announced during the election campaign we waited until the end of that process to commence our work. We have since had a meeting with the federal secretary of the Department of Infrastructure, Transport, Regional Development and Local Government to talk about the way forward. The initial work will be done in the infrastructure division of Transport NSW. We are reviewing all the previously collected information and talking to the Department of Planning about the work required to review the environmental assessment approval that has already been obtained. There is a good body of work on which we can fall back, but it needs to be reviewed and that work is underway.

Ms CATE FAEHRMANN: The Premier said the other day that there would be integrated MyZone ticketing on light rail. When will we see that?

The Hon. JOHN ROBERTSON: As has been indicated, preliminary discussions have been held. The e-ticketing structure will be similar to the existing MyZone ticketing structure.

Ms CATE FAEHRMANN: Can you make a commitment that if there is integrated ticketing there will also be concessions?

The Hon. JOHN ROBERTSON: Light rail is a commercial operation; it is not subsidised like our other public transport operations. At this stage I am not aware of any proposals to provide additional concessions.

Ms CATE FAEHRMANN: Do you subsidise fares on private buses?

The Hon. JOHN ROBERTSON: The arrangement we have with private bus operators involves contracts to provide services on behalf of the Government. Those contracts stipulate the number of kilometres they cover, timetables and so on. We do not have that arrangement with light rail operators and at this stage we are not proposing to do so. There has been dialogue and we have always said that we are open to those operators being involved in the electronic ticketing system. However, there is no proposal with regard to pensioner concessions.

Ms CATE FAEHRMANN: How much does the Government provide in subsidies to private bus operators to ensure that they provide concession fares? Is the cost the reason for not subsidising light rail to provide concession fares?

The Hon. JOHN ROBERTSON: Mr Wielinga may be able to talk about the private bus contracts to draw a distinction between them and light rail contracts.

Ms CATE FAEHRMANN: I am aware of the difference. Will the Government be subsidising light rail operators to provide concession fares when integrated ticketing is introduced? The Government has committed to integrated ticketing on light rail. Is it possible to provide concessions and would that require government funding?

The Hon. JOHN ROBERTSON: If you are talking about the light rail extension to Dulwich Hill and the central business district, I am not sure that we are in a position to talk about it at this stage because we are involved in a dialogue about it and the contractual arrangements.

Mr WIELINGA: There is a substantial government subsidy to public transport generally, on both rail and buses. That is based on work done by the Independent Pricing and Regulatory Tribunal, which determines the efficient cost of running a transport service. It also looks at the benefits. As you would be aware, there is a significant broader community benefit to be gained from providing those public transport services. They reduce congestion on the road network and provide other external benefits.

The rough split, and it is not exact, is about 30 per cent from revenue streams and 70 per cent from government support. The light rail project was put as a private sector proposal to the Government. The operators felt they could run the system. You are correct; we do have a different situation given that the network is being expanded. It will be a policy issue for the Government's consideration as the network expands along with how it fits in with the broader public transport system, the principles I referred to with regard to government support and the needs of the community. It is a policy issue to be addressed as the network expands.

Ms CATE FAEHRMANN: So concessions on light rail are a policy decision?

Mr WIELINGA: If the network gets larger and becomes a substantial part of the public transport system and if the Government starts directing its development, which it is doing now, we have a different scenario. It was a private sector proposal to the Government. The Government is now actively pursuing the expansion of the light rail network and it will need to consider policy issues like that into the future.

Ms CATE FAEHRMANN: Will the Government commit to ensuring that concession fares are offered on light rail in the future?

The Hon. JOHN ROBERTSON: We are involved in a dialogue with the existing operators. A contract is in place that has certain requirements associated with extensions and the like. It is complex and I am not prepared to give a commitment in the middle of the current negotiations.

Ms CATE FAEHRMANN: I return to the North West Rail Link. I want to delve into costings once again and see if we can get a little bit more detail than we did the last time I asked the question. The November 2006 cost estimate of stage one of the link was \$660 million. I understand that was for nine kilometres of rail between Epping and The Hills, and that it included three stations. Given that figure, we believe that the cost of the full project will now be between \$2 billion to \$3 billion. The economics group Allen Consulting costed the project at \$3.7 billion. In 2006 official New South Wales Treasury estimates set the full cost of the North West Rail Link at about \$3 billion.

The latest estimate that came out in February was \$6.7 billion, so doubling the cost in three years. Where do these types of figures come from? Where do these types of grossly inflated costs or estimates for rail projects come from? How did that double in three years? Is it the stations, is it the tunnelling—is it \$400 million worth of tunnelling?

The Hon. JOHN ROBERTSON: There is an extensive amount of tunnelling to be undertaken as part of the North West Rail Link. That is obviously costly. There is land acquisition associated with that. The \$6.7 billion that is in the Metropolitan Transport Plan is in out-turn dollars, so in the dollars that it will cost at that point.

Ms CATE FAEHRMANN: That still does not account for the doubling. Even if you look at the Reserve Bank's inflation calculator, I am sure that does not take into account the doubling from \$3 billion to \$6.7 billion. What I am trying to uncover here is how the estimates of these rail projects tend to substantially increase over time. I think the community has lost faith in these estimates. As I said before, we then get governments saying they are too expensive to do and we get governments delaying them well into the future because they cannot afford them. The community has a right to know how these rail projects are being costed. When they double in the space of three years, what is that about? What elements have increased so much? What elements have doubled since 2006? I am sure in 2006 you were still taking into account land acquisitions and tunnelling. It is not a new project, it is the same project. Where does the doubling of the figures come from?

The Hon. JOHN ROBERTSON: As I said to you, it is in out-turn dollars, so it is in dollars and costs as at 2017. That is why the figures are where they are. Land values continue to increase. We have been attacked recently for buying land in the north-west. I have a document from the member for Hawkesbury, Ray Williams, that I tabled in the last session of Parliament attacking us for not building the North West Rail Link and then on the second page—and I am happy to table it again because I have it here with me—attacking us for buying land in that area. This is an area where land costs are increasing. Construction costs continue to increase every year. While you say the estimates and the figures doubled, the reality is that this project is projected to commence in 2017. It is fully funded. It is part of the Metropolitan Transport Plan.

I know you say that governments inflate figures so they can say it is too expensive to proceed. The Government has fully funded \$50.2 billion worth of projects under the Metropolitan Transport Plan. The North West Rail Link is one of those projects, and the funding is available in that project. The dollar figure is an out-year's dollar figure at 2017. That is the figure. Land costs will increase and construction costs will increase. A whole range of costs will increase progressively over that time.

Ms CATE FAEHRMANN: Yes, but over the past 15 years the Labor Government has continued to defer and scrap projects based largely on the fact that it says it cannot afford it.

The Hon. JOHN ROBERTSON: We have built some pretty significant projects as well over that 15 years. The M7 and the Eastern Distributor are just two that immediately spring to mind that we have built over that time. We have rebuilt just about every hospital in New South Wales over the 15 years. If you want to talk about things we have done, the list is quite long. I know it is very convenient for people to talk about the Government deferring this and deferring that; the Government is committed to the Metropolitan Transport Plan. That is demonstrated by the projects already underway under the Metropolitan Transport Plan. It is a significant achievement just to get to the point where you end up with a 10-year, fully funded program. In fact, it is extremely unusual to get to the point where you have 10 years of funding. The Government is committed to this. The figure is there as a realistic figure at the point of construction.

Ms CATE FAEHRMANN: Do you ever get these estimates independently audited or verified? Say the \$6.7 billion North West Rail Link, for example. Who outside has had a look at that?

Mr LOCK: May I address that question? In the process of estimating any project, not just the North West Rail Link but any rail project, we start off with, as Mr Wielinga said, a general concept about where the rail is going and the size of the rail. We have some data internally in the Transport Construction Authority and we have a number of external consultants—generally quantity surveyors or sometimes engineering firms—who also have databases of what rail projects cost around Australia, not just in New South Wales. We work up an estimate. Epping to Chatswood is the best actual, real life case we have, at \$3.2 billion for 23 kilometres of track, from Epping to Chatswood. That gives us a benchmark. We know what that really costs.

Then we look at an individual project, for example, North West Rail Link. The North West Rail Link is twice as long or more, and we pro rata while it is in the concept stage. As we get more and more engineering details we go back to first principles estimating, as Mr Wielinga said. Most of that first principles estimating is not done by the Transport Construction Authority, it is done by the private sector—by quality surveyors, by consultants and so on. Then it is reviewed internally and if it is a project in general that goes to Infrastructure Australia, it would be reviewed by Infrastructure Australia as well. In the current arrangements that have been effected since 1 July, Transport NSW, and in particular the infrastructure division, is looking at those estimates as well. So, a range of reviews goes on through the life of an estimate.

Ms CATE FAEHRMANN: Are the costings associated with the \$6.7 billion and how you came to that available to the public? Will any of it be made public at some stage?

The Hon. JOHN ROBERTSON: One of the things we do, and I alluded to his earlier, is that we estimate a figure but generally projects are not tendered out in their entirety. They are broken into packages. The reason we do not break that down and put it out there for the public is if you say the budget for the tunnelling component of the project, for argument's sake, is X-billion dollars, odds on every one of them will come in fairly close to the figure we put out there. One of the reasons we estimate costs, and we go through a process to do that, is that we can budget for that but then we break those down and do not put them out because we will end up paying more than the market might otherwise deliver to us when we go out to competitive tender.

Ms CATE FAEHRMANN: You can bet you are probably doing that now in terms of paying more than what you need to for building rail links; I would suggest, definitely more than the Western Australian Government is paying to build rail links.

The Hon. GREG DONNELLY: Western Australia is a flat desert. Have you ever been over there?

The Hon. JOHN ROBERTSON: I have talked about topography, I have talked about the nature of Sydney and the way Sydney has evolved in contrast to Perth. With all due respect to anyone from Perth, Perth is about the size of Newcastle and not the size of Sydney. Its complexities are nothing like Sydney's when it comes to roads and transport infrastructure and the like. We go through a process I have talked about and the reasoning behind not breaking up tunnelling is worth this much, station construction is worth this much, laying of the tracks is worth this much, and the signalling works are worth this much for the very reason that we want competitive tendering from the people who tender. If we do not do that we are not going to get the same competitive outcomes and that is not going to deliver a good outcome for the people of New South Wales.

Ms CATE FAEHRMANN: I am aware there are probably some differences between the two States but I might let you know exactly what the cost was. It is a significant difference in terms of what the 72-kilometre line cost the Western Australian taxpayers, which is \$1.3 billion—this is the Mandurah line. It had 11 stations, two of which are underground; also bus interchanges; two major water crossings and a kilometre of tunnelling under the city. So the per kilometre cost for Western Australia was \$18 million. Your Government's estimate for rail link projects is six times greater than what the Western Australian taxpayer is paying. Do you think the community is getting value for money? Do you think it is six times more expensive to do rail link projects in New South Wales than it is in Western Australia?

The Hon. JOHN ROBERTSON: The available evidence, based on experience so far, is yes, it is much more expensive. It is acknowledged. You referred in the first round of questioning to the advertisement placed in one of the newspapers and signed by the Treasurer, the secretary of Union's NSW and some business groups. It was very much that it is more expensive to build transport infrastructure in New South Wales.

The business chamber, Unions New South Wales—I am not sure if the Council of Social Service of New South Wales is on there—or whoever else might be on there, all acknowledge that it costs more to build infrastructure in New South Wales. My comment to you would be: This is not simply the New South Wales Government saying it costs more. A whole range of organisations external to government are saying to the Commonwealth that it does cost more to build transport infrastructure in New South Wales. That is why we have to review the funding formula in the Grants Commission. We go through a process based on our experience of building these projects—most recently Epping to Chatswood—that gives us some solid foundation upon which we might be able to ascertain the costs.

The Hon. MATTHEW MASON-COX: I address a couple of questions to Mr Lock in relation to the Epping to Parramatta rail line. When did you find out about the Federal Government's desire to fund the Epping to Parramatta project as part of the election campaign?

Mr LOCK: When it was announced.

The Hon. MATTHEW MASON-COX: What input subsequently to that were you asked to provide?

Mr LOCK: Subsequent to the announcement?

The Hon. MATTHEW MASON-COX: Yes?

Mr LOCK: I do not think we have given any input subsequent to the announcement.

The Hon. MATTHEW MASON-COX: In relation to the \$520 million that was committed by the New South Wales Government as part of that announcement, can you explain to me where that figure is coming from, specifically within the 10-year transport plan, and what projects will be put on hold to pay for this?

The Hon. JOHN ROBERTSON: With respect, Chair, that is not a question for Mr Lock to answer. The Metropolitan Transport Plan is a Government policy position.

The Hon. MATTHEW MASON-COX: Perhaps you could answer that question?

The Hon. JOHN ROBERTSON: I am very happy to answer that.

The Hon. MATTHEW MASON-COX: Please answer?

The Hon. JOHN ROBERTSON: The \$520 million was the New South Wales Government's commitment to this project. Michael Schur on Tuesday gave an answer in relation to this particular matter. I might actually have it here. I will read for the benefit of the Committee what he did say. It was to the Premier and it states:

I would like to confirm that sufficient uncommitted funds are available within the 10-Year, \$50.2 billion NSW Metropolitan Transport Plan: Connecting the City of Cities to allow funding to be provided for the recently announced Epping-Parramatta Rail Link in accordance with the timetable agreed by the Commonwealth and NSW governments.

As you are aware, planning work is to commence immediately with the State government contribution of \$520 million preceding that of the Commonwealth. The NSW Government contribution amounts to roughly 1 percent of the funding for the 10-year NSW Transport Plan, and can therefore easily be absorbed within the existing funding envelope.

To provide certainty, I propose that uncommitted funds from the later years of the Transport Plan be brought forward to be used to deliver the Epping-Parramatta Rail Link. Such an approach would ensure that there would be no impact from the delivery of the Epping-Parramatta Rail Link on currently announced projects.

Yours faithfully

Michael Schur
Secretary

I am happy to table it.

The Hon. MATTHEW MASON-COX: That is fine. I am aware of it now.

The Hon. JOHN ROBERTSON: I thought you might be. Mr Schur also said on Tuesday that the \$520 million would come from the railway bucket of money within the transport plan. Could I ask Mr Mason how much money in the 10-year transport plan is dedicated to rail?

The Hon. JOHN ROBERTSON: With respect, Chair, the new structure in Transport NSW was put in place specifically to allow the Director General of Transport to deal with budgetary matters. I alluded earlier in one of my responses to the fact that Transport NSW has been established specifically so that the budget could be reallocated by the Director General of Transport NSW to where those priorities lie so that we get best value for money. If it is all the same, I think it is much more appropriate that Mr Wielinga, who is responsible for budget allocations, respond to the question.

The Hon. MATTHEW MASON-COX: By all means.

Mr WIELINGA: I had a discussion with the Secretary of the Treasury after this announcement took place. The instructions to me are very simple. I am to deliver all of the Metropolitan Transport Plan and the Parramatta to Epping Rail Link and I am to do it with the money that is available to me.

The Hon. MATTHEW MASON-COX: So the \$520 million will come from the transport plan rather than any particular bucket allocated to anything like rail, buses or ferries?

Mr WIELINGA: We are to deliver the lot for the money that we have got. End of story.

The Hon. MATTHEW MASON-COX: They have given you your riding instructions?

Mr WIELINGA: Yes.

The Hon. MATTHEW MASON-COX: Minister, given that in the past 15 years your Government has only managed to complete half a rail line, which is the Chatswood to Epping line—

The Hon. GREG DONNELLY: Madam Chair, questions should not have arguments in them.

The Hon. MATTHEW MASON-COX: —how do you expect the public to believe that you will build three railway lines at the same time, the South West, the Epping to Parramatta and the Western Express, during the next term of your government? Is that just fantasy? How can we take your word for that?

The Hon. JOHN ROBERTSON: In regards to the South West, I know that the Opposition is in denial, but it is actually under construction right now, and I will be very happy to take you out there and walk you all over it and show you.

The Hon. MATTHEW MASON-COX: That is not what I am asking you. You are building three railway lines—the South West, the Epping to Parramatta and the Western Express in your term of government if you are elected?

The Hon. JOHN ROBERTSON: We are actually able to walk and talk at the same time, and we will be able to build the three rail projects. The reality is that the proposal is South West and Parramatta to Epping in the next term; the North West is projected—

The Hon. MATTHEW MASON-COX: That is 2017. That is on the never-never?

The Hon. JOHN ROBERTSON: I would have thought someone with your time and experience—

The Hon. MATTHEW MASON-COX: We do not expect anything less from you, Minister?

The Hon. JOHN ROBERTSON: I know it is a favourite line of the member for Hawkesbury to say it is never going to happen, but he also then likes to attack us for buying land to actually build it.

The Hon. GREG DONNELLY: Can that leaflet be tabled?

The Hon. JOHN ROBERTSON: I am very happy to table the leaflet.

The Hon. MATTHEW MASON-COX: It is not starting until 2017, on your last estimates?

The Hon. JOHN ROBERTSON: Let us be clear: We are talking about two projects, the Parramatta to Epping and the South West Rail Link. The South West Rail Link is under construction right now. I will say it again: Any time you want to come you ring my office and I will make time in my diary to take you. If you can fit it in with Ms Cate Faehrmann, I can take you both at the same time just for efficiency, but if not I will take you both separately to actually look at the works that are going on out there because it is quite significant.

In regards to the second project, Parramatta to Epping, it is also a project where we have commenced the planning work now to get on with the job of delivering the Parramatta to Epping in the next term of office. That is all that is projected. That is all we have programmed in the Metropolitan Transport Plan. The North West Rail Link is to commence in 2017, and you know that.

The Hon. MATTHEW MASON-COX: I know, I just do not know how you respond to some of these questions with a straight face, but I will just pass over to my colleague to ask questions on the Western Express.

The Hon. JOHN ROBERTSON: Because the jokes are not funny.

CHAIR: With respect to the Western Express, when is construction to start on that?

The Hon. JOHN ROBERTSON: I think off the top of my head it is about 2012 and is to be operational by 2018.

CHAIR: So it should be open to commuters by 2018, is that right?

The Hon. JOHN ROBERTSON: That is right.

CHAIR: How does that time frame fit in with the Epping to Parramatta rail project and the South West Rail Link? How do they fit together with the time line?

The Hon. JOHN ROBERTSON: The North West is to commence in 2017, so as one would be winding down the other would be commencing to wind up.

CHAIR: Can you give the Committee the total cost of the Western Express project?

The Hon. JOHN ROBERTSON: The Metropolitan Transport Plan includes over \$4.5 billion for the Western Express CityRail service, which will provide faster and more frequent services from western Sydney. I alluded to these earlier and I should just put these on the record. The journey time savings to be achieved through the construction of this dedicated track will include 17 minutes from Springwood, 10 minutes on the Richmond line, 10 minutes from Penrith, seven minutes from Blacktown and five minutes from Parramatta. The seating capacity will be enhanced through the provision of an additional four, eight-car trains on the Richmond line. Altogether seating capacity will be increased for trains travelling from western Sydney by approximately 6,000 seats an hour.

CHAIR: Has the cost of that project changed after it was decided not to acquire land at Leamington Avenue and instead use land at Eveleigh?

The Hon. JOHN ROBERTSON: In regards Leamington Avenue and the acquisitions there, the Government went through a process there and has determined that Leamington Avenue is not required for the construction of the city relief line component of the Western Express. That decision is based on work that has been urgently undertaken by Transport NSW and has established there is no engineering or design basis for acquiring properties in Leamington Avenue.

The project engineers can now take the time needed to continue with their work in preparation for construction of the city relief line's part of the Western Express Project. What is disappointing is that the Opposition still refuses to support this project. The project is going to deliver the travel time savings that I have talked about for the people of western Sydney and the Blue Mountains. It will increase capacity and ease congestion for services right along the City Rail network.

CHAIR: Minister, can you go through the time line again for the three projects, the Western Express—

The Hon. JOHN ROBERTSON: The Western Express, I am advised, is to be completed and operational by 2018, the South West Rail Link is to be completed by 2016 and North West, I think I said to you, is due to commence in 2017 and completion by 2024.

CHAIR: How is the Government going to cope with all those projects being built around about the same time? How will that work?

The Hon. JOHN ROBERTSON: The way it always works: You engage the private sector.

CHAIR: But it has not worked.

The Hon. JOHN ROBERTSON: I am sorry; it has worked. We have built the M7 and the Eastern Distributor, and rebuilt just about every hospital in this State over 15 years. How can you somehow imply that it is not going to work unless you have some basis to substantiate that? The fact is that we have been building a whole range of projects and successfully concluding those projects over the 15 years of this Government.

The Hon. MATTHEW MASON-COX: How about the Chatswood to Epping—double the cost and half the distance? That really worked well, didn't it?

The Hon. JOHN ROBERTSON: With respect, you asked about completion of projects. The project was completed, it is operational, it is now working very effectively and providing people with the opportunities to actually commute to Macquarie Park, Macquarie University and North Ryde.

CHAIR: So there have been some lessons learnt on that project?

The Hon. JOHN ROBERTSON: As Mr Lock has already said, we apply the lessons learnt from those sorts of projects when we look at how we will deliver other projects when we estimate the costs associated with those projects.

CHAIR: With respect to the Western Express, what was your involvement in determining the business case for that project?

The Hon. JOHN ROBERTSON: The Western Express was part of the Metropolitan Transport Plan that was developed before I was Minister.

CHAIR: You obviously think the business case stacks up, now that you have had a look at it.

The Hon. JOHN ROBERTSON: I am committed to the Metropolitan Transport Plan, rolling that out and making sure the projects that are in there commence, that we make the funding available and that we get on with delivering those projects. I think the Premier said to judge her on what she delivers, and my job is to make sure that we deliver under the Metropolitan Transport Plan.

The Hon. MATTHEW MASON-COX: I want to ask Mr Callahan a series of questions in relation to Sydney Ferries. Perhaps you first, Minister. Why do you think the Sydney Ferries Corporation won the seven years service agreement contract to operate the ferries, given that two private sector bids fared better on every performance measure?

The Hon. JOHN ROBERTSON: The Government made a decision in regard to ferries to keep the operation of ferries in public ownership. We listened to the community and the response from the community was overwhelming: Sydney Ferries is an iconic part of Sydney. There is an expectation that the Government will continue to operate those services and the Government took the decision, announced by the Premier, that the Government will continue to own and operate Sydney Ferries, unlike your leader, who has made a decision that he wants to franchise out ferry services like they are some sort of a McDonald's or Hungry Jacks. The fact is that Sydney Ferries operate a network of services and this notion that you will franchise out this bit, franchise out that bit is absurd. It means commuters are going to suffer as a result of this notion that one ferry service will operate independent of another. This is a network of operations. The public had an expectation. We listened to the community response and took that decision.

The Hon. MATTHEW MASON-COX: Minister, you set up a process whereby you were going to judge the performance of Sydney Ferries Corporation against the bids from the private sector and there was an undertaking, was there not, from the Premier at the time, Nathan Rees, that the assessment would be done in an objective manner and the contract awarded to the best bid?

The Hon. JOHN ROBERTSON: In making the decision, the New South Wales Government took into account the improved performance standards achieved by Sydney Ferries since it was decorporatised at the end of 2008, and as part of the continuous program of improvement in transport the Government knows more needs to be done at Sydney Ferries and it will not be business as usual. A significant restructure is being carried out within the organisation so that further improvements can be delivered. As part of this restructure, Transport NSW will now take the lead on all policy and planning functions of Sydney Ferries. This will ensure planning and delivery of ferry services is fully co-ordinated with Sydney's bus and rail networks. Sydney Ferries commenced its operations under its new performance-based contract in April 2010.

The Hon. MATTHEW MASON-COX: Do you think it is acceptable to allow Sydney Ferries to continue to operate services when its bid was scored as 56 out of 100? Do you regard this as an appropriate level of service?

The Hon. JOHN ROBERTSON: Sydney Ferries was awarded the contract due to its demonstrated performance improvement in the past year. We also, as the Government, took into account the views of the community and decided it is in the best interests of Sydneysiders for the ferries to remain in Government ownership.

The Hon. MATTHEW MASON-COX: Do you think the tender process in relation to the ferry operations to the private sector was fair, open and transparent?

The Hon. JOHN ROBERTSON: I think the people of Sydney got the best outcome and an outcome that they expected of this Government when it came to the operations of the ferries. Unlike the Opposition, who want to break this network—

The Hon. MATTHEW MASON-COX: Do you think it was fair, open and transparent?

The Hon. JOHN ROBERTSON: The outcome delivered an outcome for the people of New South Wales, an outcome that they expected, an outcome that delivers based on the improved services and operations of Sydney Ferries since it has been decorporatised.

The Hon. MATTHEW MASON-COX: I am not so sure you could suggest that the taxpayers of New South Wales expected this outcome. You set up an independent process and invited tenders from the private sector, said that the process would be fair and transparent, and then, when the outcomes of that process came to light, Sydney Ferries, who ranked last in that tender process, were given the contract. What is going on?

The Hon. JOHN ROBERTSON: As I said to you, the Government announced that Sydney Ferries will continue to operate the ferry services in Sydney and they will remain in public hands, which is the opposite of Opposition position, which wants to franchise out the operations of public transport.

The Hon. MATTHEW MASON-COX: We know what has happened, Minister. We are trying to understand why—

The Hon. JOHN ROBERTSON: I have given you an answer.

The Hon. MATTHEW MASON-COX: —in an independent process you actually end up giving it to the worst performing entity. How does that work?

The Hon. JOHN ROBERTSON: I gave you an answer. You might not like it.

The Hon. MATTHEW MASON-COX: I do not like the answer; that is right. In all those circumstances, why did you approve paying the private sector bidders a total of \$6 million?

The Hon. JOHN ROBERTSON: There was a decision taken to make a payment to those organisations based on the results and the decision taken by Government.

The Hon. MATTHEW MASON-COX: Why did you reach that decision?

The Hon. JOHN ROBERTSON: I am advised that the tenderers in the market testing process were given a payment to cover their costs. The payments are commercial in confidence but are far less than any that have been speculated upon by you or anyone else.

The Hon. MATTHEW MASON-COX: Was that because they were led to believe it would be a fair, open and transparent process, but it was not, so we had to make that payment?

The Hon. JOHN ROBERTSON: They were paid a payment. It is commercial in confidence.

The Hon. MATTHEW MASON-COX: It is looking like commercial incompetence, isn't it, Minister?

The Hon. JOHN ROBERTSON: I know your colleagues have done it on a regular basis at the Commonwealth level over the years.

The Hon. MATTHEW MASON-COX: I think you owe the taxpayers of New South Wales an explanation.

The Hon. JOHN ROBERTSON: The taxpayers of New South Wales got an outcome that the community was asking for when this process was going on. They got improved service delivery, based on the improvements that have been seen. The improvements will continue to be seen with the change in the way planning is being done now for ferry services into the future, and it is not business as usual at Sydney Ferries, as I have already outlined.

The Hon. MATTHEW MASON-COX: Why do you think it is acceptable to plan for a 4.8 per cent decline in patronage of Sydney Ferries as outlined in your Metropolitan Transport Plan?

The Hon. JOHN ROBERTSON: I might let Mr Callahan deal with patronage, but my understanding is that patronage is in fact growing. I think it grew about 3 per cent last year and we continue to be committed to making sure that that patronage continues to grow on Sydney Ferries, hence the reason for taking the decisions that we have.

Mr CALLAHAN: I think those original estimates of decline were based on Sydney Ferries not changing. Over the last 18 months Sydney Ferries has changed significantly. In 2008-09 we grew our patronage by 5.8 per cent. During that year we reduced our complaints per million customers from 87 to 62. We had a customer satisfaction rate of 76.7 per cent. We had service reliability of 99.5 per cent on 173,000 services. We had an on-time running of 98.1 per cent on 173,000 services. Our safety performance had significantly improved, with record lows in significant incidents, collisions and groundings. Our passenger injuries also trended down. Internally within the workplace our internal safety had improved. Our fleet availability had improved by over 80 per cent. Our vessel reliability had improved to 95 per cent.

That was in 2008-09, but as we are moving into the completion of last year the trend continues. We grew by a further 3 per cent last year, to 14.34 million customers. We cut our complaints by over another 30 per cent—we took it down from 62 per million customers to 44. Our service reliability moved from 99.5 per cent to 99.9 per cent on 173,000 services—probably one of the best reliability numbers of any form of public transport in the world. In total, there were only about 180 cancellations across our whole network for all of last year. If we look at the Manly service last year, we operated 26,000 services to Manly, we only failed on 21 occasions, and we carried six million people to Manly. Our on-time running was at 98.1 per cent again. We have a timetable adjustment coming in on 10 October that will move Sydney Ferries on-time running from 98.1 per cent to over 99 per cent in the forward year.

Last year our safety improved once again to record low collisions and groundings for us; of those, three were internal—of our own making—and three were external to the organisation. To put this in context, if you go back to 1988 to 1995 Sydney Ferries collisions and groundings, as reported by the Office of Transport Safety Investigations [OTSI], were at 50. Last year we had six collisions and groundings—when we make over 550,000 births at wharves each year that was a record low for us. Our passenger injuries once again were at low levels. We had only two reportable environmental incidents last year—a record low for Sydney Ferries. Internal safety improved once again. We halved the lost-time injury rates within the business, and that trend is

continuing today. Fleet availability went up 86 per cent and vessel reliability to 96.5 per cent. Over the last 18 months there has been considerable improvement within Sydney Ferries. I travel on them every day to and from work and around the network. You can see it, and people talk about it.

Ms CATE FAEHRMANN: Minister, what was your role in the drafting of the memorandum of understanding between the New South Wales Government and the City of Sydney council in the recent announcement on light rail and easier pedestrian access and such like?

The Hon. JOHN ROBERTSON: I had some input. A lot of work was also carried out by Mr Weilinga.

Ms CATE FAEHRMANN: When did you find out about the agreement?

The Hon. JOHN ROBERTSON: The memorandum of understanding was part of the Metropolitan Transport Plan that was announced on 21 February. It was foreshadowed as part of that and it was foreshadowed by the Premier, I think, in one of the media releases that came out on the day the Metropolitan Transport Plan was announced.

Ms CATE FAEHRMANN: So you have been attending meetings with the Premier and the Sydney Lord Mayor on this plan?

The Hon. JOHN ROBERTSON: I think within the first four weeks that I was Minister—I am not certain of the accuracy of that time frame—I had a meeting with the Lord Mayor, the general manager of the City of Sydney and a number of other people from Sydney council who were in attendance specifically to talk about aspects of the memorandum of understanding that would improve the movement of buses, particularly around the Wynyard precinct. You might be aware that there is a significant issue around congestion with buses around Wynyard in York Street in the morning peak and in Clarence Street in the afternoon peak, and I was very keen to start a dialogue with them about things that we could do fairly quickly to alleviate congestion in some areas of Sydney.

So I did have a very early discussion with them about that because one of the things we are doing is increasing the number of buses that are available on the road. We delivered 300 growth buses by June this year. Some 113 of those have gone to the north-west sector and to services in Rouse Hill, Castle Hill and Baulkham Hills areas. Those buses are coming over the Harbour Bridge and coming into York Street. There are additional State Transit services coming out of the northern beaches. I do not remember the exact numbers off the top of my head, but since I have been Minister I have been to Brookvale bus depot to announce additional services. We have increased numbers of buses now coming in over the Harbour Bridge and one of the obvious points to start thinking about how we make bus movements easier is in that York Street-Clarence Street precinct.

So I have had a dialogue with the council since I have been Minister, from very early in the piece. I chat regularly with the Lord Mayor, who has made plans to come and see me again about this very issue of implementation and rollout. Mr Weilinga will be working closely with the general manager of the City of Sydney in the rollout of the program that is detailed as part of the memorandum of understanding. But I have got to say that it is an exciting project because it will see the State working with the city in a collaborative way to deal with a whole range of traffic issues so that we can see the central business district moving more freely.

Ms CATE FAEHRMANN: What is the current role of GHD on the light rail extension project and are any GHD staff working full time within the project team?

The Hon. JOHN ROBERTSON: I will ask Mr Staples to respond to that question.

Mr STAPLES: GHD has undertaken a feasibility study for the western extension component—that work has been completed—and it has just been finalising an analysis for the central business district component at this stage. But both those pieces of work have been done as external consultancies. So we do not have anyone specifically from those organisations embedded within the project team located in our office.

Ms CATE FAEHRMANN: Some of the advice received in the feasibility study that GHD did related to existing rail infrastructure on the route. It recommended that only one in four sleepers should be replaced, which is about 20 per cent of the rail track. Are you aware of that study?

Mr STAPLES: Yes, I am aware of the study.

Ms CATE FAEHRMANN: I think the Government has gone ahead and started work replacing all sleepers with new concrete sleepers and replacing existing rail lines with new lines. I want to know what additional upfront capital costs will be associated with the total replacement of the sleepers and rail line compared with the recommendations of GHD—one in four sleepers.

Mr STAPLES: The upgrade of the track that has been underway has been accommodated within the current budget for the project.

Ms CATE FAEHRMANN: Can you get back to the Committee in relation to that question?

The Hon. JOHN ROBERTSON: Sorry, what are you after?

Ms CATE FAEHRMANN: What additional upfront capital costs will be associated with the total replacement of sleepers as opposed to what GHD recommended, which was to replace one in four sleepers.

The Hon. JOHN ROBERTSON: I think Mr Staples' response is that there is no additional cost beyond what has been budgeted for the project. What we have done is initiate these works early because the Government has made a commitment to have trams operational on this particular part of the light rail extension within two years.

Mr STAPLES: The advantage of doing the upgrade work early is that there is less maintenance activity required once the light rail is operational. That means there is less disruption to the service in the long run. So that is a decision we made.

Ms CATE FAEHRMANN: How many school buses without seatbelts for all passengers travel on roads with speed limits of 80 kilometres per hour or greater in New South Wales? We have heard that some school buses travel on these high-speed roads without seatbelts. Will the New South Wales Government mandate that all new and replacement school buses will have lap-sash seatbelts, which will allow bus operators to apply for the Federal Seatbelts for Kids subsidy funding?

The Hon. JOHN ROBERTSON: The safety of schoolchildren on public transport is paramount for the Government. The New South Wales Government has been looking closely at the issue of school bus safety. The work done by New South Wales has been instrumental in the development of the national guidelines for risk assessment of school bus routes, which has been endorsed by the Australian Transport Council. These guidelines have been used by States to identify possible risk factors along school bus routes, particularly in rural and regional areas, and to classify routes according to the overall level of risk. Risk factors include a range of road, traffic and climate conditions, including speed limits, road design and curvature, or the presence of heavy vehicle traffic. Routes containing higher risk factors have been classified as environment 3.

I am advised that routes are classified as environment 3 when a number of risk factors are identified. These may include heavy traffic, high speeds, narrow roads, high curvatures or steep gradients. A score is applied to these risk factors determining a routes classification of an environment 1, 2 or 3 school bus route. New South Wales has almost completed this assessment process for more than 3,000 rural and regional school bus routes. Once this is completed, Transport NSW will work with bus operators and other stakeholders to develop specific mitigation strategies. Strategies that have been implemented include reducing the maximum speed of travel, changing the course of the route, providing additional training for drivers or treating other external factors, such as level crossings. Consideration also needs to be given to educating schoolchildren and other drivers about the safety of school buses.

Ms CATE FAEHRMANN: The question was specifically about seatbelts. Will the New South Wales Government change the School Student Transport Scheme contracts to allow bus operators to apply for Federal Seatbelts for Kids subsidy funding, given that the current contracts restrict utilising this funding because of reduced capacity if using a seatbelted school bus?

The Hon. JOHN ROBERTSON: The decision to access the funding is made by the private operators. Transport NSW has been encouraging the private operators to access the Commonwealth funding. I am advised there is a maximum of \$25,000 available for each school bus.

CHAIR: We will have a short adjournment and then proceed to the portfolio of Central Coast.

(The witnesses withdrew)

[Short adjournment]

KAREN LEE MINTO, Acting Regional Coordinator for the Central Coast, Department of Premier and Cabinet, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolio of the Central Coast open for examination. Minister, can you advise the Committee how many times since you became the Minister for the Central Coast you have met with Central Coast representatives of the Department of Premier and Cabinet to discuss policy matters relating to the Central Coast?

The Hon. JOHN ROBERTSON: I have been frequenting the Central Coast on a regular basis, as was reported, I think, in the Sunday papers. I regularly go to the Central Coast and meet at Gosford. I commute by train, with regard to my other portfolio responsibility. I get a sense of the train services up there and it provides me with an opportunity to talk to people who are commuting on the trains and when I get off. Each time I go to the Central Coast I obviously have a dialogue with the Regional Coordinator for the Central Coast within the Department of Premier and Cabinet every time I am there. Their office is located right next door to my cubicle. We interact on a regular basis.

CHAIR: You have a cubicle?

The Hon. JOHN ROBERTSON: I have a glassed-off area with a door.

The Hon. MATTHEW MASON-COX: Like a telephone box where you get changed?

The Hon. JOHN ROBERTSON: You said that, not me.

CHAIR: Is it fair to say that you debrief or touch base as a matter of course after each visit to the Central Coast?

The Hon. JOHN ROBERTSON: As a matter of course when I get there I have a conversation about those issues that are going on and then we will debrief on a regular basis. If I have meetings with representatives or constituents of particular organisations on the Central Coast, it would not be unusual—in fact, it is regular that the coordinator is also at those meetings with me. So if there are actions that need to be followed up, those actions can be followed up through the Central Coast office of the Department of Premier and Cabinet.

CHAIR: With respect to the Wyong coalmining issue, can you give us a straightforward answer? Is the Government going to allow coalmining beneath the Wyong Valley to go ahead?

The Hon. GREG DONNELLY: What do you mean by "a straightforward answer"?

CHAIR: Yes or no.

The Hon. JOHN ROBERTSON: I would like to think all my answers are straightforward. My straightforward answer is that the Government believes that all planning applications and otherwise ought to be dealt with on a merit assessment basis. This project ought to be treated no differently from any other project with regard to a planning application. The process to assess applications of this nature is comprehensive. The community can be assured that the views of local residents and the potential impacts on the community will be thoroughly considered prior to any determination being made.

CHAIR: Minister, has the member for Wyong made any personal representations to you on this issue or asked you to oppose coalmining in Wyong if the matter comes before Cabinet?

The Hon. JOHN ROBERTSON: The member for Wyong is also my Parliamentary Secretary for the Central Coast. He does a fantastic job making sure the Government is well represented up there on the occasions that I am not there and also standing in for me at a whole range of functions. He has raised this issue with a number of people within government. It is my understanding that he supports the process that the Government is undertaking and has confidence in that process. It is a process that delivers confidence not only to the community but to any applicant that makes a planning application in this State that there will be a process and all applications will be considered on the merits of those applications, including this one.

CHAIR: Has he asked you to oppose coalmining in Wyong?

The Hon. JOHN ROBERTSON: He has regularly expressed his views when it comes to coalmining and a whole range of other issues on the Central Coast.

CHAIR: In favour or against?

The Hon. JOHN ROBERTSON: I am not going to go into the nature of the conversations I have with my colleagues in the caucus or in the Cabinet. He has advocated a position with regard to this and a whole range of other issues on the Central Coast, advocating for his community.

CHAIR: Minister, with respect to roads on the Central Coast, your predecessors have talked about making improvements to Terrigal Drive since way back in the 2001-2002 budget. Yet local people these days have to spend up to half an hour to travel three kilometres on that road. When will improvement works start there?

The Hon. JOHN ROBERTSON: The Keneally Government understands the importance of maintaining the road network on the Central Coast and that is why we have committed more than \$300 million across the four years between 2007 and 2011 to upgrade the road network throughout the Central Coast. We have already delivered a large number of high-profile projects. These road projects are key investments in the future of the region and have been well received by Central Coast residents. Major projects include the upgrade of the Central Coast Highway between Erina and Wamberal, and the upgrade of Avoca Drive at Green Point. I am advised that work has started on the 2.2 kilometre section of the Central Coast Highway between Carlton Road and Matcham Road at Erina Heights. This upgrade will include two travel lanes in each direction; bus and parking lanes at specific locations with widened medians; pedestrian crossing lights in proximity to formalised bus bays at key locations; on-road bicycle lanes' and a shared footpath/cycleway.

Another major project is upgrades to the intersection of the Central Coast Highway and Brisbane Water Drive at West Gosford. Subject to planning approval, construction is expected to commence during 2011. This is an important intersection that provides a major link road for Central Coast residents. I am advised that significant community consultation took place prior to this decision. This Government acknowledges the importance of having community input in local infrastructure. Work started in March of this year on the \$18 million upgrade of the intersections of the Central Coast Highway with Woy Woy Road and The Avenue-Curringa Road at Kariong. This upgrade is expected to be completed in 2011.

I am also pleased to inform the Committee about key roads projects this Government has already delivered. The \$42 million upgrade of the Pacific Highway to a four-lane dual carriageway between Tuggerah and Wyong was completed in October 2009. The \$52 million upgrade of the Pacific Highway through Ourimbah to a four-lane dual carriageway was completed in January 2010. This followed the \$15 million improvement works to the Dog Trap Road intersection completed in July 2007 as a separate first stage of the project. The \$94 million widening of the F3 freeway to six lanes between Sydney and the Central Coast, to better serve the 70,000 motorists who use the freeway each day, was completed late last year.

The \$15 million upgrade of the Central Coast Highway between Terrigal Drive and Carlton Road was completed in August 2007. The \$40 million upgrade of the Central Coast Highway between Ocean View Drive and Tumby Road was completed in July 2008. Work started on the 2.2 kilometre section of the Central Coast Highway between Carlton Road and Matcham Road at Erina, and I have already outlined that upgrade. There is a range of other projects. This is a demonstration that this Government is capable of delivering multiple projects concurrently.

CHAIR: But not at Terrigal Drive.

The Hon. JOHN ROBERTSON: We are doing work around that area as well.

CHAIR: But I specifically asked you about the three-kilometre stretch at Terrigal Drive that has not been done. When will that start?

The Hon. JOHN ROBERTSON: As you can see, there is a range of road works that is being carried out, and there is only so much you can do within specific time frames and availability of plant equipment and the like. With regard to when that will commence, I will take it on notice and get an answer.

CHAIR: Did you mention the West Gosford interchange, that is, the intersection with the Central Coast Highway with Brisbane Water Drive and Manns Road and—

The Hon. JOHN ROBERTSON: I did—the Central Coast Highway with Woy Woy Road and The Avenue-Curringa Road, Kariong. The upgrade is expected to be completed in early 2011.

CHAIR: With respect to the Pacific Highway on the Central Coast you mentioned some work having been completed to upgrade that to dual carriageway. Will that be completed along the Central Coast section of the Pacific Highway soon?

The Hon. JOHN ROBERTSON: I have recently been involved in some discussions with the member for The Entrance and the Roads and Traffic Authority about additional road works on the Pacific Highway. There is a program of work to be carried out progressively in sections along the Pacific Highway, and I was in those discussions. I cannot recollect off the top of my head where that section was but I can certainly get you that information.

CHAIR: Could you provide that project on the list? That would be helpful.

The Hon. JOHN ROBERTSON: Yes.

The Hon. MATTHEW MASON-COX: I turn now to the Terrigal police station. That has been continually downgraded while complaints of antisocial behaviour in Terrigal have been on the increase. When will you end the buck-passing and reopen Terrigal police station as a fully operational facility?

The Hon. JOHN ROBERTSON: That is a matter for the Minister for Police and I suggest you ask him the question.

The Hon. MATTHEW MASON-COX: But do you have a personal view about it as the Minister for the Central Coast?

The Hon. JOHN ROBERTSON: Police matters are matters that are best dealt with by the Minister for Police and I suggest you refer your questions to him.

The Hon. MATTHEW MASON-COX: Minister, you also continue to claim that the Central Coast is a separate region, but the Government continues policies that lump the Central Coast in with other regions. When will the Central Coast be separated from the Hunter Central Coast education region to form its own region with its own regional office?

The Hon. JOHN ROBERTSON: Earlier this year the Premier made the announcement that the Central Coast was identified as a region. I do not recollect the date off the top of my head but it was just prior to my becoming Minister for the Central Coast that the area was designated as a region. There are obvious benefits that will be attributed to the Central Coast once that occurs. In regard to education matters, again they are matters that are best directed to the Minister for Education and Training.

The Hon. MATTHEW MASON-COX: Similarly, on what date will the Government adopt the Coalition's policy and establish a separate Central Coast health region and board?

The Hon. GREG DONNELLY: This is a fifth joke.

The Hon. JOHN ROBERTSON: It is not a very good joke. I do not believe this Government will ever adopt a policy position of the Opposition.

CHAIR: So you are not going to split Northern Sydney off from Central Coast Area Health Service?

The Hon. JOHN ROBERTSON: If you are talking about specific health matters I am not aware of what the health Minister may or may not have in mind. The question I was asked was whether we will adopt an Opposition policy and my response was not that I am aware of.

CHAIR: The idea is to split Northern Sydney Area Health Service and the Central Coast Area Health Service.

The Hon. JOHN ROBERTSON: That matter is probably best directed to the Minister for Health.

CHAIR: It is a pretty big issue on the Central Coast.

The Hon. JOHN ROBERTSON: I am aware that there are issues on the Central Coast.

The Hon. MATTHEW MASON-COX: As you said, the Premier recently announced that the Central Coast is a separate region. This is a similar sort of question: When will the Government create a separate Central Coast Joint Regional Planning Panel?

The Hon. JOHN ROBERTSON: Again, you had best refer your question to the Minister for Planning.

The Hon. MATTHEW MASON-COX: As the Minister for the Central Coast, are you pushing for separate representation on each of these bodies, be it education, health or planning, to be attributed to the Central Coast as a separate region?

The Hon. JOHN ROBERTSON: My role is to be a conduit to the Cabinet for the Central Coast and I have raised a range of issues with my Cabinet colleagues around those issues, as is my responsibility as Minister for the Central Coast. In regards to those conversations, I am not going to go into the nature of those conversations here.

The Hon. MATTHEW MASON-COX: Your Government has promised to spend several billion dollars to build a fast train link between Sydney and Newcastle through the Central Coast, a plan that was then cancelled with an apology by Michael Egan. The Federal Government has now announced a new plan to build a fast train link. What consultation did the Federal Government conduct with your office prior to making that announcement?

The Hon. JOHN ROBERTSON: Earlier I think I alluded to the fact that I had had numerous conversations with the Minister for Transport and Infrastructure in the Commonwealth Government around a range of transport projects that might eventuate in New South Wales and issues that the Commonwealth Government is looking at. Again, I am not going to go into the detail of those conversations. I think it is a very exciting opportunity that the Commonwealth is now proposing to do a study into this project. Obviously that presents fantastic opportunities on the coast. If there are to be, for instance, train stops along the way, the opportunities that that presents to the Central Coast are quite significant. With my other hat on, obviously one of the things that I would look at is just what those studies might reveal in regard to the opportunities that are presented to the Central Coast in terms of economic development and jobs opportunities as a result of that.

The Hon. MATTHEW MASON-COX: Was it similar to what happened with the Epping to Parramatta rail link in that you found out only the day before that there was going to be an announcement?

The Hon. JOHN ROBERTSON: I just said that I have had conversations with the Minister on a range of issues. I will not go into the detail of those conversations. Certainly, it came as no surprise to me that that announcement was made.

The Hon. MATTHEW MASON-COX: Did you have any discussions with Central Coast Federal Labor candidates prior to that announcement?

The Hon. JOHN ROBERTSON: Me?

The Hon. MATTHEW MASON-COX: Yes, you personally.

The Hon. JOHN ROBERTSON: I have had one conversation with the new member for Robertson, who improved the Labor vote in that seat significantly and did a fantastic job repelling attacks from the Coalition during the election campaign. The meeting was at a celebratory function after the election. I have not had any conversations with the member for Dobell for some time.

The Hon. MATTHEW MASON-COX: Can you confirm whether the New South Wales Government is committing any funds to this plan?

The Hon. JOHN ROBERTSON: I understand the Commonwealth Government is funding the feasibility study. We have conducted our own studies previously.

The Hon. MATTHEW MASON-COX: Has there been any request from the Commonwealth Government for funds from New South Wales for the feasibility study or for the construction, should it be seen as a desirable project? Have there been discussions along those lines?

The Hon. JOHN ROBERTSON: The Commonwealth Government has committed \$20 million. Obviously I will ask Transport NSW to work with the Commonwealth Government. As I said, it is a very exciting opportunity for the Central Coast. If this fast train link eventuates, the opportunities for economic development in and around the area are significant. For those reasons, I will ask Transport NSW to work with the Commonwealth Government in assisting it to develop the feasibility study.

Ms CATE FAEHRMANN: I am interested in the northern Sydney freight corridor program, which will obviously impact on the Central Coast. When an agreement was reached about Commonwealth Government funding for the project in 2009, it was touted as an \$840 million project. What will be the New South Wales Government's contribution?

The Hon. JOHN ROBERTSON: Transport NSW will assist the Commonwealth Government in the work associated with final scoping to inform the detailed planning currently underway. We are developing a freight strategy for release for public discussion at the end of the year. It will address freight improvements over the next 25 years. We will be working with the Commonwealth Government to develop these projects.

Ms CATE FAEHRMANN: Do you have a figure for the New South Wales Government's contribution?

Mr WIELINGA: The details are being worked out. The Commonwealth Government says it will contribute a maximum of \$840 million to the project. At the moment the work is revolving around the operation plan. We are talking about a mixed railway system that must run passenger and freight services. In contributing the \$840 million, the Commonwealth Government wants to ensure it gets a material return, either through ownership of infrastructure or dedicated train paths for freight trains. That detail is being worked out at the moment. When the standard working timetables are put together for that part of the rail network there will have to be extra paths for freight trains to secure that return. That detail is being worked out at the moment.

Ms CATE FAEHRMANN: So you do not have the detail of how many extra freight and passenger services will run?

Mr WIELINGA: We have identified the number of paths. That is still being discussed with the Commonwealth Government. It is peer reviewing our modelling work and a presentation has been done in the past week or so.

Ms CATE FAEHRMANN: I note that the project information on the Transport Construction Authority's website states that it will allow 24-hour access for freight trains. Is that currently the case?

The Hon. JOHN ROBERTSON: No. We run our rail network in a specific fashion giving priority in a.m. and p.m. peaks to passenger services. Obviously, it is our responsibility to ensure that we are moving passengers at the times they need to be moved. The advantage of a dedicated freight line is that we will be able to move both. However, we prioritise our passenger services. If there is a choice to be made between freight and passenger services, our priority is passenger services.

Ms CATE FAEHRMANN: Do we currently have 24-hour freight line movements along that line, or will that be new?

Mr WIELINGA: They do not move in the peak periods.

Ms CATE FAEHRMANN: I am talking about between 10.00 p.m. and 6.00 a.m.

Mr WIELINGA: The high demand for freight movement is between 0400 and 2200 hours each day. There are very few freight train movements in the middle of the night. Is it possible to put freight trains on the

network at that time? Clearly it is, because there are no other services running. However, loading and unloading times are the key issue. We do not let them operate inside the peak periods. A practical reason for that is that these freight trains are 1.5 kilometres long and they use four lines when they turn near Strathfield to go down to Chullora. If something were to happen to a train it would have an effect on the whole system. A big part of this northern freight corridor proposal is to allow those trains to move without affecting the four through lines.

Ms CATE FAEHRMANN: What level of community consultation has occurred with residents given the noise that will be generated if the freight line is used around the clock?

Mr WIELINGA: The next stage of the project is the detailed environmental assessment work that must be undertaken. We are still finalising the scope of the project and operating plan. When building railway systems we must consider not only the infrastructure but also the operating plan. That plan will determine the noise impacts and so forth. Useful consultation can be undertaken with the community when it has been determined.

Ms CATE FAEHRMANN: I now turn to a topic that I know is an issue for many residents of the Central Coast. I refer to potential rise in the sea level. Minister, I am sure that people talk to you about the impacts of coastal erosion and the potential rise in the sea level along the Central Coast. What are they saying to you and what is the Government doing to ensure that its policies do not make the situation worse?

The Hon. JOHN ROBERTSON: No-one on the Central Coast has raised that issue with me since I assumed responsibility for that area, but I did deal with that issue in a previous portfolio. The Department of Environment, Climate Change and Water and the Department of Planning are developing a program that projects the rise in sea levels over the next 50 years to 100 years. That feeds into the planning processes. I do not know what stage that has reached. About 12 months ago the Government projected a sea level rise over the next 100 years of 0.9 metres, but I may stand corrected on that.

Ms CATE FAEHRMANN: Are you concerned about the Government's approval of two potential coal-fired power stations and the impact that they may have on residents of the Central Coast in relation to their greenhouse gas emissions and contribution to global warming?

The Hon. JOHN ROBERTSON: I am not aware of those approvals.

Ms CATE FAEHRMANN: I am referring to the two power stations that could be coal fired.

The Hon. JOHN ROBERTSON: Are you talking about the development sites that are part of the electricity reform process?

Ms CATE FAEHRMANN: Yes.

The Hon. JOHN ROBERTSON: I may be corrected, but I understand that they come with a development approval. The site itself is approved subject to detailed planning.

CHAIR: That concludes this hearing. Thank you, Minister, and your officers for your assistance.

The Hon. JOHN ROBERTSON: It was a pleasure and I look forward to doing it again next year.

(The witness withdrew)

The Committee proceeded to deliberate.
