

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 4

**INQUIRY INTO THE CLOSURE OF THE CASINO TO
MURWILLUMBAH RAIL SERVICE**

At Sydney on Friday 2 July 2004

The Committee met at 10.15 a.m.

PRESENT

The Hon. J. A. Gardiner (Chair)

The Hon. Dr A. Chesterfield-Evans

The Hon. P. J. Breen

The Hon. J. C. Burnswoods

The Hon. C. E. Cusack

The Hon. D. E. Oldfield

The Hon. P. T. Primrose

The Hon. E. M. Roozendaal

CHAIR: I declare open the public hearing of General Purpose Standing Committee No. 4. This is the sixth hearing of the Committee as part of its inquiry into the closure of the Casino to Murwillumbah rail service. From 9 to 11 June 2004 the Committee held a series of public hearings in Lismore, Byron Bay, Murwillumbah and Sydney. This is the third Sydney hearing. The Committee has heard from a broad range of community and business representatives together with RailCorp officials in relation to the closure of the Casino to Murwillumbah line. As a result of the hearings on those days the Committee wishes to raise a number of issues with relevant government officials. Today we will take evidence from the Department of Infrastructure, Planning and Natural Resources [DIPNR], Treasury, the Premier's Department in relation to North Coast regional infrastructure, and RailCorp. The Committee invited the Minister for Transport Services, Mr Costa, to its inquiry today but he said that he had a long-standing commitment elsewhere. I welcome Mr Stephen Alchin to this inquiry.

STEPHEN DAVID ALCHIN, Executive Director, Transport Planning, Department of Infrastructure, Planning and Natural Resources, sworn and examined:

CHAIR: Is that the capacity in which you are appearing today?

Mr ALCHIN: Yes.

CHAIR: Could you give us a summary of the sort of work that is done by the Transport Planning Division and DIPNR? In particular, would you focus on the non-metropolitan aspects of your work?

Mr ALCHIN: Certainly. The Department of Infrastructure, Planning and Natural Resources has a broad mandate to synthesise and integrate a range of land-use planning, natural resources and infrastructure planning across New South Wales. Its prime objective is to try to facilitate the economic development of the State in a manner that is environmentally sustainable and that is reflective of the State's financial capacity, and to do that through, as I said, land-use planning, management of the State's natural resources, such as water and vegetation, and medium-term to longer-term infrastructure planning. In that context, the role of the department's Transport Planning Division is to address those medium-term to longer-term challenges that face the people and communities of New South Wales and to provide advice through the Minister to the Government about various options that are available to the Government, trade-offs that might need to be made as a result of the impact of different proposals and to ensure that, as far as practical, transport planning is integrated with land-use planning for the State.

I suppose that one of the key theoretical developments over the last 10 or 20 years has been that land-use planning and transport planning are inextricably linked. One of the key features of the creation of this department was the bringing together of the land-use planning responsibilities under what was PlanningNSW with the strategic planning of what was then the Department of Transport, or Transport New South Wales. In relation to non-metropolitan transport, our role again primarily is a medium-term to longer-term role. In particular, as a consequence of some decisions that were taken by the Government late last year and early this year, there was a slightly sharper definition of the respective roles of DIPNR versus the Ministry of Transport in relation to the planning and development of transport services, if I can distinguish that from transport infrastructure, in non-metropolitan New South Wales.

The Ministry of Transport and other agencies within Minister Costa's portfolio have a primary responsibility in relation to operational matters and the service level planning that is required to ensure that services run reliably and, in other ways, meet the needs of the people of New South Wales. Our role is a bigger picture and medium-term to longer-term role. In that context, we tend to focus primarily on the broader links—the networks of the State highways, interstate railway lines and things of that nature—and, to some extent, the links into major regional centres. On the whole, we do not get involved in the fairly localised or day-to-day service planning responsibilities of bus operators, community transport organisations, or the like. That is our role in a nutshell.

CHAIR: Could you give the Committee an outline of the bigger picture from DIPNR's point of view in relation to North Coast rail transport in particular?

Mr ALCHIN: Certainly. I suppose that the bigger picture is one of continuing population growth, both over the last 10 years and respectively over the next 20 to 30 years. My department recently released regional population forecasts for the whole of New South Wales to 2031. Whilst I cannot recall the exact figures, my recollection is that the forecasts were for the population of the Richmond and Tweed area, if I can use that term as a rough equivalent for the far North Coast, to be growing from something of the order of 216,000 people in 2001 to around 289,000 or 290,000 in 2031. Our department's challenge in all that is, as I said, to plan for that growth. The other obvious characteristic of that growth would be a significant ageing of the population.

That characteristic, which is common across all New South Wales but which is particularly striking on the North Coast, provides for patterns of urban development, settlement and services to ensure that the needs of those groups, in particularly the ageing community which will become an increasingly important part of that area over the next 10 or 20 years, is fundamental to our role. Our role is about getting the balance right and it is about supporting local councils. A lot of responsibility in the detailed work will occur in the local area through local councils, with local and regional planning councils establishing where the areas for urban development

might best be located, bearing in mind the economics of developing the land, the issues of water supply and water catchments, protecting agricultural land and natural resources and, as I said earlier, supporting that with timely and economically efficient transport infrastructure.

CHAIR: Would you provide to the Committee your department's population statistics for the North Coast and indicate how they relate to the statewide picture?

Mr ALCHIN: I would be quite happy to do so.

CHAIR: Is there any specific planning for the rail needs of the North Coast population over the next several decades?

Mr ALCHIN: The department's role is really one of multimodal transport planning. Clearly, as part of that rail is one element. But so, too, are the road networks, freight transport and the like. We are not expressly looking at anything in the next little while with railway lines and the like in that area. At the moment our mandate is to take a broader view of things that may occur, and things may follow on from that. Generally, we are looking at the overall development pressure that will occur on the North Coast and we are establishing how best to support that. Much of the growth that has occurred and that is likely to continue to occur is in the areas around the coastal strip. There is a need to provide an economically efficient way of supporting those areas. In many cases it will be with roads and with bus transport. The railways are an important part of State's transport system but their costs are not insignificant, so governments will need to consider carefully where, when and how they will provide rail-based transport.

The Hon. CATHERINE CUSACK: You referred earlier to the fact that your role is to provide multimodal planning. What is the multimodal plan for the North Coast?

Mr ALCHIN: At present a multimodal transport plan for the North Coast does not exist in a single document. Essentially, it relates to progressive upgrades of road networks and supplementing that, or operating public transport services over those networks through services that are regulated or, in part funded, through the Ministry of Transport. In relation to freight there are obviously freight movements on the road. Also not insignificant volumes of interstate freight use the North Coast railway line.

The Hon. CATHERINE CUSACK: You are describing to me what is happening. I am asking what is the multimodal plan for the North Coast in the future? You referred earlier to the population, the demand and to what is happening. We are trying to ascertain what is the plan.

Mr ALCHIN: The plan, to some extent, will be providing elements of the same: economically efficient road development and bus-based services. The development of railway lines is not something that would inevitably be ruled in or out. It is something that has to be done by my department, in conjunction with other parties, such as RailCorp and the like over the next year or two years as some of the sharper pain that we are now embarking on takes effect.

The Hon. CATHERINE CUSACK: How much work have you done to prepare that plan?

Mr ALCHIN: We are in the early stages of it at the present time.

The Hon. CATHERINE CUSACK: Can you give me an indication?

Mr ALCHIN: What sort of answer are you looking for, in terms of how it might be expressed?

The Hon. CATHERINE CUSACK: It appears that that there is no documentation for the plan that you have just outlined. Is that correct?

Mr ALCHIN: No, there are our preliminary and background pieces of work that have been worked up through regional offices, as I say, some of the population assessments. But we are at the early stages of this work.

The Hon. CATHERINE CUSACK: Has any documentation been generated for the plan for the future transport needs for the region?

Mr ALCHIN: Not at the present time.

The Hon. CATHERINE CUSACK: What has happened in terms of preparing that plan? Have people had a meeting?

Mr ALCHIN: There have been meetings of departmental officials.

The Hon. CATHERINE CUSACK: Is there a specific committee that is preparing a plan for transport on the North Coast?

Mr ALCHIN: There is a group of officials within the department and they will be having various consultations at times with local stakeholders and the like. As I say, we are at the early point in that process.

The Hon. CATHERINE CUSACK: Have there been any meetings yet?

Mr ALCHIN: Of the officials?

The Hon. CATHERINE CUSACK: Yes.

Mr ALCHIN: Yes.

The Hon. CATHERINE CUSACK: Is the group named?

Mr ALCHIN: It is the Far North Coast Planning Project Control Group.

The Hon. CATHERINE CUSACK: Who is on that committee?

Mr ALCHIN: Departmental officials, the director-general and others within the department.

The Hon. CATHERINE CUSACK: Who chairs the committee?

Mr ALCHIN: The deputy director-general.

The Hon. CATHERINE CUSACK: Are there officials from other government agencies on the committee?

Mr ALCHIN: Not at the present time.

The Hon. CATHERINE CUSACK: How many officers of your department are on the committee?

Mr ALCHIN: I cannot recall exactly. I would have to take that on notice.

The Hon. CATHERINE CUSACK: When did the committee first meet?

Mr ALCHIN: It has been meeting over the past two months, or thereabouts.

The Hon. CATHERINE CUSACK: Was the first meeting prior to the mini-budget?

Mr ALCHIN: I cannot recall. I would have to take that on notice.

The Hon. CATHERINE CUSACK: What information did you supply to the Minister for Transport Services, or your committee, in relation to the mini-budget decision to close the Casino to Murwillumbah rail service?

Mr ALCHIN: I am unaware that we were asked to provide any information.

The Hon. CATHERINE CUSACK: Are minutes kept of those meetings?

Mr ALCHIN: I imagine there would be file notes.

The Hon. CATHERINE CUSACK: Is it possible for this committee to be provided with an indication of the work and the direction that the committee is taking?

Mr ALCHIN: I will take it on notice, yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: How much resources go into the committee to look at the transport needs of the North Coast?

Mr ALCHIN: All I can say is that the work of the committee draws on officials from various arms of the department. I have a senior officer within my division who is working in large measure—I would be hazarding a guess but a substantial amount of time is dedicated to this North Coast work.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: How many full-time equivalent people are—and for how long have they been—involved in such a plan?

Mr ALCHIN: It will vary because of the project. At the present time it would be, I hazard a guess, something approaching one-third to half a person's time, but it will vary, that is for sure.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So one-third to a half of one full-time equivalent person is planning?

Mr ALCHIN: As I say, at the present time the project is in its early stages.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You said the project started a couple of months ago?

Mr ALCHIN: The early work started about, as I say, two months ago as I recall it. I have to take that on notice.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Does that mean no-one was working on it up to and after the mini-budget?

Mr ALCHIN: I would have to take it on notice. Obviously, other work in other parts of the department was a matter of some consideration in, for example, our regional office. In terms of transport planning work, that has picked up in the past two months.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Can we safely say that there was no serious planning before the mini-budget?

Mr ALCHIN: I would not say that. Clearly, there have been land use and other plans, investment plans of the various agencies—Roads and Traffic Authority, RailCorp and the like—so it would be incorrect to say that there has been no plan.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am talking about a DIPNR transport plan. There was no DIPNR transport plan?

Mr ALCHIN: There were regional strategies and the like that arose from our predecessor organisations. Bear in mind, DIPNR has only been in existence since 1 July 2003.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: There was no regional transport plan at the time it was decided to close the railway?

Mr ALCHIN: Not an expressed document that was termed regional transport plan no.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The railway was closed without a plan of what would happen to transport in that region?

Mr ALCHIN: I do not believe that is the case. Clearly, these are getting into operational matters but there were plans about replacing the rail service with bus services and other services, CountryLink coaches and the like.

The Hon. DAVID OLDFIELD: Was it written on a mirror in a lavatory somewhere or can we see that it exists somewhere?

Mr ALCHIN: You would have to ask officials from the Ministry of Transport about that.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Are you not an official from the Ministry of Transport?

Mr ALCHIN: No, I am not.

The Hon. CATHERINE CUSACK: This committee has been referred to you for that information.

The Hon. DAVID OLDFIELD: The Ministry of Transport makes all the plans: you are not involved in planning at all?

Mr ALCHIN: No, that is not correct.

The Hon. DAVID OLDFIELD: You are just not involved in these plans?

Mr ALCHIN: The Ministry of Transport provided advice, I imagine, to Minister Costa about the replacement of the rail service with bus services. Bear in mind this distinction I spoke of earlier between some of that operational level debates about bus services and the like versus the medium to longer term infrastructure planning that is the responsibility of a different arm.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Surely you are not trying to separate the operational matters which, from your tone, sounded a little trivial, from the actual plan? You are saying "We are planning the infrastructure but the operational matters as to whether it is a train or bus is someone else's problem." Surely, if money is not put into infrastructure the trains can not run, but if you decide to replace trains with buses you will not invest a fortune into infrastructure.

Mr ALCHIN: I must stress anything I say is not trivial. I am just saying that the delineation of responsibilities between the agencies is such that the decision in the short-term about the use of the railway line and its replacement with bus services was a matter for the transport services portfolio rather than my own.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: When this one-third of a person gears up to look at the transport needs of the northern sector is the economic multiplier effect of having a rail link to the Gold Coast taken into consideration, or is that beyond the scope of what would be done by this extensive committee?

Mr ALCHIN: The transport planning necessarily looks at a range of considerations: economic impacts, environmental issues, cost, potential patronage and all of those sorts of matters.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But DIPNR takes a broader picture?

Mr ALCHIN: Yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You are a department of planning and you are looking beyond transport?

Mr ALCHIN: Correct.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Obviously there is a rail line to the Gold Coast which is a huge boom area through the northern part of New South Wales which is comparatively a sleepy area, I will put it that way in terms of the boom of the Gold Coast? Would you plan and say that if people could easily reach northern New South Wales from south-eastern Queensland it would have a huge economic effect on growth? Does anybody look at that issue?

Mr ALCHIN: I imagine that would be part of the planning work that we as a department will be pursuing over the next little while. As I say, there have been existing strategies but these plans and efforts are always matters that should be, and appropriately, kept under review, and that is going to be part of the scope of our work.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Obviously if one were trying to get some of the economic boom from Queensland to come into northern New South Wales, when you say "I imagine that would be part the of the planning" in some indefinite future, surely a transport link would be a key element?

Mr ALCHIN: It is.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: There is no hard and fast plan to do any of that at all at the moment?

Mr ALCHIN: No, that would not be correct. Given the role of the department the broad scope of the plan will be one that embraces, as I said earlier, urban development, natural resources, infrastructure and transport in its broad scope.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But this is a plan that may come—there is no concrete plan along these lines, or any plan, to make such a plan at the moment. Is that correct?

Mr ALCHIN: No, the intention is to prepare a plan to address all of those things. To look at those demands, as I said, of forecast population growth in that region over the next 10, 20 and 30 years and, on the basis of our analysis, provide advice to government about how it might best and most appropriately provide for the transport needs of that region.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Would the forecast of the number of people immensely change if there were a rail link to the Gold Coast? When you say you first look at the population growth and then transport, given the situation, surely it should be looked at the other way around? If the transport were there, what difference would it make to the growth of the region?

Mr ALCHIN: We are looking at both the population and the transport. It is an interactive and integrative process.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But that is not what you say, nor did you say there is any hard and fast plan on its way. Is there a plan on its way or are you imagining this will happen at some time because of the general brief of the department?

Mr ALCHIN: No. Let me make it clear, there is a plan on its way. Department officials are working on it as we speak.

The Hon. DAVID OLDFIELD: When do you expect that plan will be finished.

Mr ALCHIN: I would have to take that on notice.

The Hon. DAVID OLDFIELD: When was the plan asked for in the first place?

Mr ALCHIN: I would have to take that on notice.

The Hon. CATHERINE CUSACK: Are you familiar with the Richmond/Tweed area?

Mr ALCHIN: In general terms?

The Hon. CATHERINE CUSACK: The regional centres up there.

Mr ALCHIN: The broad ones: Ballina, Tweed Heads, Byron, Kyogle and Lismore.

The Hon. CATHERINE CUSACK: Have you profiled the transport needs of people to get to those regional centres?

Mr ALCHIN: There is a broad level of understanding through the database of services and population figures for that area. As I say, we have that material in place and we use that as part of our planning. It is also supplemented I believe with more detailed work that is undertaken through the Ministry of Transport.

The Hon. CATHERINE CUSACK: Can you brief us on that material?

Mr ALCHIN: In general terms—

The Hon. CATHERINE CUSACK: Specific to the Northern Rivers. As opposed to process, I am asking for information about the transport.

Mr ALCHIN: I would have to take that question on notice. I simply do not have that information in my head at the present time.

The Hon. CATHERINE CUSACK: Have you any local information at all that you could provide to this Committee?

The Hon. ERIC ROOZENDAAL: What does that mean? I am not quite sure what you are asking.

The Hon. DAVID OLDFIELD: Perhaps if you had been here for the last 15 minutes you would have a better idea.

The Hon. ERIC ROOZENDAAL: But the question asked for any local information. It is a pretty broad question. What does that mean—the temperature, the local roads?

CHAIR: We will get to temperature later.

The Hon. CATHERINE CUSACK: Could you answer my question?

Mr ALCHIN: Could you repeat the question, please?

The Hon. CATHERINE CUSACK: Do you have any local transport information at all that you could brief the Committee on?

Mr ALCHIN: I can provide information under notice, but I do not have that information with me at the present time.

The Hon. CATHERINE CUSACK: Do you have transport planners within your organisation who would have that information?

Mr ALCHIN: I have got staff who have access to data and information, yes.

The Hon. CATHERINE CUSACK: Have they come from the Ministry of Transport? Have they been transferred over, or are they people who have previously worked in your organisation?

Mr ALCHIN: In the main, they are people who have come across from the Ministry of Transport.

The Hon. CATHERINE CUSACK: Did they bring a plan across with them?

Mr ALCHIN: They brought across all the data and the like, yes.

The Hon. CATHERINE CUSACK: But there was not an integrated transport plan for the Far North Coast when they came over, is that correct?

Mr ALCHIN: The State's settlement plans had been in existence through what was then Planning New South Wales. The transport planning was reflected in the budget papers and the allocations for development of the infrastructure.

The Hon. CATHERINE CUSACK: The budget papers do not actually contain plans. For example, we have the university and the base hospital in Lismore, and we have people not living in Lismore needing to get to Lismore. Is there knowledge in your organisation as to what they are doing at the moment and what the demand would be for the future?

Mr ALCHIN: Again, I think perhaps we are not clear about the respective roles of the Ministry of Transport versus the Department of Infrastructure, Planning and Natural Resources. The role of my department is, as I say, medium to longer-term planning, and planning primarily focussed on infrastructure. The service level planning—the movement of people, whether it be from hospitals or to other services—is the responsibility of the Ministry of Transport.

The Hon. CATHERINE CUSACK: Though you said earlier that you did have responsibility for links into local regional centres. Were you referring to transport links?

Mr ALCHIN: Transport links, yes.

The Hon. CATHERINE CUSACK: Would the transport needs of the base hospital and the university people needing to access those services from outside the regional centre not be part of those links?

Mr ALCHIN: They are part of those links. But, again, it is a matter of being aware of the work that the Ministry of Transport is doing and then feeding that into our work at this medium to longer-term level.

The Hon. CATHERINE CUSACK: We have asked this question of the ministry, and they have indicated that it is the responsibility of your department to undertake this transport planning.

Mr ALCHIN: As I say, medium to longer-term transport planning, yes.

The Hon. CATHERINE CUSACK: But there is not a medium to longer-term plan at the moment.

Mr ALCHIN: That is, and will become, part of the work that has, as I said, recently commenced. There is a review of all the regional strategies. I stress that the Department of Infrastructure, Planning and Natural Resources has not been in existence for very long, and clearly the department is aware that coastal growth is a significant issue that faces the State at large, and one of our early projects is going to be reviewing and updating of this regional plan for the North Coast of New South Wales.

The Hon. CATHERINE CUSACK: I understand that it is not a new issue. The staff who were working on it have not suddenly started working on it; they have been transferred into your organisation. I presume the transfer occurred because they had the skills and knowledge of what is going on in transport, and that it has just been a new box that they have been put in, if you like. But the function presumably is a continuing one.

Mr ALCHIN: I think it is fair to say there is with the creation of DIPNR an increased focus on planing for the far North Coast.

The Hon. CATHERINE CUSACK: How important is Brisbane to the mid-coast and the far North Coast communities?

Mr ALCHIN: Economically, Brisbane is a significant economic centre that some of the people from the far North Coast would travel to.

The Hon. CATHERINE CUSACK: Can you describe the demand for transport to Brisbane?

Mr ALCHIN: Not here in this Committee. There is information, if I can take that question on notice, that I can provide.

The Hon. CATHERINE CUSACK: Can you provide us with information about movement patterns and where you see that demand occurring? Is that information that you have?

Mr ALCHIN: I am sorry, I was distracted. Could you repeat that question, please?

The Hon. CATHERINE CUSACK: What are the transport needs of people in those areas at the moment, and what are they projected to be in the future?

Mr ALCHIN: At a broad level, as I say, some of this transport planning is in an early phase. But I expect I will be able to supply general information.

The Hon. CATHERINE CUSACK: Would the fact that teaching hospitals in Brisbane are servicing mid North Coast communities be relevant to your planning processes?

Mr ALCHIN: It is a consideration.

The Hon. CATHERINE CUSACK: So it is in one of those databases somewhere?

Mr ALCHIN: I do not think it would necessarily be in a database, but, as I say, it would be a consideration.

The Hon. CATHERINE CUSACK: How would you be capturing that as a consideration, and what would you be doing with that information?

Mr ALCHIN: Collecting the information both from our State colleagues in terms of inter-border issues or cross-border issues in discussions with colleagues from the Queensland Department of Transport.

The Hon. CATHERINE CUSACK: Is the Queensland Department of Transport involved in your committee that is doing planning for our transport needs for the future?

Mr ALCHIN: For the moment, the committee is a committee of DIPNR officials. As I said before, we will clearly be speaking with relevant stakeholders during the course of our work.

The Hon. CATHERINE CUSACK: Are you envisaging a formal review?

Mr ALCHIN: A review of what, I am sorry?

The Hon. CATHERINE CUSACK: Of the transport needs of the Northern Rivers area.

Mr ALCHIN: That is certainly part of the scope of the work. As I say, given the scope of the work, and the medium to longer-term focus of the department, that is clearly going to be part of our work.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Why does not all this exist before the railway is closed? All this is going to happen, it is a consideration, there is liaison with other departments, it is the long-term focus of the department—I am using your phrases here. Why is not all this done before the railway is closed? Or is that a question I should ask the Minister?

Mr ALCHIN: No. As I said, these medium to longer-terms plans are matters that are in preparation. The decision of the Government to remove the rail services and replace them with bus services was one that was forced on the Government by the budgetary circumstances that it faced, and in particular the consequence of the change in revenue-sharing arrangements.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So you would argue it is simply a short-term consideration forced on the Government so that they could not possibly do the long-terms plans?

Mr ALCHIN: No, I would not argue that at all. What I am saying is—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is more or less what you said.

Mr ALCHIN: No. As I say, the decision was one that was taken by the Government in response to budgetary circumstances that were forced upon it. The corridor is to be retained, and it is open at a future time to review the use of that corridor.

The Hon. CATHERINE CUSACK: You say the closures were the result of a change in revenue-sharing considerations. How do you know that?

Mr ALCHIN: From information that I have gleaned from reading the media, discussions with colleagues, public information.

The Hon. CATHERINE CUSACK: That is not part of your area of expertise. Is that correct? It is more of a political matter.

Mr ALCHIN: No. I am an experienced public servant who keeps abreast of public policy developments.

The Hon. CATHERINE CUSACK: In giving evidence to this Committee on why the line has closed, are you basing your evidence on what you have read in the media? Is that right?

The Hon. ERIC ROOZENDAAL: That was not his answer.

The Hon. CATHERINE CUSACK: Talking to colleagues and reading the media. What did you understand his answer to be?

The Hon. ERIC ROOZENDAAL: I am not the one being questioned here.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Let the witness answer the question.

The Hon. DAVID OLDFIELD: You clarified it most specifically by saying colleagues and media. That is exactly what you said. So what is the answer to that question? Do you glean your information from the media and colleagues, rather than directly through public policy that you are professing to understand?

Mr ALCHIN: I glean my information from a range of sources.

The Hon. DAVID OLDFIELD: The range that you gave a moment ago was from colleagues and the media, inclusive and totally.

The Hon. ERIC ROOZENDAAL: No, he did not say that.

The Hon. DAVID OLDFIELD: You are new at this. Perhaps you would like to review some of this afterwards so that you can learn how it works.

The Hon. JAN BURNSWOODS: Don't be patronising, David.

The Hon. DAVID OLDFIELD: It is difficult not to be in the circumstances and given the comments.

The Hon. JAN BURNSWOODS: You keep asking this witness questions. It is a fishing expedition, over and over again.

CHAIR: Order!

The Hon. DAVID OLDFIELD: The questions are based on his own answers. When a person chooses to go down a path, and the path ends in a silly answer, the person can expect some further questioning.

The Hon. JAN BURNSWOODS: The trouble is that you keep asking the same questions over and over again when they are totally outside the witness's area of responsibility, and then you get upset because he is unable to answer them.

CHAIR: The witness is able to determine whether questions are within his area of responsibility. Can we just have questions and answers?

The Hon. JAN BURNSWOODS: A decision in the mini-budget has nothing whatsoever to do with this witness's area of responsibility.

CHAIR: Order!

The Hon. DAVID OLDFIELD: Then the witness should not make comments that are intended to be from a questioning standpoint.

CHAIR: Order?

The Hon. ERIC ROOZENDAAL: He was answering a question.

The Hon. DAVID OLDFIELD: Then he should say it is not within his area of expertise. He should say: I am not able to answer that question appropriately.

The Hon. JAN BURNSWOODS: The fact that the witness has been forced to come here does not mean that he is able to answer the questions that are being put to him.

The Hon. CATHERINE CUSACK: Is there any opportunity for a commuter rail service to operate successfully in the Northern Rivers?

The Hon. JAN BURNSWOODS: How would this witness know that?

The Hon. CATHERINE CUSACK: Because he is responsible for transport planning in that area.

The Hon. JAN BURNSWOODS: This is just ludicrous!

CHAIR: Order!

The Hon. JAN BURNSWOODS: The witness has been here for all of this time—

CHAIR: Order!

The Hon. JAN BURNSWOODS: —and he is being asked questions that are not within his area of responsibility.

CHAIR: Mr Alchin, would you care to answer the question?

Mr ALCHIN: I am not sure what sort of commuter rail service is being referred to.

The Hon. CATHERINE CUSACK: A commuter rail service from stations in areas such as Byron Bay to Lismore, which is where the university and the hospital are. It is a commuter rail service that could operate for the benefit of local commuter needs.

Mr ALCHIN: In one way, that is a possibility. Nevertheless, the Government, if it is to be able to manage its budget and manage its broad responsibilities to the community, must consider the best and most efficient way of dealing with that. Given the relative cost of railways and bus services, a commuter services might reasonably be provided at lower cost and with greater efficiency through bus services.

The Hon. CATHERINE CUSACK: Are you basing your answer on policy parameters or on specific local information relating to that railway line?

Mr ALCHIN: I do not have any specific information at hand on the railway line. But, clearly, in many areas, depending on the density of the patronage and the like, bus services are a viable means of providing commuter services and other services to the community at large.

The Hon. CATHERINE CUSACK: My question was: Is there an opportunity for a successful commuter service on the railway line? If you do not have the answer to the question, it is fine to say that you do not have it.

Mr ALCHIN: I could take that on notice.

The Hon. CATHERINE CUSACK: You said one of your policies is environmentally sustainable transport. Do you regard rail as being environmentally preferable to bus services?

Mr ALCHIN: I would not say it is preferable or worse. It is one way of meeting the community's transport needs.

The Hon. CATHERINE CUSACK: In terms of environmental sustainability, in that context?

Mr ALCHIN: In that context, again, it can be better, it can be worse. In some cases, given the energy consumed in the moving of rail carriages and the like, depending on the number of passengers, it may actually have an adverse result.

The Hon. CATHERINE CUSACK: How can rail have an adverse result?

Mr ALCHIN: For example, CO2 emissions from buses. But, again, it is a matter of the numbers and the circumstances of the case.

The Hon. CATHERINE CUSACK: Are you evaluating that? Is that your responsibility?

Mr ALCHIN: I have not been evaluating it so far, no.

The Hon. CATHERINE CUSACK: Is that going to be a responsibility of your organisation?

Mr ALCHIN: I do not believe so. In the context of our broader mandate, it is a matter that we have to have a look at a wide range of issues over a much longer term.

The Hon. CATHERINE CUSACK: I think the first thing you said was that your mandate was an environmentally sustainable transport system. So, if you are not doing that work, is someone else advising you in terms of environmental sustainability?

Mr ALCHIN: We will be looking at a range of considerations—environmental, economic issues and the like—in development of the plan.

The Hon. CATHERINE CUSACK: Who is advising you on the environmentally sustainable issues?

Mr ALCHIN: Staff within my department, research that we will undertake. We may engage people to assist us with that, but it will be departmental resources in the main.

The Hon. CATHERINE CUSACK: What information do you have about environmentally sustainable transport in the Northern Rivers, in the Richmond-Tweed?

Mr ALCHIN: It depends what you mean by environmentally sustainable transport.

The Hon. CATHERINE CUSACK: What did you mean when you said that was your objective?

Mr ALCHIN: It is to provide transport that is best able to meet the community's needs, both to do things in an economically efficient way, to do things in a way to meet the community's social needs, but, all other things being considered, is the least environmentally impacting.

The Hon. CATHERINE CUSACK: How are you measuring that impact?

Mr ALCHIN: That is work that we will have to do.

CHAIR: Could you give us a definition of medium to long term? How far out do you look at projects?

Mr ALCHIN: There is no hard and fast rule. However, I would say that in the main, medium to longer term is beyond five to 10 years; five to 10 years and beyond.

CHAIR: Are you aware of the Minister for Transport Service's Casino to Murwillumbah rail corridor working party?

Mr ALCHIN: I am aware of its existence. I am not aware of its precise deliberations.

CHAIR: It has not had any yet. We have been advised that on that committee, apart from some local mayors, there is also a RailCorp rep a DTA rep and other Queensland transport representative. If they were looking at the medium to long-term outlook for that rail corridor, DIPNR with me to be involved at some stage, would it not?

Mr ALCHIN: It may be. It depends on the terms of reference. Obviously, we are in contact with RailCorp from time to time and the Ministry of Transport on various issues.

CHAIR: But so far you have not been consulted about the terms of reference and the work of that working party?

Mr ALCHIN: Not that I recall. I would have to take it on notice, if I may.

CHAIR: Earlier in your evidence you mentioned involving stakeholders in developing planning for transport in the Northern Rivers. Are you aware that virtually all of the local councils in the Northern Rivers want the rail service reopened? How does that fit in with your planning?

Mr ALCHIN: The views of the local councils and other parties will be one of the considerations that we will bear in mind when determining transport plans for the next 10 and 20 years.

CHAIR: After the event of a closure?

Mr ALCHIN: The rail corridor is being closed. The corridor will remain. There are various options about where railway lines might best serve the needs of the future community on the far North Coast of New South Wales.

The Hon. DAVID OLDFIELD: What views were sought prior to closure?

Mr ALCHIN: You would have to ask the Ministry of Transport about that.

The Hon. CATHERINE CUSACK: What work have you undertaken so far with local councils to incorporate those views into your planning?

Mr ALCHIN: We have had some initial discussions with council officers, and I expect that that will continue.

The Hon. CATHERINE CUSACK: Can you be more specific about those discussions?

Mr ALCHIN: We have had discussions with officers from Tweed Shire Council, for example, about transport planning in general and you have development pressures in general. I do not recall that they were specific about the railway line.

The Hon. CATHERINE CUSACK: That was a meeting that you had?

Mr ALCHIN: Correct.

The Hon. CATHERINE CUSACK: Did you have that meeting yourself?

Mr ALCHIN: Yes.

The Hon. CATHERINE CUSACK: Was that in the region?

Mr ALCHIN: Yes.

The Hon. CATHERINE CUSACK: Are you going to consult other councils as well?

Mr ALCHIN: I expect that we will.

The Hon. CATHERINE CUSACK: Is that a process they can formally submit to?

Mr ALCHIN: I will have to take that on notice, if I may.

The Hon. DAVID OLDFIELD: From your answer to my last question about consultation prior to closure, do I gather that in planning in your area you have some responsibility for consultation for reopening, but you have no responsibility for consultation for closing?

Mr ALCHIN: You have characterised it as closing and reopening. Our responsibility for consultation is in relation to transport planning at large.

The Hon. DAVID OLDFIELD: Are you saying that a closure was nothing to do with transport planning?

Mr ALCHIN: It is a fact that bears on the nature of the transport services that are there to support the needs of the community on the far North Coast of New South Wales. It is a consideration.

The Hon. DAVID OLDFIELD: From what you are saying there was no planning transport wise with regard to the closure and, hence, there was no consultation.

Mr ALCHIN: Such consultation as occurred would have occurred to the Ministry of Transport.

The Hon. DAVID OLDFIELD: Are you certain of that?

Mr ALCHIN: I am not aware of any specific consultations through my department, but I can take that on notice.

The Hon. DAVID OLDFIELD: You are not certain whether there was any consultation at all, even though you have just told me it would have occurred through the Department of Transport or the Ministry of Transport?

Mr ALCHIN: What I am saying is such consultation as may or may not have occurred through my department, I will take that on notice. I am not in a position to comment in any detail about consultations that may or may not have occurred through the Ministry of Transport.

The Hon. DAVID OLDFIELD: Through the course of the last hour, it seems clearly that on many topics of apparent responsibility of yours you are not in a position to comment at all. You seem to make the comments anyway. A moment ago you told me that it would have taken place through the Ministry of Transport, but now you are saying that it may or may not have taken place through the Ministry of Transport. It would seem that your answer is developed on the basis of the questions rather than on the knowledge that you have to be able to give this Committee.

The Hon. JAN BURNSWOODS: Point of order: It really is not fair for the member to heckle the witness in this fashion. The earlier question related specifically to the decision, and we have heard over and over again that the decision was in the mini-budget, and it was a Government decision. To attack this witness for the answer he gave, which was a totally factual answer, is quite outrageous.

The Hon. DAVID OLDFIELD: You would have to read the stuff later on to determine whether it is totally factual.

The Hon. JAN BURNSWOODS: I ask you to call the member to order.

CHAIR: Perhaps you could turn it into a question, or do you have another question?

The Hon. DAVID OLDFIELD: Again, I gather from what you have said—and bear in mind I am basing my questions merely on your words—that you will be responsible for consultation should there be any plan to reopen, but you had no responsibility for consultation with regard to closure.

Mr ALCHIN: You might recall that my answer was my responsibility in terms of consultation in relation to transport planning at large.

The Hon. DAVID OLDFIELD: Hence that must extrapolate to there being no transport planning with regard to closure, because there was no consultation?

Mr ALCHIN: As part of our general planning work we will consult with a range of parties about the future transport needs of the far North Coast and how they might best be addressed.

The Hon. CATHERINE CUSACK: We have been asked by councillors from Byron Bay council to put to you that Byron is a major destination for transport and there are major commuter problems in the town. The simple question they want answered is where is a transport plan for their area? Can you provide any further advice or information to them in terms of what is going on with transport planning in the region?

Mr ALCHIN: As I have said previously, transport planning in the medium to longer term will be the responsibility of the Department of Infrastructure, Planning and Natural Resources in consultation with a range of parties, State agencies, local councils and the like.

The Hon. CATHERINE CUSACK: There is no planning now, but there will be in the future?

Mr ALCHIN: As part of a general plan and strategy for the North Coast of New South Wales. As I said, that planning has commenced and is under way. That is not to say that it is planning that is occurring in a vacuum: there have been development strategies, plans for upgrade of the Pacific Highway and the like, that have been in place for some time.

CHAIR: In terms of the plan you said earlier that roads are in and buses are in, but rail has not been ruled in or out. Why is rail in a different box?

Mr ALCHIN: All of the different infrastructures are there, and they are potentially available. As I said, it is a matter of considering the various options, considering the pros and cons and how they might best meet the needs of the community.

CHAIR: What are the particular cons for rail as distinct from roads and buses on the North Coast?

Mr ALCHIN: It is a question of how those services can best meet the needs of the community, given the relevant investment that has to be put into both the road network, which services both local communities, freight, buses and the like, and the rail services, which potentially could service passenger needs and they may service freight needs. There is no hard and fast rule about this. It is a matter of weighing up the pros and cons, the environmental issues, the economic issues, the financial issues, the social issues and providing balanced advice.

CHAIR: Are you saying that the benefit to the community would be road and bus transport as distinct from rail transport?

Mr ALCHIN: No, I am not saying that. I am simply saying that one needs to look at the range of considerations that will underpin Government decisions about where they might put their infrastructure investment.

The Hon. DAVID OLDFIELD: Was the briefing you received with regard to your answers here today verbal or written?

Mr ALCHIN: I do not understand the question.

The Hon. DAVID OLDFIELD: The briefing that you would receive through the Minister's office about government interests, was it written or was it verbal?

Mr ALCHIN: It would be inappropriate for me to answer that question. It is beyond the terms of reference.

The Hon. JAN BURNSWOODS: I do not think that these hypothetical or rhetorical questions are really fair to the witness, as the honourable member well knows.

CHAIR: I do not know that the witness is required to answer a hypothetical.

The Hon. DAVID OLDFIELD: I would think that the witness has not answered lots of questions. I did not see any problem with asking him another one that would not be answered.

CHAIR: We thank you for your time with us this morning. There are a number of questions on notice. Would it be appropriate for you to get that back to us by the middle of next week? Would that be too quick?

Mr ALCHIN: I will do my best. That may be a stretch, but I will do my best.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Do you require the questions to be clarified from the transcript?

CHAIR: It might be more reasonable if we said the end of next week, Friday. We will get the questions to you.

Mr ALCHIN: It depends how quickly I can get a copy of the questions.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You want the questions to be extracted, rather than you read the text and reanswer the questions?

Mr ALCHIN: Yes.

CHAIR: We will highlight them and send them to you.

(The witness withdrew.)

JOHN ERIC PIERCE, Secretary of the New South Wales Treasury, sworn and examined, and

ZEGGI LEJINS, Director, Transport and Ports, New South Wales Treasury, affirmed and examined:

CHAIR: Mr Pierce, you are appearing in that capacity?

Mr PIERCE: Indeed, I am.

CHAIR: Mr Lejins, would you outline for the Committee your role specifically in relation to the Transport and Ports job description?

Mr LEJINS: Within New South Wales Treasury we have divided responsibilities for the agencies within Government between directors. The agencies for which I have primary responsibility are Transport agencies: the Roads and Traffic Authority and the various ports. Transport agencies include the Ministry of Transport plus the rail agencies. Our role is to prepare and manage the budget submissions and allocations for those agencies, to be the primary point of contact for those agencies with Treasury and to provide advice to the Treasurer on issues relating specifically to the financing of those agencies and, more generally, on issues relating to the reform and other issues that may come up during the course of a year.

CHAIR: Mr Pierce, could you advise the Committee of any Treasury input into the decision to close the Casino to Murwillumbah rail service?

Mr PIERCE: I am not too sure how helpful Treasury is able to be about the specifics of a particular rail line but perhaps I can say this by way of context. Treasury obviously has responsibility for providing advice about fiscal strategy. The Government's policy objectives in relation to fiscal strategy are really to have the financial position of the State on a sustainable basis, by which it is meant that the State's balance sheet is strong enough to allow the continued support of, or a reasonable level of growth in, expenditures and hence the services, despite the ups and downs in the economy and hence the ups and downs in our revenue. So sustainability essentially means that our finances strive to withstand a temporary or cyclical fiscal shock without either compromising the State's triple-A credit rating, which is a measure of the strength of the balance sheet, and without the need to reduce services or increase taxes in response to temporary or cyclical types of impacts. That essentially means that during times of temporary downturns effectively running a budget deficit is consistent with that policy. During times of above trend revenue growth you run surpluses.

During 2003-04, however—I think this has been well documented in the mini-budget and the budget—a number of permanent or structural changes affected the budget that threatened the maintenance of that sustainability would be assessed as having been achieved—primarily, obviously, the decision by the Commonwealth Grants Commission to reduce the level of general purpose grants to New South Wales and the higher than expected wage outcomes for teachers and nurses that came out of the Industrial Relations Commission. Those sorts of changes—because they are not temporary or cyclical but structural: they are there permanently—require, for the maintenance of that fiscally sustainable position, a structural response. So the core of the Treasury advice to the Government was essentially that the changes that we have had imposed on us, if we are going to maintain the sustainability of our financial position, require some structural responses. It was really those pressures that saw the Government adopt the measures that were announced in the mini-budget—a mix of tax and savings measures.

The savings measures totalled about \$365 million. About \$284 million of them were specific types of savings. In announcing them the Treasurer indicated that there were savings in a number of areas which were reductions in expenditures in areas that were worthwhile ones but ones that were required by the Government's desire to maintain the sustainability of the State's fiscal position. The Government decided to include within those specific savings in the Casino to Murwillumbah line the \$5 million that you are familiar with. Rail funding increased significantly, so the savings and tax measures enabled us to deal with those structural responses and also allow the Government to increase funding in a number of areas, one of which was rail.

The Hon. CATHERINE CUSACK: What was the net increase in rail spending?

Mr PIERCE: From memory—Ziggy might get the actual number—the increase year on year in passenger rail funding was in the order of \$350 million to \$370 million.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: What is that as a percentage?

Mr LEJINS: Can we come back with a precise calculation?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes. Also, what is the total for rail.

Mr LEJINS: I will be quite specific. I know that you do not have copies of the budget papers in front of you. Page 21-21 of Budget Paper No. 3 actually sets out the funding in a fair amount of detail. I will go through the numbers fairly quickly and I will not round it down to the last dollar, just to be brief. The general funding for RailCorp—that is the operating funding for the metropolitan rail service and also country services and the costs that they have to be absorbed within RailCorp, the SRA and the RIC—was increased by \$156 million. There was a \$138 million increase in the capital grant to RailCorp. There were some minor adjustments around the edges. Not wanting to take up your time with that, I think school student transport was only up by a couple of million dollars compared with the budget last year and there were some reductions in transitional funding. But the overall impact, plus an additional \$80 million that the Rail Corporation will be borrowing this year towards the Rail Clearways Program, was a net increase of \$350 million for passenger rail services. Funding was provided to the Rail Infrastructure Corporation last year of \$285 million for the below-rail maintenance of the network. That has been reduced to \$123 million as a result of the transaction that has just been concluded with the Australian Rail Track Corporation. But as you will see from the aggregates, that saving, if you like, has actually not been appropriated back to another part of the budget; it is incorporated in the numbers I gave you previously.

Mr PIERCE: Flowing back into rail.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Does this mean that you are basically spending more money on carriages and less on tracks?

Mr LEJINS: No. The money will be spent on the track, going forward from about 4 September outside the Sydney metropolitan area. But it will be spent by a combination of the State and the Australian Rail Track Corporation. That is probably not the object of your question. Within the metropolitan area the funding for track is provided by RailCorp, which is now an integrated service provider. So perhaps the simple answer to your question is that there will be a significant increase in funding for track. The major component also is the increase in spending within the metropolitan area for the Rail Clearways Program, which I think will be about \$80 million starting next year but going out for the next five or six years to a total of around \$1 billion.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Which is not a huge help to the people of the North Coast.

The Hon. CATHERINE CUSACK: What do you estimate the saving to be from below rail savings?

Mr LEJINS: Ostensibly there is a headline saving, as you will see in the budget papers, of \$175 million. That saving is not immediate. Adjustments have to be made over a period. For example, if staff are no longer required they have to be dealt with. Either their wages have to continue to be paid or they receive voluntary redundancy. There are costs in the head office of State Rail and Rail Infrastructure Corporation and in RailCorp that used to be spread over a wider business. They now have to be absorbed by a slightly reduced business. It is hard to be precise because there are a huge number of variables, such as the number of employees who accept redundancy and the timing of the acceptances, and the speed at which the ARTC can also implement some of its on the ground changes. In the short term there is probably not a lot of change left over. It is really a long-term strategic transaction; it is not one that has been done with the immediate needs of the budget in mind. It is more in the next four to six years and beyond.

Mr PIERCE: I must admit that we did not really come prepared to go into the ins and outs of the ARTC transaction. As Ziggy said, we would expect that from the budget viewpoint there would be savings from that transition over the longer term. They will emerge slowly and our expectation is that those savings will be ploughed back into other parts of the rail network, including New South Wales. So from the viewpoint of managing the budget bottom line it perhaps helps us to avoid additional costs compared with what we might be expecting at the moment. But we are not expecting the ARTC thing to add to the size of our bottom line. Any savings will be ploughed back into the rail system.

The Hon. CATHERINE CUSACK: It will be reallocated. I understand. Is that \$175 million figure built into forward estimates?

Mr PIERCE: I think the hundred \$75 million figure is the total over number of years.

Mr LEJINS: Again, going back to page 21-21, there is a line for Rail Infrastructure Corporation country network operations. The budget last year was \$285 million. The actual figure was \$357 million. The budget for this year is \$123 million. The explanation of the difference between the \$285 million and the \$125 million is very much that the ARTC has assumed the responsibility for that part of the network that would have been funded by the \$162 million difference.

The Hon. CATHERINE CUSACK: Was a savings target set for RailCorp in the mini-budget?

Mr PIERCE: No, not specifically. Savings targets were really only set for those agencies which are referred to as restructured agencies—the Department of Primary Industries, DEC, the follow through from last year's budget with DIPNR and Commerce. Wherever you are restructuring the way an agency provides its services, budget committee settled on a savings target to come out of that restructuring.

The Hon. CATHERINE CUSACK: So what was RailCorp asked to do in preparation for the mini-budget?

Mr PIERCE: Just generally in terms of process, we would have provided the budget committee with advice about the size of the structural impacts and hence the size of the gap to be filled. There would have been quite a few savings options across all manner of government that budget committee would have considered. Treasury did not specifically identify this particular railway line. We would have, I expect, on the back of the Parry review into CountryLink, asked the question whether budget committee was prepared to consider some savings measures within country rail transport on the back of that review. Budget committee decided on this particular railway line and asked us to include it.

The Hon. CATHERINE CUSACK: You indicated to them that there was a gap that needed to be filled because of the structural changes. What was the gap that needed to be filled in relation to RailCorp?

Mr PIERCE: We would not have had a gap in relation to RailCorp specifically. As we articulated in Budget Paper No. 2, the combination of the Grants Commission and the Industrial Relations Commission decisions totalled about \$840 or \$850 million, and that was the gap that needed to be filled by one means or another to maintain that fiscal sustainability.

The Hon. CATHERINE CUSACK: But basically RailCorp was not asked to make a saving. In fact, it was looking forward to new money.

Mr PIERCE: In aggregate, certainly the transport entities, and RailCorp in particular, had made submissions seeking significant amounts of additional funding. So we were aware that, however the budget turned out, there would be a significant amount of additional funding in aggregate going into rail. In responding to that, and in responding to the aggregate structural issues, we would have asked the question: What sort of savings measures can the Minister put forward to assist in funding the additional resources that are going into rail or into reducing the structural problems?

The Hon. CATHERINE CUSACK: Had they not closed the rail line, would they have received \$5 million less in their budget?

Mr PIERCE: It is hard for me to say, because you are asking me what would a budget committee have decided and I cannot answer that. What would Treasury have sought? Bearing in mind that many of the things that Treasury puts forward do not get accepted, I think our first question in response would have been: If you cannot make savings there, in what other areas can you make savings and can that advice be provided without implications of that so that the committee can make a decision?

The Hon. CATHERINE CUSACK: We have had previous evidence from Vince Graham that this matter did not go to the budget committee at all, that it was decided and announced in the mini-budget, that his

agency was unaware until 6 April that this savings measure was to be made and that it was not done in that normal planning way.

Mr LEJINS: I think we would have to see Vince Graham's evidence to see what he said.

The Hon. CATHERINE CUSACK: They tabled the memorandum of assent on 5 April advising on the savings strategy, and then it was announced on 6 April.

Mr PIERCE: That was a savings strategy specifically in relation to this line?

The Hon. CATHERINE CUSACK: Correct.

Mr PIERCE: I am sorry, I cannot explain the differences.

The Hon. CATHERINE CUSACK: The question relates to whether normal budget planning processes applied in the mini-budget, or because there was a short time frame perhaps people were tipping direct to the Treasurer what their ideas might be.

Mr PIERCE: Certainly normal project management processes applied. In evidence to another committee I indicated that from a Treasury viewpoint we start our budget processes back in September and the decisions of the budget committee on both the expenditure and revenue sides are normally made in the period leading up to late May or early April, and those decisions are then communicated to agencies via their allocation letters, they provide the information back to us, and that is what we then collate into the budget papers. So that from a project management viewpoint, on the expenditure side of the budget, all the mini-budget really did was make public decisions that our normal project management process would have the Government make at that particular time anyway. What was added to the workload during that normal period was the size of the structural issues that we had to address, and hence the size and scope of the savings measures that were considered.

Mr LEJINS: I think it is also fair to say that there was that time frame between the meeting in Canberra and the requirement for decisions to be made fairly well straight after that meeting.

The Hon. CATHERINE CUSACK: Do you mean the Grants Commission meeting?

Mr LEJINS: Yes.

The Hon. CATHERINE CUSACK: What was the total value of the spending initiatives in the mini-budget?

Mr PIERCE: I am sorry, I do not have that information on the top of my head. I presume the Treasurer mentioned it in his speech.

Mr LEJINS: Budget Paper No. 1, which contains the Treasurer's Speech, states at page 3:

Our total expenses in the coming year will amount to \$37,438 million, a 6.4 per cent increase, or \$2,239 million more than last year's budget.

The Hon. CATHERINE CUSACK: And \$350 million of that was Commonwealth funding that you thought you would get but did not get?

Mr LEJINS: They are reductions.

The Hon. CATHERINE CUSACK: And the \$500 million was the salaries?

Mr LEJINS: Yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Mr Pierce, the point you made about sustainability related to economic sustainability, or a single bottom line, is that correct?

Mr PIERCE: Yes—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The ability to continue to deliver services in an adverse economic environment?

Mr PIERCE: Yes, precisely. Obviously, the translation of that into specific decisions brings to bear all sorts of other objective functions, and this provides an overall framework in which the prioritisation, trade-offs and choices then have to be made against those other objective functions.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So you are the guardians of the money and the environmental department is, as it were, the guardian of the environment and the system makes the decisions, is that the position?

Mr PIERCE: Primarily. That would be a reasonable characterisation.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You spoke about the triple-A credit rating being a measure of the financial health of the State.

Mr PIERCE: Yes. It is a measure of the financial strength primarily of the State's balance sheet. The budget result, which comes out of the operating statement, is a flow measure; it tells you in which direction that stock is moving.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If one has debt backed up by good assets, rather than simply no debt, does that necessarily adversely affect one's triple-A credit rating?

The Hon. ERIC ROOZENDAAL: Point of order: I find the question quite interesting, but we are moving outside the reference of this inquiry. I understand that another committee dealt with the mini-budget and the issues surrounding it.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: To the point of order: If the previous witnesses' evidence was that it as a result of the mini-budget it was necessary to make these cuts, surely exploring the nature and objectives of the budget which have resulted in the cuts is reasonable, particularly given that we have the expertise of the Secretary of Treasury, a person we do not often have the opportunity to question.

CHAIR: As long as the question is within the context of the closure of the rail service, that is fine.

The Hon. JAN BURNSWOODS: To the point of order: I was a member of General Purpose Standing Committee No. 1, which conducted an inquiry into the mini-budget. Mr Pierce is referring to the evidence that was given before that committee. That inquiry held hearings, and the committee has tabled a report; indeed, I think Reverend the Hon. Fred Nile tabled that report some time ago. The report dealt with many of these issues. I think the point made by the Hon. Eric Roozendaal is apposite: we are again going over a whole lot of general issues that were dealt with by another general purpose standing committee, which has tabled its report.

CHAIR: I have made my ruling. If the Hon. Dr Arthur Chesterfield-Evans asks Mr Pierce questions in the context of the North Coast rail closure, that is fine.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Could you answer the question, please?

Mr PIERCE: Would you repeat it, please?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is the triple-A credit rating affected if one has debt but equity to cover that debt, as opposed to having no debt?

The Hon. JAN BURNSWOODS: Please answer with special reference to the Casino to Murwillumbah line.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It relates to it.

The Hon. JAN BURNSWOODS: How? The question does not comply with the Chair's ruling.

CHAIR: Are you able to answer the question, Mr Pierce?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is the triple-A credit rating affected by whether one has an asset backing for debt, or does it merely relate to the level of debt?

The Hon. ERIC ROOZENDAAL: Point of order: I do not believe that Treasury sets the credit rating.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The next question, if you want it in advance, is: What is the economics of putting money into the Casino to Murwillumbah infrastructure? We have to talk about having money to put into the infrastructure if we are to talk about building infrastructure. Surely this is within the reference of the inquiry. The Hon. Eric Roozendaal is merely wasting time.

CHAIR: Are you able to answer the question, Mr Pierce?

Mr PIERCE: I am trying to link the triple-A rating to decisions about the effect on the level of taxpayer subsidies to services like the Casino to Murwillumbah line.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Infrastructure borrowing, I would have thought.

Mr PIERCE: There are two key questions. One is: What is the level of debt that you start off with? If it is the same increment in liabilities, with the same asset base, at levels of debt that are higher than we have at the moment, it could be a threat to the triple-A rating. At the level of liabilities that we have at the moment, the increment in debt to support infrastructure—whether that affects the triple-A rating or not—depends on two things. If it goes into an asset that earns you a financial return, and the rating agency is confident that that return will materialise, that is less of a concern. If it is going into an asset that does not provide a financial return, it really has the same impact as borrowing to pay for recurrent expenditure. It depends on whether the tax base can support it.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am not suggesting that one should invest in something that actually loses money, because obviously that would affect the credit rating. If one were to build the railway to Queensland, for example, and that were a major growth engine for that area, surely the credit agency would see it in terms of the overall economy rather than purely in terms of the return on the rail link, would it not?

Mr PIERCE: The rating agency is interested in the risk associated with people lending us money. That risk is assessed against the financial position, that is, the accounting side of things, and against the general state of the economy. I am not aware of any proposed or potential rail investments that, to put it crudely, wash their face financially or require some degree of taxpayer support. The linkage through the impact on the economy back through tax bases would be, I would suggest, so circuitous that they would not be, in a sense, taking that into account. You would not be able to identify us with enough confidence to satisfy potential creditors that that investment, or that additional taxpayer support, was going to create a bigger economy, which would then feed back into the general tax base.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If one looks at the development north of the border and compares it to the development south of the border where the transport link is very good north of the border and not so good south of the border, if that degree of economic benefit were there, presumably that would not flow sufficiently to the builders of the rail line but it might flow sufficiently to the State, might it not, or would you pooh-pooh that sort of economic analysis?

Mr PIERCE: I am not in a position to comment on the specifics of transport planning in that part of the State or in Queensland but, in general, I think they would be fairly sceptical that any transfer of economic activity into New South Wales was going to be a net addition to economic activity and that we would be able to capture that through our tax bases; it might occur.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You do not really go for those multiplier figures, effectively?

Mr PIERCE: Years ago I spent many an hour studying multiplier figures and spent most of my early years doing benefit cost analyses and the multiplier effects that people identify as useful for explaining the distributional impacts of differing investments and proposals, and identifying who is affected and how, but they

do not add to the total level of benefits or the total cost. They just show how those things have been distributed between people and between sectors of the economy.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: For example, if the rail went through, the entire rail corridor would rise in value and all the sales tax of all the properties and development along that would flow into the State's coffers, would they not?

The Hon. JAN BURNSWOODS: Point of order: I know Mr Pierce, you said that you are not an expert on the Queensland rail system but in terms of all these questions, which, of course, have nothing to do without terms of reference, it is important to make the point that the Gold Coast is not well served by public transport.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: No, but they are investing in it down at Robina.

The Hon. JAN BURNSWOODS: The existence of a railway line that goes to Robina does not serve any of the needs of anyone on the Gold Coast except those travelling from an inland centre up Brisbane. To base a series of hypothetical questions on a non-existent excellent public transport system on the Gold Coast in Queensland is to make a mockery of what this Committee is meant to be doing.

CHAIR: The terms of reference go to the question of the future of the corridor, so the question is in order.

The Hon. JAN BURNSWOODS: The point I am trying to make is that the existence of a railway line from Robina to Brisbane is not equivalent to the point that the Hon. Dr Arthur Chesterfield-Evans tried to make, that the Gold Coast is well served by public transport. The Gold Coast is appallingly served by public transport.

CHAIR: That is a debating point, not point of order.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am asking about building a train. I think one could not look at the development of a whole region in terms of merely the cost of building a train. You are talking about opening up a region to a large population base that is growing in south-eastern Queensland.

Mr PIERCE: The point we would make is that any expansion decision has an opportunity cost and if the money was being spent by the Government in one area then it means it is not being spent in another. With those sorts of regional economic development issues—and this argument applies not just for regions within New South Wales but New South Wales as a region of Australia and, in some people's minds, Australia in the world—the question you have to ask is: Is that additional economic activity in that area simply being transferred from some other part of the State and the safest assumption to make is that the net impact, once one recognises the opportunity costs, is zero, and you should be evaluating investments on their own merits rather than adding in additional benefits, so-called, because of those economic development impacts.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So they would only be coming from Queensland, to take a parochial view?

Mr PIERCE: I could not say in that particular case. You would have to do the numbers. I know the academic who could do it for you, if you like.

The Hon. DAVID OLDFIELD: I seek some clarification. You spoke about some figures earlier at page 21-21 of the budget papers and you referred to an \$80 million loan.

Mr LEJINS: Yes, but that is one thing that is not on that page.

The Hon. DAVID OLDFIELD: How does the \$350 million add up?

Mr LEJINS: Have you got the budget papers?

The Hon. DAVID OLDFIELD: No, but I think you said \$138 million, \$156 million and you also talked about a couple of million.

Mr LEJINS: There is an adjustment of \$25 million plus \$80 million.

The Hon. DAVID OLDFIELD: Previously you did not tell us about the \$25 million adjustment so I could not quite work out how you got the figure of \$350 million. So it is \$138 million, \$156 million, a couple of million for schoolchildren, I think you said?

Mr LEJINS: Yes.

The Hon. DAVID OLDFIELD: And then there is \$25 million for traction, plus the \$80 million, which comes up to about \$350 million, is that right?

Mr LEJINS: Yes.

The Hon. CATHERINE CUSACK: I want to ask about community service obligation [CSO] funding. Quite an amount maintenance was done on the line funded with the use of CSOs. They are allocated by Treasury, as I understand it?

Mr LEJINS: There is an allocation from the Consolidated Fund to the Ministry of Transport, who in turn makes a grant to the Rail Infrastructure Corporation. The Rail Infrastructure Corporation has a funding arrangement with the Ministry of Transport and as part of that arrangement they develop a plan for the network and how and where the money is actually spent. It is a plan that not only looks at the budget year, but looks at the long-term framework. Probably the best person to ask about the details of the plan is the Ministry of Transport.

Mr PIERCE: We tend to fund block grants to the Ministry and then they negotiate with the transport agencies the specifics of how that is carved up.

The Hon. CATHERINE CUSACK: I understand that. Is it a fixed grant that you make to them or is it driven by demand?

Mr LEJINS: Let us go back in time. Unfortunately, I do not have the time series for this particular grant item, but it has actually grown quite dramatically over the last three or four years. I think it was a round \$100 million less than it currently is and it has grown strongly over the last few years. If you like, I could come back and actually give you that time series.

The Hon. CATHERINE CUSACK: That would be appreciated. What is the driver of growth?

Mr LEJINS: In that grant?

The Hon. CATHERINE CUSACK: Yes.

Mr LEJINS: Just to reflect back over the last few years, it is not a formula-driven number. There was a series of assessments done. If you recollect Ron Christie became the Co-ordinator General for Rail going back close to the Olympics. I think he made an assessment at that time. Subsequently, I think when we were in the negotiating sale of Freight Rail Corporation there was another examination of the needs of the network, so it was not driven by the consumer price index or some indices based on traffic; it was more based on the condition of the network and how much could be made available to improve it and maintain it.

The Hon. CATHERINE CUSACK: Obviously, the figure is based on something, though?

Mr LEJINS: Yes. Again you would have to ask the Ministry of Transport and, in turn, the Rail Infrastructure Corporation. It would reconcile back to a plan where they look at line by line, segment by segment and they build up to that total.

Mr PIERCE: They would use that information to come up with what is essentially an operating statement for the rail entities, what are their revenues, their expenditures, their planning and the difference is the level of CSO that they would be seeking. If you want a basis for determining the level of CSO, one basis, one starting point is what do the operating statements of these organisations look like, given their projections of passenger numbers, revenues, maintenance expenditure and that sort of thing.

The Hon. CATHERINE CUSACK: The term CSO is really a measure for funding gaps in the operating budget?

Mr LEJINS: When you say "gaps in the operating budget", there is a contribution made by users of the network through access charges. Across the whole of the country network—again you would have to go to the Rail Infrastructure Corporation, and this is now historic rather than specifics. If I estimated that it was around \$100 million, the actual cost of maintaining the network is many multiples of that. This is a business that basically continues. The actual gap between that income and the requirements of the network is met by this network payment, which is included on page 21-21 of Budget Paper No. 3.

The Hon. CATHERINE CUSACK: What do you see as the role of CSO funding? Is it actually to fund subsidised fares for passengers?

Mr LEJINS: Can I talk about not what I see as the role but rather what I see as the objective outcome that it produces?

The Hon. CATHERINE CUSACK: Yes.

Mr LEJINS: The objective outcome that it produces is the maintenance of rail lines that would otherwise not be able to be maintained because the revenue they earn is insufficient.

The Hon. CATHERINE CUSACK: Do you have any performance accountability for RailCorp in doing that?

Mr LEJINS: Can I go back half a step? I think you should talk to the Ministry of Transport and the Rail Infrastructure Corporation.

Mr PIERCE: That is something we would expect to be within the CSO agreement between the ministry and the rail entities themselves.

Mr LEJINS: In Treasury we obviously participate and observe the process of the negotiation of what they call the line CSO agreement and obviously I have had direct involvement in doing that, but it is not my responsibility. All I do is observe that there is a detailed process driven by proper rationing and organisation of projects and they apply appropriate criteria to achieve that to meet their budget.

The Hon. CATHERINE CUSACK: Does the ministry come to you and say, "We need to increase funding for CSOs"?

Mr LEJINS: They do that, yes.

The Hon. CATHERINE CUSACK: What would be a persuasive argument to you?

Mr LEJINS: I think we could almost go back to John here because the capability of meeting their requirements is, in turn, tied very much to the overall fiscal position and the fiscal outlook.

The Hon. CATHERINE CUSACK: I am trying to establish whether the CSO funding from the Treasury's perspective is linked into subsidised passenger travel or equity issues, or is it linked into economic track maintenance issues?

Mr PIERCE: The way we approach it is: If they come to us and say, "We need an increase in CSO funding", the information we would be seeking to extract is what does that additional CSO funding purchase and what are you giving up by not providing it, and defining that in a way where the basis still allows for the safe and efficient operation of the network. Those additional things that they would get from the additional CSO funding, we would simply present to our budget committee to say, "If there are additional funds to be spent on things, these things come from Rail, these from Health, these from Education" and the budget committee decides the distribution of the pie between those competing alternatives.

The Hon. CATHERINE CUSACK: So part of that submission might include reallocating CSOs within the system to attain that objective?

Mr PIERCE: Most certainly, if they are able to do that. We try to make it transparent to the budget committee so that it understands as much as possible, given the complexities of the total system, what the additional outputs from rail will be.

The Hon. CATHERINE CUSACK: The maintenance of the branch line is an issue of significance to this Committee. From your perspective, does Treasury oversight in any way RailCorp's maintenance of its assets?

The Hon. ERIC ROOZENDAAL: How does that fall within this Committee's terms of reference?

The Hon. CATHERINE CUSACK: The maintenance issue, which relates to branch lines, is a major issue that has been discussed at all this Committee's hearings.

The Hon. ERIC ROOZENDAAL: Should your question not relate specifically to the maintenance of the line, rather than to all of RailCorp's assets?

The Hon. CATHERINE CUSACK: I do not think Treasury would oversight the maintenance of that railway line. Could Treasury give this Committee an indication of its policy framework within which it oversights the maintenance of those lines?

The Hon. ERIC ROOZENDAAL: I would have thought it would have been more appropriate to ask the Minister that question.

The Hon. CATHERINE CUSACK: Which Minister?

The Hon. ERIC ROOZENDAAL: The Minister for Transport Services.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The Minister for Transport Services wrote to us and said that he would provide various other people to give evidence before this Committee.

The Hon. ERIC ROOZENDAAL: I do not think he provided Treasury officials.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: We have heard a lot of evidence to the effect that money has been the main reason for this closure. We are therefore asking Treasury officials that question, which I believe to be a reasonable question.

Mr PIERCE: Going back to the overall policy framework, Treasury asks agencies to prepare what is referred to as a total asset management plan, or TAM, which shows our existing stock of assets and those that we intend to maintain. If there are major new investments—not small investments, but investments that will significantly change the size of its capital stock—a maintenance plan is put forward. Obviously, Treasury is not overly staffed with engineers. It falls to its engineering expertise to state, "This is the right level of maintenance for this asset." The policy framework will be put forward to try to ensure that agencies go through that process and have that internal discipline. Essentially, we rely on agencies to follow that process and to seek appropriate advice.

The Hon. CATHERINE CUSACK: The Rail Infrastructure Corporation is paying significant dividends to Treasury and, at the same time, significant CSO funding is going into maintaining this line.

Mr LEJINS: What period are you referring to?

The Hon. CATHERINE CUSACK: I am talking about the period from 1996 to 2001.

Mr LEJINS: The Rail Infrastructure Incorporation has not paid dividends for a number of years.

The Hon. CATHERINE CUSACK: Three years?

Mr LEJINS: Yes. Independent of the country regional network, it managed a network for the Hunter Valley, which is run effectively as a commercial business. It can charge commercial rates that fully recover from

users the cost of the capital invested in that business. My recollection is that the dividend that was paid by the Rail Infrastructure Corporation, or its antecedent, the Rail Access Corporation, related to the operation of that commercial business rather than, if you like, the budget-funded business, which it called its non-commercial network. I am sure I am in correct in saying that Casino and Murwillumbah were a part of that non-commercial network. So there was no round robin of money related to the non-commercial network. The dividend that was paid would have been part of applying a commercial discipline to the Rail Access Corporation in relation to a fully commercial asset, which was the Hunter Valley rail network.

The Hon. CATHERINE CUSACK: So, basically, an increased dividend payment should not have resulted in decreased maintenance on those lines?

Mr PIERCE: No.

CHAIR: I refer to the total asset management plan. Would there have been anything in that plan that would have flagged any dramatic change to the status of the Casino to Murwillumbah line, for example, continuing the line or closing it down?

Mr PIERCE: I do not know the specifics, so I do not know whether there would have been. I was certainly aware of advice that the continued operation of the line would have meant an increase in the level of maintenance expenditure required on that line. So there is asymmetry, if you like, between the \$5 million saving we would have had from closing the line and the costs of continuing to operate that line. The net costs of maintaining the line would have increased above that \$5 million, whether it came out of TAM or out of other discussions that we had had with transport entities at that time.

Mr LEJINS: I wish to clarify two things. First, the decision that was taken, as I understand it, was in relation to the cessation of CountryLink services. Basically, as it was the only user it meant that the line would now be a disused line. But the savings that we incorporated, which were announced in the mini-budget, relate mostly to the cessation of that service. From memory, \$3 million of that amount related to the maintenance of the line and \$2 million related to the service. There would have been an ongoing strategic plan for the maintenance of that line, and the Rail Infrastructure Corporation would have maintained it. You would have to talk to officers there. Of course, they would go into detail about the various timings and stagings of the work that had to be done. I know from my experience that, recently, the overall plan has been revisited more than a couple of times. A fair amount of work was done, a lot of thought went into it, and some detailed short-term, medium-term and long-term costings were estimated. Again, if you want to obtain quality information on that, you would have to talk to the Rail Infrastructure Corporation and to its managers, who were the owners of that plan.

CHAIR: Mr Lejins, you said that in your Treasury capacity you relate to two rail agencies—the Ministry of Transport and the Roads and Traffic Authority and ports. How do you relate to the transport planners in DIPNR?

Mr LEJINS: I note that Stephen Alchin is in the room. I am sure that Stephen would say that I relate to him too much because I am frequently in his face. I am not responsible for DIPNR as an agency, so I am not responsible for its budget. Obviously, I participate in many transport planning and other forums that it runs. DIPNR is an important provider of advice in the annual capital budgeting process. It analyses capital bids and it provides advice on those bids from a transport planning perspective.

CHAIR: Is there a director of another unit in Treasury who directly relates to DIPNR?

Mr LEJINS: Yes, that is Sue Powell.

CHAIR: What is her title?

Mr PIERCE: Recently it has been moved around. Rather than going to the director level, Ziggi reports to the deputy secretary, Mark Ronsisvalle, and DIPNR report through my other deputy secretary, Kevin Cosgriff.

CHAIR: He is your deputy secretary?

Mr PIERCE: He is my deputy secretary. There are two of them.

Mr LEJINS: Even though I am not responsible for the budget of that agency, it does not necessarily mean that, to the extent that it deals with transport issues, we do not have a relationship.

CHAIR: That is understood.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Mr Lejins, I note that you are Director, Transport and Ports Branch, Treasury. Does that mean you have a liaison function between Treasury and other agencies? Presumably you are the watchdog of the money that other departments and agencies get from Treasury? You do not replicate their functions in transport planning?

Mr LEJINS: No, we certainly do not. We would not want to do that.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But effectively, you are the overseer of money that goes to Treasury, and presumably you advocate for them?

Mr LEJINS: I am not their advocate in Treasury. I am an objective analyser of their needs.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Do you feed that objective analysis into the cost mixing pot?

Mr LEJINS: If that is how you describe it, yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is another way of describing "advocacy".

Mr LEJINS: I would have said that an advocate would have the best interests of his or her clients at heart and he or she would present their case in the best possible light. That is not my role. My role is to present their case in a fair light.

(The witnesses withdrew)

COLIN GELLATLY, Director-General, Premier's Department, affirmed and examined:

CHAIR: The Committee is interested in establishing the role of the Premier's Department in co-ordinating planning and infrastructure for the North Coast region of New South Wales. We were particularly interested in obtaining evidence from the director of the regional co-ordination unit in that department. Could you fill us in? I understand that that position is temporarily vacant?

Dr GELLATLY: Yes. I know that the Committee requested the attendance of the regional co-ordinator of the Premier's Department on the North Coast but, as was stated, that position is temporarily vacant. We have someone acting in that position and we are looking at filling it in the near future. Given the fact that I have overall responsibility for the regional co-ordination program across the State, I thought that I would come along.

CHAIR: Thank you for making yourself available. Would you give us a snapshot of the work of that unit, in particular as it relates to transport services for the people of the North Coast?

Dr GELLATLY: Yes. Because of the context in which that person operates, the regional co-ordination program goes right across the State and it covers all regional areas. So there is a regional co-ordinator for the North Coast, for New England and one for the Hunter, which co-joins that region. They support what is called the regional co-ordination management group, which is comprised of the majority of government agencies that operate in that region. The role of the regional co-ordinator is to facilitate that group, which meets every few months.

The regional co-ordinator, as his title implies, co-ordinates agency activity on an ongoing basis. He has a whole-of-government approach to service delivery. A number of projects will be completed in the north in 2003-04. The Tweed Heads economic development task force is undertaking a human service delivery and case co-ordination information exchange project. There are a number of projects in the community solutions program, which is about towns in need. Development is occurring in some communities to strengthen various activities in Kempsey, Taree and Nimbin in the North Coast region. It organises things like breakfast programs, domestic violence, partnerships, street beat patrols, other Aboriginal employment strategies and so on. So it goes across the range of economic, environmental and social activities of the different agencies. I have got to emphasise that it is really about co-ordination between the different agencies; but they do not have a line role or a policy role. I think in the context of this decision, it is clearly a policy decision that was made by the Government in that the regional co-ordinator is not a representative of the Government in that broad policies sense in the region. They are there to co-ordinate and facilitate service delivery, particularly across agencies.

So for something that is an individual line agency decision, like a rail decision, the regional co-ordinator would not get involved in because that is not co-ordination across different agencies. We try to focus regional co-ordinators to get agencies to work together. In terms of issues like planning, clearly the Department of Infrastructure, Planning and Natural Resources has the overall responsibility for that. Similarly, from the economic development point of view, the Department of State and Regional Development has a role. We are very careful to try to get the regional co-ordinators not to replicate what the individual line agencies are doing. So in a planning sense we do not see the regional co-ordinators as being the frontrunner on providing any long-term strategy. It is really trying to get them to work on resolving issues on the ground, impediments to a good service delivery.

CHAIR: After the policy decision to close down the rail service, would there have been social impacts which the co-ordination unit would have to examine?

Dr GELLATLY: The consequences of when the decision is made and implemented, and its impacts in terms of employment issues—if there is redeployed staff, for instance—the regional co-ordinator could take a role working with the Public Employment Office. If they were seeking redeployment whether there were other opportunities in other agencies and those sorts of activities. In terms of the broader social impacts of such a decision, I would not see, unless there are some issues that are specifically raised by the agencies, the regional co-ordinator going out and taking an active role in that.

CHAIR: Have any of the agencies raised any such issues?

Dr GELLATLY: No, I checked, not recently.

The Hon. CATHERINE CUSACK: The committee has heard evidence from the community that there has been a huge range of impacts resulting from the closure in tourism, education, health and also the economic losses associated with the opportunity costs not being able to have commuter and tourism services. Industry has talked about its plans for development of land alongside the railway which it will not proceed with now. It seemed as though there were a number of co-ordination committees and it was not just a matter affecting CountryLink trains in isolation. In terms of co-ordination of whole of government policy—

Dr GELLATLY: I was trying to make the point that it is not really a co-ordination policy. We are really talking about operational, on-the-ground impacts and issues that arise across agencies that are raised by agencies. If something emerges that arises through one of the agencies then that would be taken up.

The Hon. CATHERINE CUSACK: Is there a role for looking at a whole-of-government policy in the regions?

Dr GELLATLY: Clearly any policy decision has social and economic impacts. There are always some who are adversely affected and some who are positively affected. There is the range and it is an issue of balance. I do not think at a regional level we want another regional sieve, if you like, of going on things. Clearly this is a policy decision made by politicians and the Government. They are the ones who take into account those different impacts.

The Hon. CATHERINE CUSACK: I take your point that every policy decision has consequences but if I could liken them to pebbles being thrown into the lake, this is as if the whole mountain has been dropped in the lake. This has been a major infrastructure decision with significant impacts with huge numbers of clients in health, university and other people. I do not suggest that every tiny detail needs to be looked at holistically but this was the only rail service in the region and it has been withdrawn. It had a significant impact on a whole range of other departments. Is something of that magnitude worthy of a whole-of-government approach?

Dr GELLATLY: No, as I say, the regional co-ordination program is not about policy decision; it is about the delivery of services on the ground and across agency issues.

The Hon. CATHERINE CUSACK: Do you have a whole-of-government approach to services on the North Coast? I thought that was what the office was doing.

Dr GELLATLY: Yes.

The Hon. CATHERINE CUSACK: Does the loss of the rail system impact on the whole of government service on the North Coast?

Dr GELLATLY: Clearly it is a policy decision that is made by government about whether to continue a train service. It is not for public servants in the regional co-ordination area to be involved in that decision.

The Hon. CATHERINE CUSACK: Is it for them to advise on service delivery?

Dr GELLATLY: On aspects of whether issues arise across agencies, yes.

The Hon. CATHERINE CUSACK: The need for a transport planning policy for the North Coast, is that something that would be of interest to the Premier's co-ordination program?

Dr GELLATLY: Yes, they would participate. The regional co-ordinator would participate if there is a process underway.

The Hon. CATHERINE CUSACK: There is not one underway that involves other agencies. Is that something, therefore, that the Premier's Department might say "It would be good to have an integrated strategy and we are going to have an integrated strategy"?

Dr GELLATLY: Yes, I understand that the Department of Infrastructure, Planning and Natural Resources is taking up that issue in the next year.

The Hon. CATHERINE CUSACK: It has an internal organisation committee. I am trying to work out whether the Premier's Department is interested in driving a more co-ordinated approach.

Dr GELLATLY: I am trying to emphasise the point: I do not want the Premier's Department regional co-ordinator to be a lead agency on those types of activities because otherwise it will end up getting involved in everything that happens. I am trying to concentrate them on activities where they can add value where there are impediments between agencies doing things together, roadblocks or whatever. But in terms of a planning issue, clearly, it is the Department of Infrastructure, Planning and Natural Resources [DIPNR] whose job is to look at those sorts of things.

The Hon. CATHERINE CUSACK: Can you explain the difference between co-ordinating and leading co-ordination?

Dr GELLATLY: If you have a lead agency that chairs the committees, call the meetings, control the processes and clearly if it is in their remit as an agency, like planning is for the DIPNR then it would be the lead agency.

The Hon. CATHERINE CUSACK: If the DIPNR is not doing that would the Premier's Department say there is a need for it?

Dr GELLATLY: That could be raised at the regional co-ordination management group where all the different agencies are represented, including the DIPNR. If people, including the regional co-ordinator, have the view that we should be looking at the planning strategy for the North Coast it could be raised there and suggested to the DIPNR that it looks at it.

The Hon. CATHERINE CUSACK: Would transport be a priority for Premier's Department on the North Coast?

Dr GELLATLY: I understand it is. Over a number of years I know it has been an issue up there.

The Hon. CATHERINE CUSACK: Yes, but finally there is no plan after it being an issue for years. Is it an issue for regional co-ordination of the Premier's Department?

Dr GELLATLY: Clearly, from what you have said, that is something that is not happening then it is something we have an interest in ensuring that the lead agency does take that up and do it.

The Hon. CATHERINE CUSACK: Can you advise us on what is being done to achieve that?

Dr GELLATLY: I understand there have been discussions. My advice from the office up there at this stage is that it is going to be undertaken in the next year.

The Hon. CATHERINE CUSACK: What have the priorities been for regional co-ordination?

Dr GELLATLY: Yes, I think I just mentioned them. There have been a number of economic ones: the Tweed Heads Economic Development Task Force. In the past 18 months, I guess, one of the big issues in which I have had a direct involvement has been the impacts of the drought, particularly last year with the town water supply issues in Coffs Harbour, drinking supplies and also from parts of the agriculture sector. That was very much getting the different agencies involved there, plus local government. That has certainly been a big issue of co-ordination over the past 18 months.

The Hon. CATHERINE CUSACK: You have already indicated that there was no advice sought from the Premier's Department in relation to the closure decision?

Dr GELLATLY: No.

CHAIR: Does the Premier's Department issue rural impact statements?

Dr GELLATLY: No, they are submitted by whoever is submitting a Cabinet minute. There is a section in the Cabinet minute for the relevant Minister to include a rural impact statement.

CHAIR: Do you know if there has been a rural impact statement in relation to the closure of the rail service?

Dr GELLATLY: I have not seen one. I do not know. Clearly it was a budget decision. I am clear a budget committee made that decision and took into account all the aspects.

CHAIR: In the case of a Minister undertaking a rural impact statement, does it end up with the Premier's Department or does it goes straight to Treasury?

Dr GELLATLY: No, if it is a specific Cabinet minute—you have to remember the budget is determined by the budget committee, not by a series of minutes as in the normal Cabinet process—submitted by a Minister a rural impact statement is included. It is submitted to the Cabinet Office, signed by the Minister and circulated to the relevant Ministers and I get to see a copy along the way.

CHAIR: Did you say that none of the agencies has made any approaches to the co-ordination area since the closure?

Dr GELLATLY: Not, that I am aware of.

CHAIR: This committee has heard of a fairly substantial dissatisfaction, for example, about using buses as distinct from the rail service by older or disabled people, about which this committee has heard. It seems to be a large consideration as we have received lots of submissions on that. I am intrigued that none of the agencies has passed that on as a matter that needs to be looked at with a particular focus from your department.

Dr GELLATLY: I can check that out. But obviously in the context of disagreement with the decision that was made and how people have to travel now, it was a government decision. I am not sure what we could necessarily do about it.

The Hon. CATHERINE CUSACK: The question relates to problems as they are arising and co-ordinated solutions to get better outcomes.

Dr GELLATLY: Yes, that is right.

The Hon. CATHERINE CUSACK: That is what I understood the co-ordination process was for.

Dr GELLATLY: Yes. Clearly, people are aware of it. The staff live up there to start with, so they are well aware of the issue and the local concerns that are being raised about it. As it develops with the regional co-ordination managers group if there is something that the agencies feel can be done between the different agencies, and if there are issues that can be addressed, that will get raised.

The Hon. CATHERINE CUSACK: What do you say about the effectiveness of the co-ordination program?

Dr GELLATLY: I am quite satisfied that it has achieved what it has set out to do.

The Hon. CATHERINE CUSACK: Is it fair to say it is project driven?

Dr GELLATLY: We had a review of the program last year and one thing we have been trying to ensure is that it is just not another bureaucracy that is involved in everything. Agencies have a job to do and should not use the co-ordination issue and refer them off to Premier's as a way to get out of their responsibilities. I want the regional co-ordinators to pick specific issues where there are conflicts or issues between different agencies that they can resolve. I want to them to have six or seven key priorities that they have to resolve. I do not want it to be a general bureaucratic co-ordination program where everything just gets thrown in and nothing is achieved.

The Hon. CATHERINE CUSACK: Who determines those priorities?

Dr GELLATLY: They come out of the regional co-ordinator's own assessment. The regional co-ordination management group which is all the agencies might identify a specific problem in human services, in

domestic violence and that agencies are not working together and say "We think you would add some value in co-ordinating it". If it is an economic development proposal then it could be up to 20 agencies involved from environmental, regulatory and the transport side saying there could be some value added. It would be a combination of views of the regional co-ordination management groups and regional co-ordinators. They would sign off on it at the end of the day down here.

The Hon. CATHERINE CUSACK: Who from State Rail or CountryLink was involved in the regional co-ordination management group?

Dr GELLATLY: There was no-one.

The Hon. CATHERINE CUSACK: Is that surprising?

Dr GELLATLY: I am trying to emphasise that the regional co-ordination program is across agencies, and most issues that arise with a project relate to social, economic and environmental types of decisions, whether aquaculture or something like that. The majority of day-to-day issues—when a train is running and so on—are rail agency issues. They are not issues for most other agencies.

The Hon. CATHERINE CUSACK: It is a basic service to that community.

Dr GELLATLY: Yes.

The Hon. CATHERINE CUSACK: And it is not represented on the co-ordination committee.

Dr GELLATLY: Because they have not had co-ordination issues.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Could I talk in terms of regional development? Just a little while ago the Secretary of Treasury said that if you subsidised one area of the State in effect there is zero gain because of multiplier effects. The investment in south-east Queensland has been much more than that in northern New South Wales. In a sense, northern New South Wales is a bit of a poor cousin to the Gold Coast.

The Hon. JAN BURNSWOODS: Investment in what?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Would you accept that is the case?

The Hon. JAN BURNSWOODS: Investment in what?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: There has been less investment in north-eastern New South Wales than there has been in south-east Queensland generally.

The Hon. JAN BURNSWOODS: In what, and by whom?

Dr GELLATLY: I am not sure what you are referring to.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The Gold Coast has huge tower blocks and a massive tourist industry, and the tourist industry on the North Coast of New South Wales is far more modest. Would that be right?

Dr GELLATLY: It depends. I guess you have got to look at the triple bottom line, haven't you? You have to look at the economic and social side of things as well.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Let us just look at the economic line. There has been a lot more money going to south-east Queensland.

Dr GELLATLY: I cannot answer. I do not know.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If the investment in northern New South Wales was much less than investment in south-east Queensland, and you were looking at the economic development of

New South Wales, might not the common factors as between northern New South Wales and south-east Queensland lead you to think that that would be an area for regional development?

The Hon. ERIC ROOZENDAAL: That is a hypothetical question.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: That is right. There is no rule or standing order against hypothetical questions.

The Hon. ERIC ROOZENDAAL: No, but a question should lead somewhere.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is leading somewhere.

Dr GELLATLY: You have made quite a number of assumptions in your question, and I cannot really give a considered answer.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: What I am asking you is very simple. If you see the person next door doing well, you might try yourself to do well in terms of a whole-of-State approach. You would accept that you would invest where you might get a good return for the State of New South Wales.

Dr GELLATLY: I think regional development generally is based on a whole lot of different factors: the type of project, incentives, population, work force, resources—a whole lot of different things. I do not think you can give a simplistic answer to that. All of the investment projects that I have seen and been involved in present with different characteristics that suggest where they are going to be located. It is about the general investment climate, what the economy is doing, what interest rates are doing, what property prices are doing, and what industries are doing. I just do not think you can have a simplistic answer. One thing I have learnt is that regional development is a very complex issue, and you cannot give simple answers.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: No. But there are some stand-out facts that might be taken notice of, such as that the Gold Coast in south-east Queensland has developed a lot more than north-eastern New South Wales. Might you not notice that as a factor?

Dr GELLATLY: There are a lot more taller buildings and apartments on the Gold Coast, yes, than there are on the North Coast.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So there has been a lot more investment there to build those buildings?

Dr GELLATLY: In that particular type of property, yes, there has been.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So there has been a large inflow of capital and people to that area of Queensland?

Dr GELLATLY: And people, and environmental issues, and whatever.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So it might well be speculated that you could get the same result in north-eastern New South Wales?

Dr GELLATLY: I am not here to speculate.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If there were a railway, for example, from Queensland, the development and the investment of capital that has occurred in Queensland might happen more easily in northern New South Wales, might it not?

Dr GELLATLY: I could not make that judgment. I think that is a long leap of faith.

The Hon. JAN BURNSWOODS: Would it be relevant to point out that all the development that the Hon. Dr Arthur Chesterfield-Evans is talking about occurred without there being a railway line in Queensland?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: One could point that out. But, then again, that does not say that it might not spread south a little faster if there were some transport to help it.

The Hon. JAN BURNSWOODS: And would it be relevant to this inquiry to ask whether we want the Gold Coast to spread south of the border?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It might, if one is looking for investment in New South Wales. One might think it is consistent with the ideal of the Premier's Department.

CHAIR: Dr Gellatly, do the social and economic parameters of your unit's work take into account tourism promotion from time to time?

Dr GELLATLY: Again, because we have a line agency of Department of Tourism and Sport and Recreation, that is clearly their role, and they have regional tourism officers and that is their core responsibility.

CHAIR: So it has not cropped up as a particular priority for co-ordination purposes?

Dr GELLATLY: No.

CHAIR: Is the Ministry of Transport part of the overall directors on the group?

Dr GELLATLY: I do not think the Ministry of Transport necessarily has regional staff.

The Hon. CATHERINE CUSACK: Is transport an issue in regional New South Wales?

Dr GELLATLY: Certainly, different aspects of it. I think you know that the community transport issue is a very big issue, and there have been new regional community transport co-ordinators established—about 11 of them, I think.

CHAIR: Will they relate to your co-ordination unit as well?

Dr GELLATLY: I will be talking to them in a couple of weeks to make sure the interface is right between our regional co-ordination and the specific co-ordinators. In some cases, they are going to be co-located round New South Wales. They are coming down for a training session in a couple of weeks, and I will be talking to them then.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Does the Premier's Department have input to the relationship between the ARTC in terms of which rail lines ARTC might take over?

Dr GELLATLY: No.

CHAIR: Are you aware of the working party on the Casino to Murwillumbah railway line which Mr Costa has established?

Dr GELLATLY: I am aware of it, but I am not involved in it, and none of our staff are involved in it.

CHAIR: So, again, there is no overlap with your area?

Dr GELLATLY: No.

The Hon. CATHERINE CUSACK: Would you be able to supply the Committee with a list of the people who are on that committee?

Dr GELLATLY: Yes. The chair is normally one of the agencies' senior executives. I think it is Agriculture in primary industry, and John Williams has been chair for a number of years.

The Hon. CATHERINE CUSACK: The community did say to us fairly strongly that they felt transport was not being co-ordinated and well planned across agencies in the regions. Is there way that the State Government is addressing that?

Dr GELLATLY: Certainly with community transport, and that is being run out of the Ministry of Transport.

The Hon. CATHERINE CUSACK: Sure, but they are dealing with their clients.

Dr GELLATLY: The community, local government and so on.

The Hon. CATHERINE CUSACK: I am talking about the transport requirements of the region.

Dr GELLATLY: As I mentioned before, clearly that is a Department of Infrastructure, Planning and Natural Resources role.

The Hon. CATHERINE CUSACK: Do you monitor their performance in achieving those outcomes?

Dr GELLATLY: I do not monitor them directly in terms of what the agency is doing. Clearly, whether an agency is performing is a responsibility of the Minister and the head of the agency. But, as to general co-ordination, if there are issues that I hear about, or my regional co-ordinators hear about that are of concern, I will raise that with the chief executive officer of the appropriate agency.

The Hon. CATHERINE CUSACK: Where it is identified as a service gap, that is something that should be brought to attention?

Dr GELLATLY: Yes.

The Hon. JAN BURNSWOODS: Point of order: I would be much more comfortable if the Hon. Catherine Cusack asked questions on her own behalf. My perception of what this Committee has been told is quite different from hers. I do not think it is fair that the transcripts of this inquiry include comments that suggest we all think the same thing, or that the evidence we have been given all runs in the same direction. I think it would be fair if Committee members asked questions on their own behalf, without those sorts of prefaces and preambles.

The Hon. CATHERINE CUSACK: I am quoting evidence given by Byron shire councillors.

The Hon. JAN BURNSWOODS: You can quote particular evidence if you want to do that. But it is not correct to continue to say "We have been told" or "the community thinks". The Committee has had varied evidence, which in due course we will grapple with. But it is only fair that members of the Committee ask a question, and not including misleading preambles.

CHAIR: I am sure Hon. Catherine Cusack was referring to a particular piece of evidence.

The Hon. JAN BURNSWOODS: I am glad you are sure!

The Hon. CATHERINE CUSACK: If your perception of the community's view is different, would you like to put a question to Dr Gellatly that reflects your perception of the community view?

The Hon. JAN BURNSWOODS: Madam Chair, I have taken a point of order, and I did so seriously. As members of a Committee, we have a responsibility to listen to the evidence and to attempt to retain an open mind. I do not think it is correct for a Committee member to continually insert preambles, prefaces or expressions of her view about what other people think. Just ask the question!

CHAIR: The Hon. Catherine Cusack has said where the evidence on which she based her question came from.

The Hon. JAN BURNSWOODS: But she is now asking me a question about what I think. That is certainly not within the bounds of the inquiry.

The Hon. CATHERINE CUSACK: Acknowledging that the Hon. Jan Burnswoods has a different perception of the evidence that we have received—

The Hon. JAN BURNSWOODS: Of some of the evidence that we have received. Some people here were not present for most of the evidence we have received, and they may not share your view.

CHAIR: Order!

The Hon. CATHERINE CUSACK: How would the State Government address such perceptions of a gap in service?

The Hon. JAN BURNSWOODS: If such a perception had been articulated.

Dr GELLATLY: I would just provide a general answer. Clearly, policy decisions are being made all the time and they have impacts, and there are processes for government to hear the varying views. There is this inquiry itself. That is a policy decision that the Government or the Minister will make.

CHAIR: Dr Gellatly, I know you have another commitment. I thank you very much for your appearance here today. There are a couple of matters that are on notice. The secretariat will flag those from the transcript, and if we could get answers to those next week that would be great.

Dr GELLATLY: Yes.

(The witness withdrew.)

(Luncheon adjournment)

GARY SEABURY, Group General Manager, Infrastructure Division, RailCorp, on former oath:

OWEN HENRY, General Manager, Business Operations, Commercial Division, Rail Infrastructure Corporation,

BRUCE LORD, Infrastructure Planning and Support Manager, Rail Infrastructure Corporation,

CHRISTOPHER DAVID STANBOROUGH, Team Manager, Lismore, Rail Instruction Corporation, all sworn and examined:

PETER HANRAHAN, Maintenance Manager, North Coast, affirmed and examined:

CHAIR: We appreciate your being available to answer our questions today. We are particularly interested in hearing from the RIC at Lismore and Grafton because of your first-hand experience of infrastructure on the North Coast. Mr Seabury, we put to you a number of questions on notice. I note, for the benefit of the Committee, there has been a request for an extension of time to answer those questions until 7 July.

Mr SEABURY: That is correct.

CHAIR: Can you help us today with any of those questions on notice?

Mr SEABURY: I believe there are, particularly with infrastructure questions. People here today probably could answer some of those. A lot of them are in draft. We are still working on them. Is there are particular one you would like to go through? If so, we will attempt to answer that now.

CHAIR: You might remember I showed you an initial briefing on the estimate of the cost of maintenance for the Casino to Murwillumbah rail line that added up to \$188 million, but it did not add up on the sheet the Committee had. Do you know why that was so?

Mr SEABURY: I will ask Mr Lord to answer that question.

CHAIR: Mr Lord, do you know the answer to that?

Mr LORD: I can answer that.

The Hon. JAN BURNSWOODS: I know the letter in question refers to 54 questions. I think you are asking whether Mr Seabury can answer them now.

CHAIR: No, I am asking about one in particular.

The Hon. JAN BURNSWOODS: You do not propose to go through the entire 54 questions to see which ones can be answered now rather than next week?

CHAIR: No, I am just asking the general question are there any he has the answer for now. But I do not intend to ask them all one by one. There is that simple one I would expect they would have expected.

The Hon. JAN BURNSWOODS: That is fine. It was not clear to me whether you were intending to go through the whole 54 to see what could be said about them now. Obviously, that would be time consuming.

CHAIR: Some issues might arise because we have extra witnesses here who may be able to help us quickly answer some of those questions. But I do not propose to go through them one by one. Mr Lord, if you could help us with the set of statistics?

Mr LORD: Yes, the itemised breakdown provided by Mr Graham was based on the 2001 maintenance and renewal strategic plan and listed the major activities in the major periodic maintenance program, which totalled \$162 million. There are particular items like resleepering, bridge repair, itemised activities. In addition, routine maintenance and an allowance for other maintenance costs amounted to \$26 million, which, when you

put them together totalled \$188. But it is unable to itemise that \$26 million down to the same level as the other activities.

CHAIR: It is a figure of—

Mr LORD: It is sort of everyday housekeeping-type activities as compared to the major renewal or repair activities.

CHAIR: What could be the largest single item in the \$26 million?

Mr LORD: Routine maintenance.

The Hon. CATHERINE CUSACK: That would be like \$1.3 million a year for 20 years?

Mr LORD: That is right, yes.

CHAIR: I advise the Committee that we have received a document we requested at an earlier deliberative hearing, which was a Rail Access Corporation document undertaken by TMG, which was the Coffs Harbour to Brisbane High Speed Rail Link prefeasibility engineering study of 1998. It is a rather large two-volume document, which will be available in the Clerk's office. Members can pursue that individually, if they need a copy. Mr Lord, perhaps you could give us a snapshot of each of your responsibilities, what you do in relation to infrastructure, planning and so on so that we can put them on the record. Would you give us an overview of your position?

Mr LORD: Probably the main activity of interest to the Committee is my role in putting together the annual maintenance and capital program for the country network, particularly that part of the country network supported by the community service obligation payments from Government, of which the Murwillumbah line is one.

CHAIR: Mr Henry?

Mr HENRY: My role in the Rail Infrastructure Corporation is associated with the management of the fabrication centres, commonly called railway workshops, at Goulburn, Bathurst and Strathfield; quarries at Martin's Creek, Bombo and Ardglan; and the Rail Infrastructure Corporation rail fleet, which serves maintenance work.

CHAIR: The rail fleet for the State?

Mr HENRY: Some 450 wagons for the whole State, yes.

CHAIR: Mr Stanborough, you are based at Lismore, and your role is?

Mr STANBOROUGH: My role is arranging the day-to-day maintenance, safety inspections and ensuring that any major type of work we have up there is completed safely and within all the rules and regulations.

CHAIR: Mr Hanrahan, you are based at Grafton, are you not?

Mr HANRAHAN: That is correct. I am the maintenance manager for the North Coast, which is the main Sydney to Brisbane corridor from Maitland through to Brisbane plus the Casino to Murwillumbah line. I have to plan, prioritise and arrange management projects for both those corridors on a prioritised basis, delegating those funds to various team managers and project managers to undertake the major projects on these corridors.

CHAIR: Mr Hanrahan, did you have any inkling that the rail service from Casino to Murwillumbah would be closed prior to its announcement?

Mr HANRAHAN: Only that railway lines are always in question, particularly high-maintenance low-revenue lines. I heard that the Minister had agreed that the line would have a 12-month reprieve. Back in

January I heard that. I heard nothing more about that until the date the announcement was made to curtail services.

CHAIR: Mr Stanborough, when did you find out that the rail service was going to be closed?

Mr STANBOROUGH: I found out when the announcement was made. I had no prior knowledge that it was going to be closed.

CHAIR: Did that come as a shock to you?

Mr STANBOROUGH: Yes. As Peter Hanrahan said, there has always been a cloud over the line ever since I went in nine years ago. The possibility was always there that it may close or it may have stayed open. But it came out of the blue. It was a shock, yes.

The Hon. CATHERINE CUSACK: We are interested in understanding how the maintenance funding has been allocated for the Murwillumbah branch line. Can you tell me how much was spent in the financial year 2002-03 and how that was spent?

Mr STANBOROUGH: I have given details of the actual dollars to Bruce Lord, but within the order of \$3.5 million for 2002-03. I am not sure exactly what the amount was, but it was within that order. It was spent mainly on bridge maintenance. With project maintenance we did not have a large track program for 2002-03. What we do is try to regroup resleeper projects, hopefully we do them every four or five years because we get an economy of scale going through and doing a big job rather than doing a small job every year. We leave the amount of bridge work for a few years and then we farm that out and we do a lot of track work in alternate years when we are not doing so much bridge work. Generally, we try to operate on a fairly smooth cash flow, that is a similar amount of money every year.

Over the whole North Coast I have to prioritise projects, and the Casino to Murwillumbah line is in the priority listing. Those jobs fight on merit against jobs on the whole North Coast line. There is the umbrella over that of a strategic plan, of course, where, if we can upgrade tracks for a large gain of savings of cost then we will take those areas with the future intention of injecting those savings into the areas in which we have postponed major programs with the intention of getting all the tracks up to a better standard with the limited funds that we have. We are looking at about \$3.5 million or thereabouts.

The Hon. CATHERINE CUSACK: Was that \$3.5 million spent on the Murwillumbah branch line, or did some of that money go to that concrete sleepering program on the main line?

Mr STANBOROUGH: No, when we decided at the end of the current financial year how much money was spent on those lines we split the proceeds of those numbers. Before we get to that is this process of trying to explain to you where we may have actually said that we have to fix up the main line with concrete sleepers this year when we will spend \$3 million also on the branch line, but the intention was in future years that we would spend more money on the branch line once we could generate savings on the main line to do that.

The Hon. CATHERINE CUSACK: For the region there was an asset management plan?

Mr HANRAHAN: Yes.

The Hon. CATHERINE CUSACK: That involved giving priorities to things that were going to save you money, such as the concrete sleepers?

Mr STANBOROUGH: Safety first, but then efficiency gains are part of that as well. We can always keep the tracks safe for a few years by not spending a lot of money on them, by copying or inspections and just doing the essential safety critical works on all our sets, branch line and main line. Does that answer your question?

The Hon. CATHERINE CUSACK: Yes. It is part of a written-down strategy?

Mr STANBOROUGH: First of all there is a strategy, which is in the documents that have been tabled, the strategic plan, which stipulates the theory of elimination of—

CHAIR: We have not had the documents tabled to which you are referring. Does Mr Lord have some information to table?

Mr LORD: No, I have no information to table.

Mr STANBOROUGH: I am sorry, the strategic plan 2001.

Mr LORD: No, I do not think that has been tabled.

Mr STANBOROUGH: Sorry, my mistake, it has not been tabled. We have a strategic plan and within those guidelines it states the way we want to attack maintenance to generate the best savings as soon as we can so that we would generally reinvest. Obviously, we would hand money back as well to make the whole system work more efficiently as well. But you do not go out and do a little bit of work every year. That is uneconomical. We package jobs up to make them efficient, that is why we defer maintenance on the lower priority jobs.

The Hon. CATHERINE CUSACK: So what would the total budget be for those to rail corridors?

Mr HANRAHAN: Including capital, it would be pushing towards \$60 million.

The Hon. CATHERINE CUSACK: And of that \$60 million about \$3.5 million would be for the Murwillumbah branch line?

Mr HANRAHAN: In that order. I would have to have that confirmed. But it is a fair bit of money, \$50 million or \$60 million on the whole line. I tend to know not so much about the past. I apologise for that but I was more worried about this year than future years.

The Hon. CATHERINE CUSACK: There is a document on the Internet that was prepared by the Ministry that refers to a site visit made to the Grafton office to look at maintenance funding and how it was being used. It indicated that only 65 to 70 per cent of your bids receiving funding. Is that—

Mr HANRAHAN: Yes. Listing all projects and all works that we would like to do to avoid—risk mitigation works as we would call it, and having to go into extra inspections, managing risk. We do not get all the money we ask for; I guess no-one else ever does. That is probably a fair average statement: about three quarters of the money we would get on average.

The Hon. CATHERINE CUSACK: Were projects being bid for for the Murwillumbah line that were not able to be funded?

Mr HANRAHAN: Yes. The requirement to get the Murwillumbah line up to no speed restriction status and long-term life-cycle maintenance is around \$6 million a year. That is just to keep it in the steady state, timber to timber replacements et cetera, not to upgrade in any way. We have not been getting that lately. You might want six but you get three. The next year you will ask for nine and get four. The next year you will ask for 13. So the requests go up. But that is to do everything that you would like to do to keep the line open for a good standard and no speed restrictions to give a full service to trains.

The Hon. CATHERINE CUSACK: As I understand it, you do not need to replace every timber sleeper with steel; you just need to replace one in four.

Mr HANRAHAN: The track is fairly safe with what we have done. In about 1994 or 1995 we dealt with the worst areas. In 30 or 40 per cent of those areas we have gone back and put another one in. So we now have one in two steel sleepers in those areas because the timber between has just rotted out and therefore we cannot maintain the track geometry, and track stability in the heat is affected by not having good timber ties between the steel ties. In some track we have 100 per cent steel sleepers where the track was lifted and upgraded. It is more economical to replace every sleeper because you are there on a large scale and there was nothing worth keeping in timber. The whole line has an average of about 25 per cent steel sleepers but some of the track has no steel sleepers and some has 100 per cent—varying ratios from one in four to full face steel exists. It is a gradual

thing. In about 30 years we envisage having all steel sleepers and at the correct standard spacing of about 600 millimetres.

The Hon. CATHERINE CUSACK: So it is not necessary for it to be done within 20 years; you think 30 years?

Mr HANRAHAN: It is hard to say because it is such a long time. Why 30 years came up is that the life of a timber sleeper laid in this line is around 30 years. Therefore you would expect that in about 30 years the last timber sleeper would probably go. But there is probably good reason to advance that and fix up the track very well so you might be able to get away with virtually no track maintenance. This is where the business cases might say that it is a good idea to advance the installation of steel sleepers: to get away from people having to do higher maintenance, manually re-sleeping at will with manual labour. Steel re-sleeping is very expensive doing it manually because of the nature of the beast so we try to mechanise and do it in large jobs, large packages.

Mr SEABURY: Would this not be dependent on the last time a timber sleeper was put in the track as well?

Mr HANRAHAN: That is right. We still do put a few timber sleepers in because we have joints and there is no design for fastening a steel sleeper around the type of rail joints we have out there. It is a bit inaccurate that we are still putting in the odd timber tie as well as generally putting steel sleepers where we can to illuminate future cost.

The Hon. CATHERINE CUSACK: Mr Stanborough, are you aware of the details of how the \$3.5 in maintenance was spent on the branch line?

Mr STANBOROUGH: Yes, but I could not give you exact figures here off the top of my head.

The Hon. CATHERINE CUSACK: Can you give us an idea of what sort of work was undertaken that year by the Lismore works office?

Mr STANBOROUGH: Part of it would have been bridge inspections. Two fellows carry that out. It takes them approximately six months. Then there is the hire of the specialised vehicle to enable them to do the job in that timeframe. Otherwise it takes them two years to do it. Then there are all the safety inspections that we carry out for the TESS, the track examination safety system. That involves another two to three fellows working on and off throughout the year.

The Hon. CATHERINE CUSACK: Are they all from your—

Mr STANBOROUGH: Yes, they are from our area.

The Hon. CATHERINE CUSACK: And the bridge inspectors are from Lismore as well?

Mr STANBOROUGH: One of them is and one comes from Grafton. But he is still paid for out of our budget while he is working there. And the vehicle that they use is paid for out of that budget.

The Hon. CATHERINE CUSACK: Can you give us an idea of how much the specialised vehicle costs?

Mr STANBOROUGH: It costs approximately two and a half thousand dollars a week to hire.

The Hon. DAVID OLDFIELD: What is specialised about it?

Mr STANBOROUGH: It has high rail gear on it so that it can run along the track. Prior to that they had a little four-wheel-drive vehicle that they would go in from location to location, which is time consuming versus being on the track. They can just keep working in a face so that do not have to go back. They just keep moving forward. It also had a work platform. When we spoke with the contractor and arranged it all there was only one other in Australia. He fitted it up specially to the high rail truck. The work platform swings off the back of the truck and lowers down underneath the bridge. It alleviates the safety concerns of these fellows because prior to

that they would be hanging off a ladder. You can imagine the safety concerns of that with a drill in one hand and hanging on to a ladder with the other hand. It was quite dangerous before and time-consuming. Once this was set up in place they could just walk down and they had a platform that they could move around in the span of the bridge and they could do a much more detailed inspection. It speeded it up to six months from what used to take two years.

The Hon. CATHERINE CUSACK: I apologise for interrupting you earlier. You mentioned bridge inspections, the specialised vehicle and safety inspections. Just going through the work that was done on the line, is that it?

Mr STANBOROUGH: It incorporates running the track twice a week. Two fellows take a day and run through the track.

The Hon. CATHERINE CUSACK: Is that in addition to the safety inspections?

Mr STANBOROUGH: That is all part of it. It is like a breakdown. There are a lot of different inspections. They are inspecting drains, level crossings and turnouts where the train changes directions. They have to go through and take detailed measurements. They do a whole variety of inspections along those lines. They are done throughout the year. Sometimes they would be working for a whole month on those inspections: they would not do anything else because there is so much. At other times the inspections might take two weeks out of the month.

The Hon. CATHERINE CUSACK: Was any physical work able to be done on the line during that year?

Mr STANBOROUGH: Yes. The sort of physical work that would have been carried out, if that is what you are after, would have been some work on the bridges and a certain amount of track work was also done, doing things like re-sleepering and lifting the track.

The Hon. CATHERINE CUSACK: So the re-sleepering program is coming out of your Lismore budget?

Mr STANBOROUGH: It is not so much a program. It is just for maintenance, the day-to-day things. When they are running the track—as Peter was explaining before—around joints, which is a sort of a safety-critical area of the track. We have a list of all the defects and they would be aware of those. With the re-sleepering it is the odd sleeper or sometimes we would have to have the whole group of fellows out and they might put in 20, 30 or 50 sleepers. But it is what we call minor re-sleepering.

The Hon. CATHERINE CUSACK: I understand the general nature of the work that you do. There was not any re-sleepering program, though, in that financial year?

Mr STANBOROUGH: Not as in a steel re-sleepering program.

The Hon. CATHERINE CUSACK: So it was only fixing things.

Mr STANBOROUGH: What we do ourselves.

The Hon. CATHERINE CUSACK: Can you remember which bridges were worked on?

Mr STANBOROUGH: I could not tell you off the top of my head.

The Hon. CATHERINE CUSACK: Was that like judging them up and putting the—

Mr STANBOROUGH: Putting girders in, which is the piece of timber that goes lengthways that supports the rail that the train runs over. They support the transoms that the rail is attached to.

The Hon. CATHERINE CUSACK: Is it fair to say that that puts the bridge in a sort of holding pattern until it can be properly repaired?

Mr STANBOROUGH: Sometimes it is and other times it is repairing the bridge completely, but generally it is just, as you said, a holding pattern to make the bridge safe.

The Hon. CATHERINE CUSACK: Do you recall any bridges being completely repaired?

Mr STANBOROUGH: I could not tell you off the top of my head. I have some rough figures here of the timber that was put in the track. During the year 2002-03 we placed in approximately 53 girders—they are the timbers going lengthways—28 corbels, 15 piles, 28 headstocks and approximately 140 transoms.

The Hon. CATHERINE CUSACK: And some timber sleepers?

Mr STANBOROUGH: And timber sleepers as well. I do not have numbers for timber sleepers.

The Hon. CATHERINE CUSACK: No, but that was essentially all physical work that was done on the track; everything else was inspections?

Mr STANBOROUGH: There would have been more physical work. We would do a lot of vegetation removal and drainage. In the summertime there would have been what we call the WTSA inspections, welded track safety analysis, and they have to adjust the rails, grease joints, replace ballast to make sure there is sufficient ballast to hold the track in place—just the general standard maintenance things that everybody does.

The Hon. CATHERINE CUSACK: Of the \$3.5 million spent that year, how much would have been money charged to your budget by other units outside the Lismore depot, for example, the bridge inspector? If you exclude all of that, how much of the money actually went through your depot excluding charges to consultants?

Mr STANBOROUGH: I could not tell you that here but generally there would be the bridge fellows you are talking about that come from another area to do work. From time to time we would have other fellows come across to help us do work where we had a lot of work on and needed assistance to do it just to speed the process up and make it more efficient. Sometimes that would have been during the week and other times on the weekend in overtime. I could not tell you exactly the number of people.

The Hon. CATHERINE CUSACK: Did you have responsibility for a budget in the Lismore depot?

Mr STANBOROUGH: Yes.

The Hon. CATHERINE CUSACK: And do you get a printout which tells you what you spend or what has been spent and charged against your budget?

Mr STANBOROUGH: Yes. We get that yearly because we go through this asset maintenance plan, which Peter was explaining before. In that we ask for a certain amount of money to do certain jobs and all the jobs are listed and then we also have a fallback plan. If we do not get the amount we ask for and there are only limited funds we have a fallback to do the minimum amount of work we can absolutely do to make it safe. We might ask for 20 girders to do a particular bridge but to make it safe it may require a speed restriction or a weight restriction. We may even get away with putting in three or four girders.

The Hon. CATHERINE CUSACK: Is that frequently the minimum amount you need?

Mr STANBOROUGH: It is hard to say. I suppose most people in my position will always want more money, because there is no shortage of work. But the money is adequate to keep the lines safe, I believe.

The Hon. CATHERINE CUSACK: The \$3.5 million?

Mr STANBOROUGH: Around that sort of money. We normally get between \$2 million and \$4 million a year. It depends what is happening. If we have got a big steel re-sleepering program it costs about one and a half million dollars. So when those sorts of things happen we have extra money. There may be a lot of bridge work where we have got particular problems or they are renewing a bridge or something. But the general money is between \$2 million and \$4 million.

The Hon. CATHERINE CUSACK: Can you give us an indication of how much of your budget is being spent on inspections as opposed to the physical work on the tracks? Would it be a half or a third?

Mr STANBOROUGH: When the bridge inspections are on I would say probably a quarter of the money would be spent on inspections. It is difficult to tell with inspections because when we have inclement weather, a lot of rain and things like that, additional inspections are carried out that are not budgeted for, things we just have to do additionally. Fellows might be out running the track at night-time in front of a train to cut trees down or remove trees from the line and things like that. They might have to come out on the weekend or at night or on days when they are off to make sure that the track is safe after heavy downfalls of rain, high winds and things like that. You cannot put a figure on those sorts of things because it depends on the weather. We get a lot of bridges hit by trucks and cars. When a truck hits a bridge the police call us out and the fellows have to go out and inspect it. They could be there for 10 minutes to check the bridge and make sure it is safe or they may have to call people out. The last time it happened we probably had 15 or 20 people out to assist so that the bridge could be made safe for the train to run. It is very difficult to put a figure on it.

The Hon. CATHERINE CUSACK: What is the load limit on the Murwillumbah line?

Mr STANBOROUGH: I believe it is 19 tonnes.

The Hon. CATHERINE CUSACK: Have there been any trains heavier than 19 tonnes on the line since the load limit was put in place?

Mr HANRAHAN: Yes, one of the sleeper trains that was used to take the sleepers up.

The Hon. CATHERINE CUSACK: What did it weigh?

Mr HANRAHAN: I could not tell you, to be honest, because I do not have to arrange things like that generally.

The Hon. CATHERINE CUSACK: You do not organise the trains; you just to the maintenance?

Mr HANRAHAN: That is right.

The Hon. CATHERINE CUSACK: Does anyone know what the loads are?

Mr STANBOROUGH: I actually wrote it down. I cannot remember. It was marginally more. It was three or four tonnes heavier.

The Hon. CATHERINE CUSACK: 23 tonnes?

Mr HANRAHAN: No, it was not that high. I wrote it down in answer to one of the questions you asked.

Mr SEABURY: My understanding from the preliminary information is that there were two special ones—that one, plus they did certain load testing on some of the timber bridges. In both cases, they got engineering authority from a design section to ask whether it was okay to do this. Whilst they did not actually exceed the load without the authority to do that, in both cases it was deemed by the design authority that that would not create adverse impacts. In fact, with one of them, the load testing of the bridges to see deflection was simply controlled by engineers and monitored for that purpose. But both those cases have been in a controlled environment.

The Hon. CATHERINE CUSACK: Was that before or after the sleeper trains?

Mr HANRAHAN: The load testing was before the sleeper trains.

Mr STANBOROUGH: Peter is saying it was before, but the two things happened at around the same time.

The Hon. CATHERINE CUSACK: Was damage done to the line?

Mr STANBOROUGH: I do not believe so.

The Hon. CATHERINE CUSACK: Did you have an additional inspection after the train had gone through?

Mr STANBOROUGH: No, we had people on the train. They had people along there, which we spoke to Peter about, and we arranged to have a fellow on the train to show people who were coming from a different area where to lay the sleeper's out, and things like that, and the places where we had problems, to put sleepers there. So he was there if there were any problems, but there were no problems that I am aware of.

Mr SEABURY: My understanding from the preliminary information is that they got engineering authority to run their train. That engineering authority would have been granted on the basis that it did not cause damage to the track. The bridge design engineer would have gone through that. In gathering the information, advice would have been given that it did not cause damage. Basically that is why they gave the approval to run that train.

The Hon. CATHERINE CUSACK: It sounds like the bridges are in pretty good shape.

Mr STANBOROUGH: Some of the bridges are, and some are not. In general the track is in a better condition than it has been for a long time.

The Hon. PETER BREEN: What is the minimum speed limit?

Mr STANBOROUGH: 10 kilometres an hour.

The Hon. PETER BREEN: How many bridges would that relate to?

Mr STANBOROUGH: There are probably about 20 speed restrictions on bridges. It is all documented, so it would be easy to give you the exact number. Not all of them are 10 kilometres an hour. Some of them are 70 or 80 kilometres, down to 10 kilometres. But the 10 kilometres an hour would be only three or four bridges.

The Hon. DAVID OLDFIELD: With regard to the specialised vehicle you spoke about earlier, do I gather from what you said that it is basically a four-wheel drive that is elevated so it can run alongside the track for a longer period?

Mr STANBOROUGH: No, it is actually a truck. It is a normal, flat-tray truck. I can provide photographs of it. Its design is similar to that of a cherry picker. It is on the back of the truck, and when you drive up to the bridge that you are going to inspect, a fellow jumps off onto the back of the truck, he has some remote controls, he unfolds the thing, which takes a couple of minutes, and then it folds down and comes back underneath the bridge. It has a ladder system that they climb down through onto the platform.

The Hon. DAVID OLDFIELD: This is something that you hire for about \$2,500 a week?

Mr STANBOROUGH: Yes.

The Hon. DAVID OLDFIELD: For six months?

Mr STANBOROUGH: It takes six months for them to do the complete inspections. It is in a cycle, and it works in other areas. It covers an area from Coffs Harbour to Acacia Ridge, plus the branch line. He uses that particular vehicle on the branch line, and on some of the days when he is off we also use it to carry out some different bridgework.

The Hon. DAVID OLDFIELD: Is that all the vehicle is designed for—looking at bridges?

Mr STANBOROUGH: That is what we have used it for, because that is what we need it for. Whereas we work with the contractor, that same vehicle is now on hire throughout Australia every day of the year. I believe it is now in use in Victoria, South Australia, Queensland, and other areas of New South Wales as well.

The Hon. DAVID OLDFIELD: There are obviously not a lot of them?

Mr STANBOROUGH: There are not a lot of them. But it is cheaper for us to use it that way than to buy it.

The Hon. DAVID OLDFIELD: There is not enough bridge inspection work for you to own a vehicle of that kind for New South Wales? It seems it is a pretty good business that it is hired for \$2,500 a week and apparently all it does is inspect bridges.

Mr STANBOROUGH: That is what we use it for. I could not really give you an answer on that, because I have only worked on bridges in our area. I know about the rest of the State, but I could not give you the exact details.

The Hon. DAVID OLDFIELD: How big a truck are we talking about?

Mr STANBOROUGH: About a five tonne truck. It is just a medium, rigid vehicle. You need a medium, rigid truck licence to drive it. It would be like a small removal truck, with a pantec body on the back of it.

The Hon. DAVID OLDFIELD: It is not a flat bed?

Mr STANBOROUGH: It is a flat bed. But a similar vehicle size would be a small removalist truck with a pantec body.

Mr LORD: It has rail wheels as well as rubber wheels.

Mr SEABURY: The high rail is steel wheels that clamp down.

The Hon. DAVID OLDFIELD: I find it fascinating that you are now making them even more specialised. It sounds as though someone has created a business out of making a specialised vehicle which is only of use to somebody who has a railroad.

Mr SEABURY: There are a number of specialist contractors who specialise in railways, in different States. It is a fairly large industry and we use a large number of contractors.

The Hon. CATHERINE CUSACK: Mr Henry, did you oversee the budget process for the North Coast region?

Mr HENRY: No.

The Hon. CATHERINE CUSACK: Did you have any role in determining the access charges for trains that use that line?

Mr HENRY: No.

The Hon. CATHERINE CUSACK: Have you had a past responsibility for those branch lines?

Mr HENRY: No.

The Hon. CATHERINE CUSACK: What responsibilities do you have at the moment?

Mr HENRY: None, apart from providing a train to carry ballast, sleepers or rail.

The Hon. CATHERINE CUSACK: Did you organise that train to carry the sleepers on to the—?

Mr HENRY: It would have been ordered through my section, yes—I expect. It is not a detail that I would be aware of.

The Hon. CATHERINE CUSACK: How does that process occur? Are you requested by the Grafton office to arrange for that to happen?

Mr HENRY: I assume so. Somebody from the region would make a request for the train and the train path.

The Hon. CATHERINE CUSACK: With regard to the maintenance requirements for the Murwillumbah line, the requests would come to you for trains to take the sleepers, ballast, and things of that nature?

Mr HENRY: Yes.

The Hon. CATHERINE CUSACK: Do you agree to those requests, or do you have to prioritise them?

Mr HENRY: We supply the train if the train is available. If it is not available, there would be some arrangement on priorities. But normally, because the trains are regionalised, the people in the region understand whether the train is available or not, because in fact they are competing with themselves. So it rarely occurs that there is a clash.

The Hon. CATHERINE CUSACK: The Newcastle office would have done that, would it?

Mr HENRY: Perhaps Grafton. I am not sure.

Mr HANRAHAN: The project manager is based in Newcastle, and he books the sleepers and trains and we are flexible about when it comes. We book them three or four months ahead, so we can fit the program in with everyone else's priorities.

The Hon. CATHERINE CUSACK: Mr Stanborough, my understanding is that there is a feeling amongst staff that the Murwillumbah branch line did not get a fair share of maintenance funding. You seem to be saying you are quite satisfied with the level of maintenance funding.

Mr STANBOROUGH: As I said, I would always like more money. If you give me \$20 million, we will spend it; there is no problem there. But, like everybody, in my personal life as well, I do not get the money that I would like. But I believe that the money we had was adequate.

The Hon. PETER BREEN: I think the amount you said was between \$2 million and \$4 million?

Mr STANBOROUGH: Each year we get roughly between \$2 million and \$4 million.

The Hon. PETER BREEN: I understood Mr Hanrahan to say that you needed \$6 million.

Mr HANRAHAN: In a perfect world, yes, that is right. Things that have not been done are things that come around in, say, 30 years time—for example, steel bridge painting, and things like that.

The Hon. PETER BREEN: You also said that you have not been getting that lately.

Mr HANRAHAN: That is correct.

The Hon. PETER BREEN: How far back is "lately"?

Mr HANRAHAN: I have been here 11 years. We got around those figures about four years out of those 11 years. Most of that was early in the piece when we had major timber bridge upgrading work done.

The Hon. PETER BREEN: In the last seven years, how much would you have got, on average?

Mr HANRAHAN: On average, \$2.5 million, or possibly \$3 million.

The Hon. PETER BREEN: On Mr Stanborough's figures, that is enough, because you said that you needed between \$2 million and \$4 million?

Mr HANRAHAN: I am talking about all moneys. Chris answered that the things that we have deferred have not become a safety issue for him. For example, he is not stressed out about the fact that we have not painted a steel bridge, because it has not rusted away, and it will probably not rust away for 50 years.

Mr STANBOROUGH: Basically what Peter said is right. Since I have been there, probably two or three bridges have been completely replaced each year. As long as we are getting a couple of bridges where something is done with them, on average that is what happens. Since I have been there, we have mechanised our work practices, whereas before it was all labour intensive. Basically, three or four fellows are going out there now and doing what eight fellows used to do and had to work extremely hard to achieve it. We use machinery to put the timber in, and we use portable mills to dress the timber. All those things were done by hand before. So it has made it a lot more efficient. I am quite happy with what we are getting at the moment to ensure safety.

The Hon. CATHERINE CUSACK: The Ministry of Transport looked at the way in which you nominated "bridges of concern". Its report entitled "Steel and Timber Bridges—Interim Report", dated 12 August 2003, states:

It is apparent that the RIC process for the selection of the "bridges of concern" is currently based on studies and previous reports that are in turn based on incomplete knowledge of the actual condition of the bridges in the field. There does not appear to be any feedback to or confirmation with field-based staff. Whilst it is acknowledged that the process for identification of these bridges is iterative, TSRSR do not currently have confidence that the lists of 20 priority timber and 20 priority steel underbridges provided by RIC represent either the highest priority of bridges for action or the total number of bridges that should be of concern.

In other words, the Ministry of Transport is confident that you knew which bridges were "bridges of concern" and whether more bridges should have been included.

Mr STANBOROUGH: I am at a loss as to what you are talking about, to be honest. The only thing I can think of is that when the transport department came up there and we went out and looked at different bridges, when I was talking to the fellow he seemed quite happy about the way we were going about things.

The Hon. CATHERINE CUSACK: The report also states:

Reductions in the requested MPM funding levels for bridge upgrading raises several significant issues—

- The backlog of required work tends to grow exponentially, forming a "bow wave" that needs to be overcome.

Do you agree that there were problems?

Mr STANBOROUGH: I agree that there are problems out there. But I believe that we are managing them safely.

The Hon. CATHERINE CUSACK: The report further states:

- The cancellation of MPM works requires a consequential increase in RM works and costs in order to maintain an adequate level of safety and operations.

In other words, when the budget comes down, it all goes into temporary solutions to problems, rather than the \$6 million that Mr Hanrahan was referring to earlier.

Mr STANBOROUGH: I think there is some confusion here. To me, that comes back to what we talk about initially, where we sit down and go through the asset plan each year and talk about how much money we need for each particular job the following financial year. We ask for \$10 million, and we might end up with \$3 million, because that is all we can get with all the other priorities that are going on. With each of those bridges we also have a fallback, which is documented, which says what is the minimum we have to do and how we actually make that bridge safe. I would like more money to go out and make everything 100 per cent correct but I do not believe anywhere in the State has that.

The Hon. CATHERINE CUSACK: What is the TSI?

Mr SEABURY: Track condition index.

The Hon. CATHERINE CUSACK: Has that been deteriorating along the Murwillumbah branch line in recent years?

Mr STANBOROUGH: I think it has been fairly stable since I have been there. It actually improved in the first couple of years I was there and it has remained around the 47 mark each run. Sometimes it might go down a point or two and sometimes it might go up a point or two.

The Hon. CATHERINE CUSACK: How many years have you been there?

Mr STANBOROUGH: I have been there for approximately nine years.

The Hon. CATHERINE CUSACK: Has it been stable throughout that period?

Mr STANBOROUGH: Initially, because of the work that we did, we made a big improvement on it, which was a few points, and after that it has been around 47 each run each time that the RVX runs, which is the machine that prints out the TCIs.

The Hon. CATHERINE CUSACK: It has been 47 for how long?

Mr STANBOROUGH: For quite a few years. Sometimes it has been as low as 44 and other runs it has gone up to 50.

The Hon. PETER PRIMROSE: How did you find it when you arrived? Was it in as good a condition as it is now?

Mr STANBOROUGH: No, my personal opinion is that it is in better condition now than what it was been.

The Hon. PETER PRIMROSE: About nine years ago it was—

Mr STANBOROUGH: There was a lot of work to be done, the same as now. There is still a lot of work to be done out there. We change the way we are doing some things but what happened prior to me getting there, I cannot answer because I was not aware but I believe it is definitely in better condition and I think you will find that most of the fellows who work there would be of the same opinion.

The Hon. DAVID OLDFIELD: When did you arrive?

Mr STANBOROUGH: In 1995.

Mr LORD: The problem with the line is not with the track; it is with the bridges and the TCI does not really give you any guidance there. I have looked at the track condition index over 10 years and it is pretty stable, but the bridges are such a short length in total—there are a lot of bridges but they are about 4 kilometres in 130 kilometres, in coming up with the track condition index, they do not really figure. Deterioration in bridges is not going to be seen in the TCI. Track condition is not really a problem on the line. It is the bridge condition.

The Hon. CATHERINE CUSACK: So the bridges have deteriorated in the last nine years?

Mr LORD: Maybe not, no. I am not saying that. I am just saying that bridge condition is not really a contributor to the TCI because it is over such a small length of track.

The Hon. CATHERINE CUSACK: I accept your point. Have the bridges deteriorated or are they better than they were nine years ago.

Mr STANBOROUGH: I believe they are probably slightly better than now the condition that we work under a more stringent set of guidelines than they used to because those things are constantly changing and improving and the safety conditions that we have to work under are always increasing. Our biggest battle is with that because where things are changing, we have to try to keep up with it. What was acceptable 10 years ago is not acceptable now.

The Hon. CATHERINE CUSACK: Were you puzzled when you heard that \$188 million was needed to fix the branch line over the next 20 years?

Mr STANBOROUGH: No. I suppose I was puzzled somewhat, but I have had input into the bridge plan when it was for 15 years and that talked about so many millions of dollars each year to do it if we were lucky enough to have that money funded.

CHAIR: When was that plan set down?

Mr HANRAHAN: It was 2000-2001.

The Hon. DAVID OLDFIELD: How many millions of dollars each year was it then?

Mr HANRAHAN: We were a bit erroneous in our forward estimates but it was \$2.5 million a year for 20 years to replace timber components with steel. We started doing some of those jobs but our particular line being fairly high in bridges, the actual cost was more than we were advised it would be from the people who have done this sort of work elsewhere, so, yes, it would be more like \$60 million, I would say, just to replace the timber components with steel, and that is the actual job of replacing it. In the meantime, we have to hold them and that gets very awkward too.

It is very difficult to estimate when a timber components will rot out because white ants can get in there and you do not know because you cannot see that and they will destroy a girder in six months. Also, the climate is very dry and we do not seem to have the problems they have in wet climates. Chris may be able to add to that. The money you are talking about is to replace those bridges with maintenance-free type materials which, generally speaking, is to put ballast type structures, which we would all like to see because track maintenance and cost comes down and it is a fairly good business case; it makes sense. That line would be almost maintenance free if we did that. You can machine maintain it and there would be very little other work required. There are many different upgrading plans that can be put there and they will cost different amounts but that one is as valid as the others, depending on the overall strategy that the Government and the people want.

The Hon. ERIC ROOZENDAAL: How many bridges are we talking about all up?

Mr STANBOROUGH: I think there are approximately 144, off the top of my head. It is very close to that.

Mr LORD: That \$188 million came from work that I did in 2001. From the strategic point of view on the line, in fact for the State, saying that any timber components we have now, if they are not life-expired now and are being temporarily supported, will expire within the next 20 years and given the cost of buying large section hardwood timber these days, it is cheaper in the long run to replace those bridges in a superior material, usually concrete, and when you replace a timber bridge with a concrete bridge you do not have to do anything to it probably for 50 years and maybe 100 years.

The strategy was to replace all the timber over a 20-year period and end up with a high performing, low-cost railway. I estimated that on the basis of 4,000 lineal metres of bridge at \$20,000 a metre, which was the going rate for bridge construction at that time, September 2001. I believe now that the price of replacing bridges is actually more than that. I think bridge renewal came out at \$82 million out of the total of \$188 million over a 20-year period. I applied similar strategies to other maintenance activities.

CHAIR: Do you mean \$92 million?

Mr LORD: It was \$82 million for bridge renewal and \$10 million for repairs whilst we got through that renewal program. We did the same thing with the sleepers. We said that any timber sleeper out there now that is not dead already will be dead within 20 years and we should replace them in steel. We know how much it costs to replace a steel sleeper so I just multiplied out the number of timber sleepers by the cost and came up with a 20-year value on that exercise.

The Hon. CATHERINE CUSACK: What prompted you to do that work? Had there been a strategic decision made at that time about the branch line?

Mr LORD: No, this strategy was statewide. This strategy was requested by Ron Christie, who was the Co-ordinator General of Rail at the time he asked me to put together a strategy for the whole State.

The Hon. CATHERINE CUSACK: We have seen a report dated 1998, which talks about future options for the North Coast branch line, including new rail corridors potentially and a new route going to Ballina. Was the decision taken not to pursue that?

Mr LORD: No, I am not familiar with the 1998 report. Was that an internal RIC or RAC report?

CHAIR: It was Rail Access Corporation and it is by TMG International.

Mr LORD: No, I am not familiar with that. I never had anything to do with the North Coast at that time.

CHAIR: Mr Seabury, do you know about this document?

Mr SEABURY: No, I do not.

The Hon. DAVID OLDFIELD: Do we gather from what you are saying that your original plan in 2001 would have, over 20 years, replaced all 144 bridges with cement bridges?

Mr LORD: That is right.

The Hon. DAVID OLDFIELD: What was the cost you estimated then?

Mr LORD: It was \$82 million for bridge renewal.

The Hon. DAVID OLDFIELD: Plus \$10 million?

Mr LORD: Yes, for maintaining them until they were renewed.

The Hon. CATHERINE CUSACK: Would you say that is the optimal solution?

Mr LORD: I think it is still the most cost-effective solution if the line were to exist indefinitely into the future, yes.

The Hon. CATHERINE CUSACK: Because of that cost it seems that it is not to exist at all?

Mr LORD: No. We had strategies like that all over the State. We cannot afford to do all that work.

The Hon. CATHERINE CUSACK: Is there a lower cost solution to maintaining our branch line?

Mr LORD: The low-cost solution is to keep patching it and keeping it going but, in the long run, it is going to be more expensive.

The Hon. CATHERINE CUSACK: We could have just kept going like that indefinitely?

Mr LORD: No, not indefinitely. As was mentioned before, there is a bow wave of deferred maintenance, which is going to catch up with us sooner or later.

The Hon. CATHERINE CUSACK: Is there something that could have been done more cheaply or was it the \$188 million or nothing?

Mr LORD: No, not at all. There are many options in between.

The Hon. CATHERINE CUSACK: What sort of options?

Mr LORD: Partial renewal. At the end of the \$188 million the recurrent expenditure will drop right down virtually to nil.

The Hon. CATHERINE CUSACK: So that would have been the most expensive option?

Mr LORD: In its first 20 years.

The Hon. CATHERINE CUSACK: And what other options did you prepare?

Mr LORD: You can extend the life of assets out further by component renewal rather than full renewal but you do not achieve those savings at the same rate. It might be further out before you get to a point where you achieve the savings. You trade off routine maintenance against capital investment.

The Hon. CATHERINE CUSACK: But might one option have been to increase routine maintenance funding and just sustain that at the \$6 million level for maybe another few years?

Mr LORD: You could.

Mr HANRAHAN: Chris told me the other day, and it surprised the hell out of me, that a timber girder has gone from \$1,000 when I did those estimates to \$3,000 just for that basic item, so the \$6 million would have grown because of the problem with timber; we just cannot get it and when we do, we pay a fortune to get it, so it would not remain at \$6 million ad infinitum.

The Hon. CATHERINE CUSACK: I appreciate that. An increased amount on maintenance, would that have been an option?

Mr LORD: In the short or medium term, yes. Like I said, you can trade off routine maintenance. We do whatever we need to do with routine maintenance to keep the track safe day to day, which is what routine maintenance really is.

The Hon. CATHERINE CUSACK: Did you prepare other options for comparative purposes?

Mr LORD: No.

The Hon. CATHERINE CUSACK: So the viability of the branch line was really assessed against the most expensive option?

Mr LORD: No. The most cost-effective way of managing the branch line indefinitely into the future is to spend \$188 million over the next 20 years and then a much lower amount beyond that.

The Hon. CATHERINE CUSACK: What if you only want to run it for 20 years though?

Mr LORD: Well, you would not do that.

The Hon. CATHERINE CUSACK: Why not?

Mr LORD: If you did that, you would end up with a very good asset in 20 years that was no longer going to be used, so you would run it down for the assets to die in 20 years time, if you were only going to keep it open for 20 years.

The Hon. CATHERINE CUSACK: But it seems to me that is what has happened. We have a 100-year-old railway, which has had a fortune spent on it—I will not go through all the figures but you would be aware that a lot has been spent on stations, track and maintaining it and now it is just going to die.

The Hon. ERIC ROOZENDAAL: What is the question?

The Hon. CATHERINE CUSACK: He is saying that you would not do it and I am putting to him that that is what is occurring.

Mr LORD: Well, we are not spending the \$188 million, and we were not planning to spend the \$188 million because we could not afford to spend the \$188 million.

The Hon. CATHERINE CUSACK: I understand, but you would not look at a 20-year plan to keep it going for another 20 years?

Mr LORD: Well, we could, yes. At the time that is not what I was asked to do. I was asked to come up with what is the best investment program for the State, and it was not just the branch line, it was for the whole country network.

The Hon. CATHERINE CUSACK: When you did that did you look at all the bridges individually?

Mr LORD: No, I just looked at them on a metres per line basis. One-third of all the timber bridges in the State are on the Murwillumbah line.

The Hon. CATHERINE CUSACK: So you would have looked at the map and you would have seen that a particular bridge was a timber bridge?

Mr LORD: No. I just said, "On that line there are 4,000 metres of bridge length." Any small span bridges we costed on the basis that we would replace them with pipes and culverts. The bigger span bridges need another bridge to replace them. So we just worked on the length of bridges on each line in the country network.

The Hon. CATHERINE CUSACK: Are you familiar with technical report No. 36 which was produced in 1998 and which reviewed all timber bridges in New South Wales?

Mr LORD: I have read it, but I would not say that I am familiar with it.

The Hon. CATHERINE CUSACK: Was any of that information used in your report?

Mr LORD: I think we may have used that to get some of the base figures relating to how many bridges and what length of bridges existed on each line.

The Hon. CATHERINE CUSACK: Was there any other source of information relating to the condition of bridges?

Mr LORD: No hard and fast information. The report or the strategy that I put together was distributed to the field. We got feedback and we accelerated the replacement of some lines compared to others based on that feedback.

The Hon. CATHERINE CUSACK: Do you think a decision was taken then that it was an unrealistic amount of money to spend on the Murwillumbah line?

Mr LORD: No decision was taken then.

The Hon. CATHERINE CUSACK: No decision was taken about whether or not it should be upgraded?

Mr LORD: No.

The Hon. CATHERINE CUSACK: It seems as though money did not start coming in to fund the program.

Mr LORD: So far as I know, no decision was taken. I was responsible for putting together the budget for the whole country network. We did not have a strategy to wind down the branch line.

The Hon. CATHERINE CUSACK: Is the statewide strategy that you wrote being implemented all?

Mr LORD: It is still used as a guide as to how much activity we should be doing line by line around the country.

The Hon. CATHERINE CUSACK: So are some lines benefiting from that strategy?

Mr LORD: Yes.

The Hon. CATHERINE CUSACK: Are branch line upgrades going on?

Mr LORD: Yes.

The Hon. CATHERINE CUSACK: Can you tell me which ones?

Mr LORD: The Walgett line.

The Hon. ERIC ROOZENDAAL: There is no reference in our terms of reference to branch line upgrades.

The Hon. CATHERINE CUSACK: I am talking about the Murwillumbah branch line and its viability.

The Hon. ERIC ROOZENDAAL: You are asking whether other branch lines have been upgraded and which ones they are. That question is not relevant. You are off on a fishing expedition around the State. I understand where you are going but it is unrealistic to question someone about every branch line across the State. It is outside our terms of reference.

The Hon. CATHERINE CUSACK: It is not.

The Hon. ERIC ROOZENDAAL: You just asked a question about other branch lines.

CHAIR: Order! I refer the Hon. Eric Roozendaal to term of reference (d), which refers to the overall situation relating to branch lines. It is useful to establish how this branch line rates to other branch lines throughout the State.

The Hon. ERIC ROOZENDAAL: With respect, that was not the question that was asked. I am shocked that your inference is different from the inference in the original question. The honourable member was not asking for a comparison of branch lines and that is what the Chair inferred. It is improper for the Chair to infer something different from the inference in the original question.

The Hon. CATHERINE CUSACK: I asked which branch lines were being upgraded.

Mr LORD: Currently we are upgrading the Walgett line. The Walgett line has had considerable growth in grain traffic. In a good season we now carry around one million tonnes a year, whereas before we were only carrying less than half that amount.

The Hon. CATHERINE CUSACK: Would there have been a lack of freight revenue?

Mr LORD: Yes.

The Hon. CATHERINE CUSACK: Lack of freight revenue on the Murwillumbah line would have weighed against that?

Mr LORD: No The Murwillumbah line can accommodate the traffic that it was carrying. We are not talking about a growth situation; we are comparing it to the Walgett line. Murwillumbah is a higher configuration, so it is a heavier railway, but it carries far less traffic than the Walgett line. It used to carry freight but it does not any more.

The Hon. CATHERINE CUSACK: It did carry freight when you prepared your paper?

Mr LORD: Yes. We were running cement up the Murwillumbah line for the Pacific Highway upgrade.

CHAIR: Mr Lord, Mr Hanrahan referred to the regional asset plan. Would you be able to provide the Committee with the regional asset plan?

Mr HANRAHAN: I referred to the strategic plan.

Mr LORD: Yes.

CHAIR: For the North Coast?

Mr LORD: It was not for the North Coast; it was for the total country network.

CHAIR: Would you be able to provide that plan to the Committee?

Mr LORD: Yes, we can. There is only limited reference in it to the Murwillumbah line.

CHAIR: That was in 2001?

Mr LORD: Yes.

CHAIR: Does that come up for review every X- number of years?

Mr LORD: It needs review a now. It has not been reviewed since 2001.

The Hon. CATHERINE CUSACK: Mr Seabury, has the bridge at Eltham been secured? You might recall that it was left unpainted?

Mr SEABURY: I asked a gentleman to follow up on that bridge. The question that was asked earlier was whether it had been sandblasted and whether the bare metal had been left exposed to corrosion. The information that I received was that that was not the case. Wherever they had worked on the bridge they basically painted all over that. So it was all painted metal. All the galvanised metal was replaced. So, basically the answer was that no bare metal was left exposed to the elements at Eltham.

The Hon. CATHERINE CUSACK: Thank you for following up that matter.

The Hon. ERIC ROOZENDAAL: You mentioned earlier that the price had gone up since you had done your costings on the bridges. You referred to a figure of \$20,000?

Mr LORD: A linear metre length of bridge.

The Hon. ERIC ROOZENDAAL: What do you think would be the cost today?

Mr LORD: I have not checked it out but I think it would have gone up to at least \$25,000.

The Hon. DAVID OLDFIELD: So it has only gone up by 25 per cent?

Mr LORD: I have not checked it out. It has obviously gone up but I do not know by how much.

The Hon. DAVID OLDFIELD: How would you account for the estimate that we have, which is more than double your estimate for 2001—\$188 million as opposed to the \$92 million?

Mr LORD: That amount of \$188 million was for the Murwillumbah line for all activities. The amount of \$92 million was only for timber bridges.

The Hon. DAVID OLDFIELD: Are you saying that when you take the bridges out of the equation very little is required to be done to the rest of the track?

Mr LORD: We are still planning to replace the timber sleepers over a 20-year period. There is considerable amount of money in the budget for that. We also have to add in routine maintenance. When you add it all up that is what it comes to.

Mr SEABURY: The position today is that the timber sleepers are okay but they would not remain okay. We would need to replace the timber sleepers with something to keep them stable over the next 20 years.

The Hon. DAVID OLDFIELD: Mr Hanrahan, earlier you were talking about girders costing \$3,000. I presume that they can be replaced with steel girders, but I presume that the steel is even more expensive?

Mr HANRAHAN: You can do it in steel but you have to do the whole span in steel; you cannot intermix steel with timber girders. So you get the bridge to a run down state and you then replace those units with steel spans and steel tresses.

The Hon. DAVID OLDFIELD: What sort of price comparison is there for steel girders as opposed to wooden girders?

Mr HANRAHAN: It would cost about \$60,000 to put in a steel span.

The Hon. DAVID OLDFIELD: I am referring to the component that you were talking about earlier that cost \$1,000 and that has now become \$3,000.

Mr HANRAHAN: That is for the girder itself.

The Hon. DAVID OLDFIELD: So what would it cost for steel girders?

Mr HANRAHAN: For just a plain steel girder?

The Hon. DAVID OLDFIELD: Nothing fancy, not edged or anything.

Mr HANRAHAN: Manufacturers get \$2,000 a tonne.

The Hon. DAVID OLDFIELD: So the steel girders are actually cheaper than the wooden ones?

Mr HANRAHAN: Yes.

The Hon. DAVID OLDFIELD: I understand that you have to do the whole thing.

Mr HANRAHAN: It is a package deal, or nothing.

Mr SEABURY: I do not think there is a straight comparison. We cannot actually insert a steel girder into a timber structure. They bend at different rates and they carry stress at different rates. That is what Peter is trying to say.

The Hon. DAVID OLDFIELD: The straight comparison that you gave me was that the same thing in steel would be about \$2,000 as opposed to \$3,000 in wood. So there is a straight comparison so far as that is concerned. However, I understand the complications of having to do the whole bridge as opposed to intermingling it.

Mr HANRAHAN: That is right. We run them down and then we replace the lot.

Mr SEABURY: With hardwood timber of this quality we are looking at 12-inch extremely high-grade rainforest timber.

Mr HANRAHAN: Yes.

Mr SEABURY: It might cost \$3,000 today but because of the limited availability of that rare wood in the future it means that will be more expensive in the future. So we are not trying to target the progressive use of that wood in the future. Replacing it with timber in the future is not something that we are aiming at.

The Hon. DAVID OLDFIELD: Ideally you would replace it with steel?

Mr LORD: Or concrete.

The Hon. DAVID OLDFIELD: What is the equivalent cost for concrete?

Mr HANRAHAN: That is expensive because the whole bridge would have to be done.

The Hon. DAVID OLDFIELD: So the whole bridge would become a concrete span?

Mr HANRAHAN: Yes. You would have fewer spans because you would span greater distances. When you do that normally you have to increase waterway areas, et cetera. When you upgrade a bridge you have to accept the new water flows. Those tracks were built so long ago that a lot of the waterways are under capacity and things like that. So we have to build a whole new bridge. Everything becomes new. That would cost \$25,000 on the main lines and \$40,000 a meter to put in bridges. Those sorts of figures are not extraordinary.

The Hon. DAVID OLDFIELD: If you had to build from scratch or completely replace it, as is being suggesting here, it would it be cheaper today to do it in cement rather than to use this extremely expensive almost extinct rainforest timber?

Mr HANRAHAN: For newer bridges, definitely. We would not rebuild any bridges in timber.

Mr SEABURY: You would also be up for continual maintenance after building a bridge.

The Hon. DAVID OLDFIELD: So far as I can ascertain there is a lot more maintenance on cement bridges than there is on wooden bridges. Mr Lord said earlier that cement bridges were virtually maintenance free for 50 to 100 years, so I do not follow your comment. I do not think it is relevant or accurate.

Mr SEABURY: I said that because of the cost of replacing a bridge it is cheaper to build a concrete bridge, but concrete bridges are also cheaper to maintain. It involves not just the renewal costs; it involves the ongoing life costs of the structure.

The Hon. PETER BREEN: So your answer is both relevant and accurate.

Mr SEABURY: Yes.

The Hon. DAVID OLDFIELD: I apologise for the confusion.

The Hon. JAN BURNSWOODS: How do you identify when sleepers need replacing?

CHAIR: Is that a serious question?

The Hon. JAN BURNSWOODS: Of course. At the last hearing Ms Hale wanted a report on all the bridges between Blayney and Cowra. I then asked for a report on all the sleepers between Blayney and Cowra. So this is a serious question.

CHAIR: You are not suggesting that someone is asleep on the job?

The Hon. JAN BURNSWOODS: The Hon. David Oldfield is the one who was suggesting that someone was asleep on the job.

The Hon. CATHERINE CUSACK: It has been proposed that some of the bridges, in particular, the ones near Lismore, could be lowered even though we no longer have steam trains. We no longer need bridges above the plains. The proposal that was put to this Committee was that we could look at not having bridges on railway lines, thus reducing the need to have bridges and to just have concrete culverts underneath?

Mr LORD: I am not so sure about Lismore. We did that at Mudgee when we reopened the Kandos to Gulgong line in 2000. Coming into Mudgee from the south there is a timber viaduct about 500 metres long over a floodplain, which no longer floods because the Windermere Dam is there now. So we dropped the track down onto the floodplain. It was a cheap solution. At Lismore that is complicated by road crossings and other aspects but it is an option.

The Hon. CATHERINE CUSACK: So if you went down this track and you rebuilt all the bridges you might go into that issue in more detail?

Mr LORD: Yes. Certainly you would look at the long timber viaducts at Lismore as a total package of what to do with them.

The Hon. CATHERINE CUSACK: Is that a significant proportion of the 4 kilometres?

Mr LORD: Yes, I am not sure just how much but the other guys would know.

Mr STANBOROUGH: It would probably be a kilometre in amongst the four roughly timber bridges. It would be close to 1 kilometre or 800 metres.

The Hon. CATHERINE CUSACK: Which road crossings would concern you? Did you say that there is a problem with road crossings?

Mr LORD: I said that. A couple of roads go underneath the viaducts now.

Mr STANBOROUGH: There are a couple there. The one on Union Street and Terania Street is where the road comes underneath railway line. There are a couple of different streets through there, I can't remember the names off the top of my head.

The Hon. CATHERINE CUSACK: They are not main roads, though?

Mr STANBOROUGH: A lot of them are heavy vehicle use, like large trucks and that sort of thing.

The Hon. CATHERINE CUSACK: It sounds like a much cheaper option with level crossings?

Mr STANBOROUGH: I do not have the knowledge.

The Hon. PETER PRIMROSE: Would there be any land acquisition involved?

Mr STANBOROUGH: The only problem I see with it, not that I have that great knowledge, but since I have been there whenever it has flooded the only thing that still remains open is the railway line. That is the only way that people can move around. A boarding school that is just out of Lismore, for instance, when in flood we have quite often had to drop off its milk and bits and pieces. Although it is not run as a boarding school any more but the railway line is the only access that is up there.

The Hon. DAVID OLDFIELD: The country is cut off and isolated?

Mr STANBOROUGH: It is terrible out in the country, yes.

CHAIR: Have you actually used the railway line to drop off supplies to Woodlawn?

Mr STANBOROUGH: Yes.

The Hon. CATHERINE CUSACK: On a train?

Mr STANBOROUGH: I think they have done it in trains. I believe they have done that but we have done it in our highway vehicles, the vehicles that run along the tracks. We have got trucks that have got the railway wheels that just run along them.

CHAIR: When was the last time that happened?

Mr STANBOROUGH: Probably a few years because it has been a bit dry up there for a while. Probably four years ago, I assume, roughly. But they do not operate as a boarding school now. It is just a school now.

The Hon. DAVID OLDFIELD: Has that happened more than once in the nine years that you have been there?

Mr STANBOROUGH: We have done it a couple of times since I have been there.

The Hon. CATHERINE CUSACK: Have you seen a copy of the memorandum from Graham McPherson, Acting Chief Executive Officer, dated 5 April to the Minister which was the advice that was given to the Minister prior to the mini-budget announcement that it was closed? Have you seen that?

Mr LORD: No.

Mr SEABURY: No.

The Hon. CATHERINE CUSACK: I will provide you with a copy. The figures in the memorandum relate to the information that was given to the Minister and this was the advice he used, according to Mr Graham, when he made the announcement to close the branch line. On the first page under the heading of "Costs" it states:

The current operating cost of above rail is \$2.4 million per annum, daily operating cost of \$6,575. The forecasted below rail cost over the next five years is \$13.2 million per annum. This brings the total cost of the Murwillumbah line to \$15.6 million per annum.

Mr Graham tabled another document that describes future required infrastructure capital and maintenance expenditure is \$13.2 million over five years. The difference is: \$13.2 million over five years contrasted with the first briefing note that states it is \$13.2 million per annum—in other words multiplied by five. Which is the correct figure?

Mr LORD: Each year we put up a plan to the Ministry of Transport to document what we plan to do in the country network. The one we put up for 2003-04 had the next four years forecast attached. We did that by line sector. I think the forecast cost for the Murwillumbah line was in the order of \$13.2 million. I could not say it was \$13.2 million but it was certainly closer to \$13.2 million per annum than \$13.2 million over five years.

The Hon. CATHERINE CUSACK: It was not \$13.2 million over five years, it was \$13.2 million per annum?

Mr LORD: That is my recollection. I do have a document back at the office.

The Hon. CATHERINE CUSACK: Was that a bid for funding?

Mr LORD: When we made that forecast it was unfunded and it was based on need.

The Hon. CATHERINE CUSACK: Would you define need? Was that a need to keep it safe or a need to begin this \$188 million—

Mr LORD: It was based on a financially responsible investment program—least life cycle cost.

The Hon. CATHERINE CUSACK: Would that have been money that would have been going to the Lismore depot?

Mr LORD: A large component of that would have been bridge renewal which would not have been carried out by the Lismore depot. It would have been part of their budget but it would have been contract.

The Hon. CATHERINE CUSACK: With that level of expenditure, over time the Lismore office would have fewer and fewer emergencies to attend at bridges so that would have enabled them to do other things with their maintenance budget?

Mr LORD: Yes.

The Hon. CATHERINE CUSACK: The budget would have gone from \$3.5 million up to \$15.6 million?

Mr LORD: Yes, I cannot remember what we had in for 2003-04 but we put up a plan which had a 2003-04 figure and then a figure for the next four years. I can only assume that is where Vince Graham got the information from.

The Hon. CATHERINE CUSACK: The answers to questions that were given to this committee summarises the below ground costs. That figure of \$13.2 million over five years probably should be per year for five years?

Mr LORD: Yes, I think it was in that order. Peter, can you remember what was in the plan?

Mr HANRAHAN: I definitely requested \$13 million for 2004-05 but I cannot state what I asked for further on. I think that report was something I did one or two years ago, or a year ago.

Mr LORD: The plan we put up to the Ministry for 2003-04 in the next four years we put up in March initially and it was finalised in August last year.

The Hon. CATHERINE CUSACK: Was that what you would expect to have been fully funded in the real world with what happens with the budget?

Mr LORD: No, in the document we put up we identified that it was unfunded and we also identified that we were seeking ways to fund that either through productivity improvement or additional funds or whatever.

The Hon. CATHERINE CUSACK: Was that because the railway had arrived?

Mr LORD: Pretty much, yes.

The Hon. CATHERINE CUSACK: I show you the briefing note that was given to this committee about below rail costs. Have you seen that document before? Did you compile that document?

Mr SEABURY: No, I did not put this document together.

The Hon. CATHERINE CUSACK: Are you aware of that document?

Mr SEABURY: I am aware the document existed. I believe strategy and planning prepared that for the chief executive officer based on information it would have got from Bruce Lord.

The Hon. CATHERINE CUSACK: Strategy and planning is part of RailCorp?

Mr SEABURY: Yes.

The Hon. CATHERINE CUSACK: Did they get advice from you for that?

Mr SEABURY: They would have got advice from the infrastructure group, and specifically Bruce Lord.

Mr LORD: Similarly, I have not seen that document but I usually provide that type of information for those sorts of requests.

The Hon. CATHERINE CUSACK: Do you do the access charges for that branch line?

Mr LORD: No, I do not, other people within RIC do.

The Hon. PETER BREEN: I want to ask about a radically improbable idea. If the branch line were somehow extended from Murwillumbah to the Gold Coast airport, would you see any prospect of there being an increase in freight as a result? Are there businesses existing or likely to arise in the future which could use that line?

Mr SEABURY: It is something I have never contemplated. I suppose any sort of connection would open up a market for that area. While I have not contemplated it, I do not actually become involved in marketing and paths. That is actually another part of government. We look at the maintenance of the assets and the actual strategic planning for corridor routes which used to be done within the Rail Access Corporation. I think the Department of Infrastructure, Planning and Natural Resources undertakes those studies now.

The Hon. PETER BREEN: Are you aware of any existing studies to extend the branch line from Murwillumbah to the Gold Coast?

Mr SEABURY: In the past couple of weeks I have heard that studies exist, but I have not seen them, no.

Mr LORD: Most freight railways are either to port or away from port. I am not sure what business growth it would be.

The Hon. PETER BREEN: For example, the Gold Coast airport would not of itself be a destination for freight?

Mr LORD: Not by rail, I would not think.

The Hon. PETER BREEN: Are there any inland freight lines that go to airports? Is what you said in the first place is accurate?

Mr LORD: Most of the freight that we carry is destined for port. It is either to Newcastle or Port Kembla.

The Hon. DAVID OLDFIELD: Is that due to its bulk?

Mr LORD: Yes. Either coal, grain or export containers.

The Hon. PETER BREEN: So freight on the North Coast rail would service the main railway and would not go to Lismore?

Mr LORD: Yes, most of the freight is Sydney/Brisbane or Melbourne/Brisbane.

The Hon. CATHERINE CUSACK: I understand the steel sleepers have now been collected?

Mr SEABURY: That is correct.

The Hon. CATHERINE CUSACK: Have they all been collected?

Mr SEABURY: I have been advised that they have been picked up.

Mr STANBOROUGH: The sleepers around the track have been picked up and removed and we still have 200-300 sleepers in our yard at Lismore that have been part of that steel sleeper program.

The Hon. CATHERINE CUSACK: Are they for maintenance.

Mr STANBOROUGH: We will use them for maintenance, yes.

The Hon. CATHERINE CUSACK: Are the collected steel sleepers in the yard?

Mr STANBOROUGH: No, they have gone out west to Walgett. That was completed on Tuesday or Wednesday of this week.

Mr SEABURY: One of the questions last time was whether we used a train to pick them up. We got advice that a contractor picks them up by truck.

Mr STANBOROUGH: They used Hollands contractors to do it. They used what we call a pedibone with a magnet on it to pick them up. They also used high-rail vehicles and trucks to carry certain loads on to the trucks and take them out that way.

The Hon. CATHERINE CUSACK: At what cost?

Mr STANBOROUGH: I have got no idea. It was arranged through another person.

Mr HANRAHAN: The advice is the contract costs of that part of the operation, collecting and transporting sleepers to Walgett, was about \$315,000.

The Hon. DAVID OLDFIELD: How many sleepers?

Mr HANRAHAN: Eight thousand.

The Hon. DAVID OLDFIELD: How much are they worth each?

Mr HANRAHAN: Eighty dollars or \$90.

The Hon. DAVID OLDFIELD: So you spent about half of what they are worth to pick them up?

Mr HANRAHAN: Yes, and transport them. And laying them out I think is in that price.

The Hon. PETER BREEN: You could not very well leave them there.

Mr HANRAHAN: I do not think it would be wise.

The Hon. CATHERINE CUSACK: Have all of the staff at the Lismore depot been able to finalise their futures?

Mr STANBOROUGH: The majority of fellows have either made a decision or are well on the way to making a decision. I know that a few fellows who are round retirement age have definitely made a decision to take the opportunity to retire. The majority of the rest of the fellows at Lismore are looking towards taking a redundancy, and about two are looking at going to Casino and working with the ARTC when that happens in September. That is not concrete; those are just the general feelings.

The Hon. CATHERINE CUSACK: But there definitely will be positions available for them if they choose to do that?

Mr STANBOROUGH: From what I have been led to believe, yes, there would be positions for all of them if they wish to go there.

The Hon. CATHERINE CUSACK: How many staff are there at the moment?

Mr STANBOROUGH: There are 12, plus myself, and one at Murwillumbah. There are 13 or 14 of us.

The Hon. CATHERINE CUSACK: I understand you have been working on overbridges.

Mr STANBOROUGH: We have been working on overbridges and level crossings, because the plan is to have them in a good state so that they will be maintenance-free for approximately five years.

The Hon. CATHERINE CUSACK: So there will be nobody left behind to do that work?

Mr STANBOROUGH: I do not know.

The Hon. CATHERINE CUSACK: But there will be no staff left in Lismore to do work on those overbridges? Is that right?

Mr HANRAHAN: The ARTC will make that decision. But, so far, whatever has to be done on that line will be done from the Casino depot.

The Hon. CATHERINE CUSACK: So ARTC will have responsibility for those overbridges as a discrete contract?

Mr HANRAHAN: It will have responsibility to do the work. The Rail Infrastructure Corporation, in its new format, will determine what work is done on that line because it is a residual line.

Mr LORD: They have with us a contract to maintain all the country network that has not gone into the lease. So, they are maintaining the leased lines for themselves and they are maintaining the rest of the country network for us, and that includes any assets on the Murwillumbah line.

The Hon. CATHERINE CUSACK: Do you need to instruct them on the standards that they need to be kept to?

Mr LORD: Yes.

The Hon. CATHERINE CUSACK: What are your instructions?

Mr LORD: The engineering standards that we apply statewide now will continue to apply.

The Hon. CATHERINE CUSACK: Is that on the basis that it is a residual line rather than an active line?

Mr LORD: If it is an overbridge for road, it does not matter whether it is on a live line or a non-operational line.

The Hon. CATHERINE CUSACK: I understand that. But the rest of the line will not be maintained?

Mr LORD: No, the rest of the line will not be.

The Hon. CATHERINE CUSACK: So the contract is for the overbridges rather than for the Murwillumbah line. Would that be correct?

Mr LORD: Yes. The contract is for the whole State, and we determine what the program is, and they do it.

The Hon. CATHERINE CUSACK: Are you looking at replacing those with concrete overbridges?

Mr LORD: Not at this time.

The Hon. CATHERINE CUSACK: I think it is a \$4.5 million budget for a 20-year plan.

Mr LORD: That sounds about right.

The Hon. CATHERINE CUSACK: The ARTC will do that?

Mr LORD: If we fund it, they will do it. It is part of the network that continues to be supported by the New South Wales Government. The lease network, which is going to ARTC, they will fund. The rest of the regional network is still funded by the New South Wales Government.

The Hon. CATHERINE CUSACK: With the work being done by the ARTC?

Mr LORD: Under contract to the Rail Infrastructure Corporation.

Mr SEABURY: There may be some minor inspection work done on the corridor during that period, under contract as well, arising out of the keeping of the line up to standard.

Mr LORD: We also have responsibilities on disused lines for noxious weed control, fire hazard control, noxious animals control, and public safety at overbridges and level crossings and other public interfaces.

CHAIR: I thank all of the witnesses for appearing here today. We appreciate the effort you have made to be here and your assistance in providing information that we need to write our report.

(The witnesses withdrew.)

(THE COMMITTEE ADJOURNED AT 3.50 P.M.)