

# GENERAL PURPOSE STANDING COMMITTEE No. 4

Tuesday 20 September 2005

Examination of proposed expenditure for the portfolio areas

## TRANSPORT, STATE DEVELOPMENT

The Committee met at 5.30 p.m.

### MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. J. C. Burnswood  
The Hon. G. J. Donnelly  
The Hon. M. J. Gallacher

The Hon. K. F. Griffin  
Ms S. P. Hale  
The Hon. D. Oldfield

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### PRESENT

**The Hon. J. A. Watkins**, *Minister for Transport, and Minister for State Development*

**Department of Transport**

**Mr J Lee**, *Director-General*

**RailCorp**

**Representative: Mr V. Graham**, *Chief Executive Officer*

**State Transit**

**Representative: Mr R Wilson**, *Acting Chief Executive Officer*

**Sydney Ferries**

**Representative: Ms S Sinclair**, *Chief Executive Officer*

**Independent Transport Safety and Reliability Regulator**

**Representative: Ms C Walsh**, *Chief Executive Officer*

**Department of State Development**

**Mr L Harris**, *Director-General*

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**CHAIR:** Ladies and gentlemen I declare this meeting open to the public. I welcome you to this public hearing of the General Purpose Standing Committee No. 4 and I wish to thank the Hon. John Watkins and departmental officers for attending this evening. At this meeting the Committee will examine the proposed expenditure for the portfolio areas of transport and state development.

Before questions commence some procedural matters need to be dealt with. Broadcasting of proceedings: I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings, which is available from all Chamber Support Officers and clerks, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting proceedings of this Committee you must take responsibility for what you publish or what interpretations you place on anything that is said before the Committee.

Delivery of messages: There is no provision for members to refer directly with their own staff while at the table and staff are advised that any messages should be given to members through the Chamber Support Officer on duty or the Committee clerks. In relation to the time allocation, this Committee has a practice of allocating the questions on a one third, one third, one third basis between the Government, the Opposition and the cross-bench and we are going to adhere to that usual practice this evening. We are going to start with transport and then turn to state development.

In relation to Lower House divisions, as the Lower House is sitting, Minister, could you advise whether you will need to attend?

**The Hon. JOHN WATKINS:** No, I do not.

**CHAIR:** I declare the proposed expenditure committee open. Mr Watkins?

**The Hon. JOHN WATKINS:** Just on procedure, Madam Chair, if we are not going to deal with state development first but you want to go to transport - is that your ruling?

**CHAIR:** Yes.

**The Hon. JOHN WATKINS:** Because there are five transport agencies represented here buses, ferries, independent transport safety regulator, RailCorp and the Ministry of Transport, I thought we should try to get some order to those and perhaps batch the questions, so if we dealt with Sydney buses that the CEO could be allowed to go, because they have either their homes or their offices to go to. If you would be accepting of that, I think it is a sensible way to deal with business. If that is suitable I will leave it to you. I was suggest that perhaps we go through buses and ferries, then the Independent Transport Safety Regulator, RailCorp and the Ministry of Transport, but if that is not acceptable to you I am happy to put them in a different order, but once we have dealt with an agency perhaps we can allow them to leave.

**CHAIR:** I cannot speak for all members of the Committee but we will try to batch them up and your order that you would prefer is what?

**The Hon. JOHN WATKINS:** Buses, ferries, Independent Safety Transport Regulator, RailCorp and the Ministry of Transport but again, if you wish to have a different order I am happy to incorporate that.

**CHAIR:** We will try to do it that way.

**The Hon. JOHN WATKINS:** Sydney Buses. Roger Wilson is the CEO. I am sorry, I interrupted you. Had you finished?

**CHAIR:** Yes.

**The Hon. JOHN WATKINS:** Could I make a brief opening statement?

**CHAIR:** If it is fairly brief.

**The Hon. JOHN WATKINS:** It is not very long. Madam Chair, as much as possible I would request, according to the rules of the estimates, that policy issues are answered by me and I am pleased and happy to do that and if the Committee directs their questions to me, I am happy to refer those to the head of agencies.

Just some brief opening statements, this budget contains a record \$3.01 billion for public transport funding. That is an increase of \$340 million on the previous year. The 2005-06 budget includes a capital acquisition program for rail of \$587 million. That is an increase of \$33 million on last year. That is a demonstration that the Government believes that commuters deserve a better public transport system. In the eight months that I have been Minister I have been working hard towards improving services in rail, bus and ferry. In particular I note the rail system has failed commuters in Sydney for too long and I am committed to delivering the plans to provide a better service.

The new timetable is part of that plan and the early results are encouraging and preliminary advice shows that 96 per cent of trains ran on time in this morning's peak. In the first week of the timetable it was 95 per cent and in the second week, that is last week, it was 93 per cent for the week. I have said several times recently one month does not make it, it is sustained improvement over many months. That will be the real test of the new timetable. The rail network is complex. A modern rail network is difficult. There are lots of things that can go wrong and there will be unavoidable incidents that will delay services. Timetable is only part of the plan. There is a \$1 billion Clearways project and a \$2.5 billion investment in new trains to improve our service delivery for customers.

I would like to perhaps deal with one last item in my opening statement which is in regard to speculation regarding plans for fares. The Government is committed to ensuring that the cost of travelling on public transport remains as affordable as possible and that fares revenue makes a reasonable contribution towards of the cost of service provision. All transport fare increases, as you know, are subject to review by IPART. IPART has commenced a review of bus and ferry fares and a number of submissions have been received by them. There are submissions from the Ministry of Transport, Sydney Ferries, the Bus and Coach Association and the Charter Vessels Association provided in July 2005, and submissions from the public closed on 15 August. There will be public hearings in late October.

Regarding rail, there are no current plans for fare rises for CityRail services. I have made it very clear that the Government's first priority is to deliver safe and reliable rail services that New South Wales commuters deserve. All public transport fares in New South Wales are determined by IPART but I can confirm that RailCorp has not made a submission to IPART.

Lastly, I was honoured to be appointed as the Minister for State Development in August. This year's budget provides \$97.7 million for providing services and programs to advance business growth and economic development in New South Wales. That is an important part of my ministerial portfolio, but I have been only been Minister of State Development for a few weeks. I am happy to answer questions, Madam Chair.

**CHAIR:** Thank you for that, Minister. In relation to the bus transit ways, Budget Paper No. 4 indicated that \$200 million has been spent on north-west transit way network to 30 June 2005. Can you the outline how much has been spent on the Parramatta to Rouse Hill component of that?

**The Hon. JOHN WATKINS:** Can you just identify the actual line in the Budget Paper so that I can get some more information? Do you have one?

**CHAIR:** Budget Paper No. 4 \$200 million on the north-west transit way network.

**The Hon. JOHN WATKINS:** My understanding is that the budget for that transit way is actually from the Roads Minister's budget and not mine, so detailed questions about the funding of that transit way really should go to the Minister for Roads. We provide the service on it but the Roads and Traffic Authority builds it. They have the funding to build it.

**CHAIR:** Can you tell us about the Liverpool transit way?

**The Hon. JOHN WATKINS:** Liverpool to Parramatta transit way?

**CHAIR:** Yes. Is it correct that has been losing \$30,000 a week?

**The Hon. JOHN WATKINS:** As you know, Madam Chair, it began on 16 February 2003 and obviously at the start of its time it had a lower intensity than it has achieved now. There has been a steady growth in patronage. T-Way buses have carried more than three and a half million passengers since 16 February 2003. Currently more than 38,000 passengers travel on the T-Way each week. The record, I understand, was the first week in August when almost 39,000 travelled. To accommodate that growing demand I announced bus services to be added to the timetable earlier this year to offer more flexibility for travellers.

The new services in the morning peak between seven and nine mean a service into Parramatta every 10 minutes from 6.30 a.m. New services in the afternoon will see buses running from Parramatta every 10 minutes, starting from 2.30 p.m. through until 6.30 p.m. and we expect an increase in capacity of 7,000 passengers a week. It is growing every day with more people taking advantage of the form of transport. I have ridden on it myself a couple of times and it is certainly fast and efficient and comfortable. The target of 6,000 passengers a day was projected when we opened the first stage but we are well above that target now. It is 31 kilometres long. It is the first in the T-way network. I do not have detailed figures regarding the amount, whether it is breaking even or losing funds.

**CHAIR:** You do not know?

**The Hon. JOHN WATKINS:** Not the detail of it. I remember at the time that we made some public announcements that it was actually very close to breaking even, if not breaking even, but what has been happening since we started was a rapid growth this year with numbers now of over 338,000. We expect that to grow a bit more and my understanding, but I would need to confirm this, is that with that sort of patronage we would be about breaking even, but we certainly have not in the early days because it needed to build to its - to the amount that - I can confirm that there has been a 248 per cent growth in patronage in the first full month of service.

**CHAIR:** Does that growth mean it is breaking even?

**The Hon. JOHN WATKINS:** I do not know the answer to that, Madam Chair, but I can take that on notice, that particular aspect. It is actually going very well as a public transit way.

**The Hon. MICHAEL GALLACHER:** Minister, I think it is fair to say that you do not know whether it is breaking even or making a loss.

**The Hon. JOHN WATKINS:** It is getting close. That is my understanding, but I will get this confirmed and I will report back.

**The Hon. MICHAEL GALLACHER:** Could I ask the question first and you might be able answer the question. If it was losing \$30,000 or near \$30,000 a week, what process would be in place to indicate to you immediately that you were losing that sort of amount of money?

**Mr LEE:** In terms of the actual forecast for profitability for the Liverpool to Parramatta transit way, when those estimations were constructed it was on the basis that AGL would be able to provide mainline gas, that is LPG, to the site where the buses are being stabled. Unfortunately that company were unable to deliver on that commitment and that has meant that for the transit way they were using the latest Euro approved diesel technology and that has obviously led to increased costs, obviously with the increased price of fuel in recent times, so it is correct that the transit way is becoming more profitable but it has not got to a break even stage at this stage. It should do within the next two years.

**The Hon. MICHAEL GALLACHER:** Mr Lee, it is like pulling teeth. You are giving us more information now that things are not quite as rosy as the Minister said a few minutes ago. Can you please indicate to me what process is in place? The Minister says he does not know. I would have thought that a Minister would have known or should have known that if you are losing close to \$30,000 a week there has to be an alarm bell ringing to let him know. I want to hear from you or the Minister that if that figure of \$30,000 a week is nowhere near it and in fact what he says is correct that it is break even, you have got to indicate to us. Does break even mean zero, 10,000 or 20,000? What are you talking about?

**The Hon. JOHN WATKINS:** I will take that on notice and come back to you.

**The Hon. MICHAEL GALLACHER:** The point being that if you are losing \$30,000 a week and you don't know, I would expect there is someone at this table who does know - I suspect it is Mr Lee - can you please indicate to us whether it is \$30,000 a week, \$20,000, \$10,000 or is it zero?

**The Hon. JOHN WATKINS:** Madam Chair, I'll take that on notice and come back.

**The Hon. MICHAEL GALLACHER:** You don't know.

**The Hon. JOHN WATKINS:** The other point that needs to be made, that the taxpayer subsidises public transport in New South Wales across public buses and rail and that is part of the funding mechanism that is accepted throughout New South Wales, and so to does apply to the transit way, especially with the patronage.

**The Hon. MICHAEL GALLACHER:** My original question was one of what process is in place, not a question of how much.

**The Hon. JOHN WATKINS:** I will return to the Committee with that detail.

**The Hon. MICHAEL GALLACHER:** The question is were you made aware it was losing \$30,000 a week or are you not aware?

**The Hon. JOHN WATKINS:** I will take that on notice.

**The Hon. MICHAEL GALLACHER:** You don't know, do you?

**Ms SYLVIA HALE:** Minister, why are New South Wales Government buses still being cleaned with B & N window cleaner which contains glycol ether or 2- butoxyethanol, a hazardous chemical?

**The Hon. JOHN WATKINS:** Thank you for your question, could I ask John Lee to answer that one.

**Mr LEE:** I believe this question was asked last estimates hearing and it was answered at that time, so I will refer you to the previous estimates hearing and I would also note that there have been representations made about the use of that cleaning material and there has been a validation process in place with the normal environmental protection agencies to ensure that they are the appropriate cleaning materials to use when cleaning buses.

**Ms SYLVIA HALE:** But Mr Lee, considering there are warnings against the prolonged or repeated exposure, even though there are not any standards in place in Australia, shouldn't we adopt the precautionary principle and cease to use this agent as a window cleaner?

**Mr LEE:** I am advised that that cleaner does meet Australian standards and that is why it is in use by the State Transit Authority and other bus companies in Australia.

**Ms SYLVIA HALE:** But my understanding is there is no standard for them to meet and that in fact this is a loophole the department is using to continue to use this chemical.

**Mr LEE:** I am not aware of that.

**Ms SYLVIA HALE:** You may well be aware that the chemical carries a warning against repeated exposure. So do you agree that the bus cleaners and passengers are at risk from this chemical, as they will clearly be subject to repeated exposure?

**Mr LEE:** I just answered, there was an answer given to this question at the last estimates hearing. I think there was some play on school students licking window glass and it was treated appropriately at that time, that the students were not at any risk as the proper environmental protection authorities had approved the use of such a cleaning material.

**The Hon. DAVID OLDFIELD:** So they were not at risk, not because they were not licking the glass, but because the material is safe?

**Mr LEE:** The matter was dealt with last time.

**Ms SYLVIA HALE:** Mr Lee, I understand the State Transit Authority's company doctor, Dr Michael Garvan, has already acknowledged that workers do suffer from nausea and other symptoms when using products containing glycol ether but he has dismissed them as symptoms of mere irritation - with our without licking - because you are also aware that this chemical is subject to considerable litigation in the United States.

**Mr LEE:** In answer to your first question, I will take that on notice, and I was not aware of that but I will also take that on notice.

**Ms SYLVIA HALE:** I could refer you therefore to a report in the Asian Wall Street Journal, 13 October 2003, IBM faces trial over workers' cancer, and there are a number of other reports. I would appreciate, and I am sure many bus passengers and cleaners would also appreciate, a detailed examination of this.

**The Hon. JOHN WATKINS:** I will take John Lee's word for it, you may recall it was explored last time. There was also some media attention given to this about four months ago where the same suggestions were made publicly and that was responded to at that time.

**Ms SYLVIA HALE:** Could I now turn to questions that are in relation to both bus services and train services.

**The Hon. JOHN WATKINS:** We will answer the bus part now and as much as possible the rail part but I may take further advice from rail people in that time.

**Ms SYLVIA HALE:** Which CountryLink rail services have been replaced by country bus services in 2004 and 2005?

**The Hon. JOHN WATKINS:** CountryLink buses are part of RailCorp's responsibility, so could we defer that question until we get onto the rail section. It is actually not related to Sydney buses.

**Ms SYLVIA HALE:** The bulk of my other questions relate more to rail.

**The Hon. MICHAEL GALLACHER:** What consideration has been given to assist country bus operators given the increased fuel prices in country New South Wales in terms of the difficulties that they are experiencing to keep their doors open?

**The Hon. JOHN WATKINS:** Thank you for the question. Several country operators approached me and approached the Ministry, the BCA raised this, local members from all parties, but in particular I suppose National Party and Labor Party members and independents have raised this matter with me because the rising cost of fuel is certainly having an impact on country operators and provision has been made by the Ministry to provide a figure, \$700,000 to assist those country operators with their rising fuel costs and the payments were backdated to July 1 this year, acknowledging the increase in fuel prices, especially for those independent operators out there in country New South Wales, is a problem to them. I could now launch into a tirade against fuel prices and the Federal Government's responsibility for that, especially in rural and regional New South Wales but perhaps--

**The Hon. MICHAEL GALLACHER:** --when you had Fair Trading, you might remember to bring down country fuel prices - great tirade.

**The Hon. JOHN WATKINS:** I remember the estimates - I don't know if you had to suffer that one - but the rising price of fuel is having an impact on people across Australia, we know that and it is in particular having an impact on country people and for those people in the country that actually do rely largely on fuel to carry on their business, whether they are people on the land or in particular bus operators, it is having an even more drastic impact. Representation was made to the Government, we considered that and at our discretion we believe that we should provide some relief and hence the \$700,000 backdated to July 1.

**The Hon. MICHAEL GALLACHER:** That is a one off?

**The Hon. JOHN WATKINS:** At the moment it is.

**The Hon. MICHAEL GALLACHER:** If fuel prices continue to increase what can the country operators look forward to?

**The Hon. JOHN WATKINS:** Quarterly adjustments, there is a mechanism whereby adjustments can be made to their payments by the Ministry for Transport quarterly and fuel pricing is one of the issues, so if fuel continues to increase I am sure that that representation will come through again. It has been warmly welcomed by the bus operators too I have to tell you.

**CHAIR:** We obviously have more questions on buses but we can anticipate there will be a further hearing.

**The Hon. JOHN WATKINS:** It is unlikely that we are going to come back to buses tonight, isn't it?

**The Hon. MICHAEL GALLACHER:** It would be unlikely we would come back to buses tonight, given the amount of things we have got to ask.

**The Hon. JOHN WATKINS:** Can I ask for Roger Wilson to be excused then?

**CHAIR:** Yes. In relation to ferry accidents and yesterday's clash with the Collaroy at Circular Quay, can you advise us what is the initial estimate for repairs to that ferry and the wharf from yesterday's accident?

**The Hon. JOHN WATKINS:** I am pleased to receive an expected question about Collaroy and I would just like to provide some information to begin with and I am not sure whether we have an estimate for the cost of repair, but I might take some advice on that in a moment from the CEO, but before I do that, just for completeness, I am advised that the ferry Collaroy was travelling from Manly wharf to Circular Quay, it collided with Wharf 2 at Circular Quay. The Collaroy sustained minor hull damage and two people, I am advised, reported minor injuries. The ferry master was tested for drugs

and alcohol and I am advised all members of the crew tested negative for alcohol. The cause of the crash is not yet known but will be determined and appropriate action will be taken.

There were some claims yesterday, I understand, from the opposition, of problems on the Collaroy prior to the collision, I am advised by the CEO of Sydney Ferries that there were no reports of any operating faults on the vessel. The only report made was at 11 am, earlier in the day, notifying all vessels that a small whale had been sighted off Manly Point and for Sydney Ferries and other vessels to be aware of that.

I am advised by the chief investigator of the Office of Transport Safety Investigation or OTSI, that Sydney Ferries, New South Wales Maritime and OTSI are collaborating in the initial stages of the investigation into the accident. This morning investigators from all three agencies visited the Balmain shipyard to conduct a joint technical investigation of the Collaroy and this collaboration ensures that there is no duplication during the primary evidence gathering phase.

The chief investigator has advised me that OTSI will undertake two further investigations into the incident involving the Collaroy under s46B(a) of the Passenger Transport Act. Investigations will be conducted into the causes and contributing factors of yesterday's collision and into the freshwater class of ferries, particularly the incidents that have occurred this year. This will be done to determine whether there are common or multiple causes for these incidents and to identify any steps that need to be taken by Sydney Ferries Corporation.

I am advised that OTSI also has ongoing investigations into incidents involving the Collaroy and the Narrabeen, which occurred earlier this year. I am awaiting further advice from OTSI on those investigations and I believe we should allow those investigations to proceed. I am also awaiting advice on when the Collaroy will return to service.

The safety of passengers and frontline transport workers is paramount in New South Wales. The Government is committed to a safe and reliable ferry service for Sydney. I am advised that in 2004/05 Sydney Ferries invested more than \$22 million maintaining and improving its fleet and to help ensure the safety and reliable operation of its 31 vessels.

Since the 2001-02 financial year almost \$58 million has been spent improving the mechanical reliability and the level of passenger comfort of Sydney Ferries fleet and that includes more than \$42 million to upgrade the Freshwater class which serves the Manly routes, and Collaroy is one of the Freshwater. I am advised that Sydney Ferries vessels are maintained to the standards regulated under the Commercial Vessels Act 1979 by the New South Wales Maritime Authority and that includes an annual survey conducted by New South Wales Maritime Authority and a major docking and survey process conducted twice in a five year period to ensure the integrity to vessels' hulls and associated fittings.

In addition, Sydney Ferries Corporation has a planned maintenance schedule for its fleet, including regular inspections and mechanical servicing, plus any repairs as required. One incident, any incident, on the waterways is one too many. That is why the Government created the Independent Transport Safety and Reliability regulator and the Office of Transport Safety Investigations in 2004 to improve the reporting of incidents and oversee investigations and implementation of any recommendations, including safety.

I am advised that Sydney Ferries Corporation will work closely with the Maritime Authority and OTSI to continue to improve safety for Sydney Ferries Corporation passengers and other Sydney Harbour users.

In relation to the costs of the damage, I think you said to the ferry and the wharf, it is too early to estimate the cost of those repairs at the moment but I am happy to come back. Our priority is getting to the bottom of the incident, the accident, to determine what went wrong, and to ensure as far as humanly possible we can avoid that in the future.

**CHAIR:** Minister you said that all the crew tested negative for alcohol. Were they tested



for any other drugs?

**The Hon. JOHN WATKINS:** They were tested for alcohol and drugs which is the normal process.

**Ms SINCLAIR:** But, of course, the drug testing takes a little longer to come back.

**CHAIR:** Can we perhaps put on notice the response to the other tests in due course?

**The Hon. JOHN WATKINS:** I am sure that we can.

**CHAIR:** Minister, can you tell the Committee how much has been spent on mechanical repairs or maintenance for the Collaroy in the past 12 months?

**The Hon. JOHN WATKINS:** The answer that I gave highlighted the amount of money that has been spent on the Freshwater class which serves the Manly routes, and the Collaroy is one of those. \$42 million for 2004-05 for ferry maintenance, and that is across the fleet.

**Ms SINCLAIR:** That is across the fleet.

**The Hon. JOHN WATKINS:** And the \$42 million for the Freshwater class.

**CHAIR:** Would we be able to get the figure for Collaroy?

**Ms SINCLAIR:** The Collaroy had a major overhaul last year, a maintenance overhaul, to the tune of \$3 million. I will have to take on notice the other figure that you referred to.

**CHAIR:** Can you tell us what mechanical problems have been reported for the Collaroy in the past 12 months?

**Ms SINCLAIR:** Some of the issues pertaining to Collaroy are captured in a number of ways. From time to time there is categorised a control failure, for example, but a control failure the way in which Sydney ferries defines it can be at that time anything. It may be a human factor. It may be something to do with a mechanical issue. It may be some other type of failure, so there have been several instances with the Collaroy. All of those have been investigated and some of those are under investigation, but they are all checked by our Balmain shipyard whenever an issue is raised.

**CHAIR:** So the investigations that have been completed, are those reports available?

**The Hon. JOHN WATKINS:** There is a number of OTSI investigations and this is, I think as the heart of your question, that we are awaiting OTSI's report on.

**The Hon. MICHAEL GALLACHER:** How many?

**The Hon. JOHN WATKINS::** There are four.

**The Hon. MICHAEL GALLACHER:** How many have been done?

**The Hon. JOHN WATKINS::** All will be tabled.

**The Hon. MICHAEL GALLACHER:** Ms Sinclair?

**Ms SINCLAIR:** There has been one completed and that is the Louise Sauvage report.

**The Hon. MICHAEL GALLACHER:** And four outstanding?

**Ms SINCLAIR:** Correct.

**The Hon. MICHAEL GALLACHER:** What timeframe?

**Ms SINCLAIR:** Those reports with OTSI, the earliest one is 19 February 2004.

**The Hon. MICHAEL GALLACHER:** Of the four that are remaining can you tell us, please, the longest outstanding in terms of time?

**Ms SINCLAIR:** 19 February 2004

**The Hon. MICHAEL GALLACHER:** So you are still waiting from 19 February 2004 for a report?

**Ms SINCLAIR:** That is right. What I am pleased to say though is in relation to the Louise Sauvage report, although that was only published about eight weeks ago, Sydney Ferries has implemented at least 50 per cent of those suggested fixes that were made by the independent investigator, so what Sydney Ferries does is, as a result of its own investigations in addition to Maritime New South Wales, we will implement technical changes that we consider appropriate after any event.

**The Hon. MICHAEL GALLACHER:** Why has it taken since February 2004 to wrap up four investigations, anywhere up to four investigations, involving a critical piece of transport infrastructure?

**The Hon. JOHN WATKINS:** That is probably not a question for Sue Sinclair in that she is not responsible for the Office of Transport Safety Investigations.

**The Hon. MICHAEL GALLACHER:** Is not she the CEO?

**The Hon. JOHN WATKINS:** She is the CEO of Sydney Ferries but these accidents are investigated by the Office of Transport Safety Investigations.

**The Hon. MICHAEL GALLACHER:** Should not the CEO be demanding that those matters be wrapped up as soon as possible so she can provide a safe service?

**The Hon. JOHN WATKINS::** I do not think that any of my directors general or chief executive officers should be making demands of independent transport investigation bodies. It is the independent transport safety bodies that make demands of these agencies. The timing of the investigation is up to the independent Office of Transport Safety Investigations and I think it would be inappropriate for Sydney Ferries to make demands as to the timing of that. That is a question for OTIS rather than Sydney Ferries.

**The Hon. MICHAEL GALLACHER:** Ms Sinclair, what requests have you made to determine why it has taken so long?

**Ms SINCLAIR:** Certainly I was pleased to see the Louise Sauvage report, but what Sydney Ferries is primarily concerned with is our regulator, which is Maritime New South Wales and whenever there is an incident we work with Maritime New South Wales and they will make recommendations immediately and they will not allow a vessel to go back into the service on a technical issue unless they give it the say so. Provided Sydney Ferries is assured that it is meeting its safety requirements through its regulator, then the Office of Independent Transport Safety, it is a matter for them that they have to deliver those reports when they consider appropriate.

**The Hon. MICHAEL GALLACHER:** Just one last question if I may Ms Sinclair, that is four outstanding for the Collaroy, is that correct?

**Ms SINCLAIR:** No.

**The Hon. MICHAEL GALLACHER:** Four outstanding for all other ferries?

**Ms SINCLAIR:** There are four outstanding with respect to four incidents, four different incidents.

**The Hon. MICHAEL GALLACHER:** Are there any outstanding investigations other than the four you have indicated this evening?

**The Hon. JOHN WATKINS:** With regard to Sydney Ferries fleet?

**The Hon. MICHAEL GALLACHER:** With regard to Sydney Ferries fleet.

**Ms SINCLAIR:** No, they are the four that I am aware of with OTSI.

**CHAIR:** What about any internal inquiries? Do you do internal investigations with respect to such incidents?

**Ms SINCLAIR:** Always.

**CHAIR:** Are those reports finalised?

**Ms SINCLAIR:** Those reports are finalised and then there are recommendations made and as a result of that there are technical fixes done, there are training regimes implemented, there are changes to our safety management systems, so the answer is yes.

**CHAIR:** Are those reports able to be provided to the Committee?

**Ms SINCLAIR:** Those internal reports are internal to Sydney Ferries but I will certainly take that on notice.

**The Hon. JOHN WATKINS:** If there are particular questions you have about things perhaps you should direct them to me and I can consider them.

**CHAIR:** We cannot direct them unless we see the reports. Can we get the reports?

**The Hon. JOHN WATKINS:** If you are aware of particular incidents that you would like some information on we will be as cooperative as possible.

**CHAIR:** We could start by asking for the internal investigation report in relation to the Collaroy when it is available.

**The Hon. JOHN WATKINS:** I think the important thing with Collaroy is that the complete picture with regard to Collaroy will come with the OTSI investigation and report which will go to Parliament and that is going to be a complete, and appropriately complete, analysis of what happened, what were the causes as far as they can determine, with recommendations for change within Sydney Ferries or within maintenance or training, to ensure that as far as possible things like this do not happen again. I think you will find most questions that you are interested in will be answered in the OTSI report because that is done independently of Sydney Ferries.

**CHAIR:** Can you tell us how often the Collaroy has been taken out of service in the past

year?

**The Hon. JOHN WATKINS:** No. We will take that on notice.

**CHAIR:** Were there any problems reported with respect to that vessel yesterday before it crashed?

**Ms SINCLAIR:** No. Indeed the vessel was in training and doing drills yesterday morning.

**The Hon. MICHAEL GALLACHER:** Of the five incidents involving Sydney Ferries as referred to this evening, which have been referred to OTSI, have you any idea who the investigator is who is conducting them?

**The Hon. JOHN WATKINS:** Again that is a question for the Office of Transport Safety Investigations but I can take that on notice.

**The Hon. MICHAEL GALLACHER:** When you said it was doing draining drills, what did you mean by that Ms Sinclair?

**Ms SINCLAIR:** Sydney Ferries, as part of its safety management system, has a regime where we drill all sorts of procedures, whether it be our emergency management procedures where there might be a response to a bottom threat or whatever. There might be a fire drill, for example, explosion of some sort, so all the different classes of vessels are trained and our staff are drilled on that front.

**The Hon. JOHN WATKINS:** Just back to the question about who would be responsible for the inquiry within OTSI, I understand Paul O'Sullivan oversees all investigations within OTSI.

**The Hon. MICHAEL GALLACHER:** He is the independent investigator?

**The Hon. JOHN WATKINS:** Chief investigator within OTSI, and I am advised that he conducted the Queensland Black Hawk inquiry for the Federal Government. He is a very experienced investigator.

**The Hon. MICHAEL GALLACHER:** What is the current average level of subsidy per journey for Sydney Ferries?

**The Hon. JOHN WATKINS:** I think that answer could be found on the Sydney Ferries submission to the IPART.

**The Hon. MICHAEL GALLACHER:** You have not got it with you now?

**Ms SINCLAIR:** I have not, I am sorry.

**The Hon. JOHN WATKINS:** And in the published Parry report.

**The Hon. MICHAEL GALLACHER:** Is it something that is closely scrutinised in your capacity as the CEO, Ms Sinclair?

**Ms SINCLAIR:** Certainly Sydney Ferries, since it was corporatised, one of its main objectives is to try to make efficiencies and real savings gains and part of our charter was really to see if we could reduce the overall contribution the Government had to make to us.

**The Hon. MICHAEL GALLACHER:** Did you achieve that?

**Ms SINCLAIR:** Certainly last year, I am pleased to say, Sydney Ferries saved \$2 million through a number of initiatives, including outsourcing the Freshwater to Brisbane, including reviewing a number of other areas and we were able to cut some of our supporting costs to the STA.

**The Hon. MICHAEL GALLACHER:** What subsidies did you need in 2003-04 as opposed to the current average level of subsidy? Has that been able to be reduced?

**Ms SINCLAIR:** I beg your pardon?

**The Hon. MICHAEL GALLACHER:** The previous financial year's level of subsidy as opposed to the current level of subsidy, has that been able to be reduced?

**Ms SINCLAIR:** Certainly it has been reduced and indeed that level of funding has been reduced at Sydney Ferries.

**The Hon. JOHN WATKINS:** As the Government strives for efficiencies in all transport agencies, to reduce costs but improve service and maintain safety levels, that is what you would expect to be achieved. That is what we are trying to do, to provide the most comfortable, efficient and cost saving service available. A lot of these figures are actually available in the public documents.

**The Hon. MICHAEL GALLACHER:** Ms Sinclair, how much money was spent by Sydney Ferries last year for transporting your ferry workers?

**The Hon. JOHN WATKINS:** We will take that one on notice. We might be able to get that information fairly quickly and come back to you. Sorry to keep you.

I could just say, whilst you are considering your next question, I have made it clear to all transport agencies and I wrote to them in August this year regarding taxi usage, that we have to ensure appropriate vigilance with regard to taxpayer's funds and the use of taxis is no exception. Accordingly, I wrote to all transport agencies in August regarding the current processes in place. I requested assurances from the agencies that appropriate measures have been established to monitor organizational expenditure, including approval, monitoring and cost minimization procedures for taxi use and the agencies will be reporting to me on those measures shortly. I will be requesting that all agency CEOs report to me on taxi use on a monthly basis. Some form of taxi use by all of our agencies, but in particular I suppose those that are starting very early or finishing very late at night, some taxi expenditure is to be expected, however, I have made it very clear to my agency heads that I expect that taxi expenditure to be minimized and to be accounted for and very carefully considered, hence, the monthly reporting back to me.

**CHAIR:** We might go to questions on rail.

**The Hon. JOHN WATKINS:** Have you finished with ferries then?

**CHAIR:** Yes.

**The Hon. JOHN WATKINS:** I might just deal with one final matter with Sydney buses, if I may. Sydney Buses have got very good on time running, it is consistently above 90%. Its patronage has also been growing recently, particularly in the AM and PM peaks and on Sundays, which is interesting. The figures coming through are very encouraging and anecdotal evidence from bus drivers also points towards a petrol related increase in patronage in recent weeks. They are noticing new and different passengers boarding their buses on the usual routes - and drivers obviously would be the first to notice this, and their evidence that they have suggested is interesting.

Families in particular appear to be attracted to the day tripper ticket, which offers unlimited travel on public transport. It is a cheap and easy way for people to get around. We are spending more than \$200 million in upgrading the 1900 strong Sydney Buses fleet and we are purchasing 505 new buses over the coming years. So there does seem to be an impact on public transport from the high and increasing cost of fuel. We will know more over the coming weeks and months as that evidence

becomes clear with regard to tickets sold and patronage numbers, but all anecdotal evidence at the moment seems to point towards the increase in price of fuel having a beneficial impact on public transport patronage. You expect that, it makes sense and it is not an altogether bad thing for those people that can chose public transport.

The Ministry for Transport did some work just recently, it was reported that if you are travelling by private motor vehicle from different points around Sydney, but especially say from Penrith to the CBD, it will cost you \$320 more per week to run your private motor vehicle than it would to catch public transport. Now, that takes in all the costs of running a private motor vehicle obviously, which again brings us back to where I started this evening, that is why it is essentially important we improve on time running, especially of City Rail, because if people desperately need to leave their car at home because of the cost of petrol, they need to believe that there is a reliable service provided to them on rail and certainly since the new timetable, over the last three weeks, it has been reliable but our challenge now is to ensure that reliability is maintained for these people that need the service.

**The Hon. DAVID OLDFIELD:** Minister, could you just clarify that figure you gave us then of 320?

**The Hon. JOHN WATKINS:** Yes, there was a press release that was issued about three weeks ago and I think it was \$320 per week costs of using a private motor vehicle from Penrith to the CBD every day, there and back, and that takes all costs of running a private motor vehicle and fuel is obviously one of those, but one that has gone up dramatically and that is \$320 more than the price of public transport, so the weekly ticket you would spend on rail and the average across Sydney is \$175.

**CHAIR:** We have just got one or two questions in relation to buses.

**The Hon. MICHAEL GALLACHER:** Minister, I apologize, I did not get the opportunity to ask Mr Lee a couple of questions. Mr Lee, I refer you to comments in April - this is the first opportunity you and I have had to discuss those statements by yourself in relation to extra clauses in the new bus contracts - back in April you might recall those, including a 19% pay rise for bus drivers over three years and the statement attributed to you, saying that they were non-negotiable and denying they had been made at the eleventh hour. Can you just indicate to the Committee, when exactly did you inform the private bus companies of the extra clauses in that negotiation process?

**Mr LEE:** Sorry, could you outline to me the time in April where we were meant to be having a discussion about this?

**The Hon. MICHAEL GALLACHER:** When you say 'we' do you mean you and I or the private bus companies?

**Mr LEE:** No, I am trying to understand the context of the question.

**The Hon. MICHAEL GALLACHER:** There was an article or an interview, or at least some comments attributed to you in the Sydney Morning Herald back on 2 April - and I might even be able to show you a copy of it if you are interested.

**Mr LEE:** Much appreciated.

**The Hon. MICHAEL GALLACHER:** Where you spoke about the extra clauses in the new bus contracts and these extra clauses included a 19% wage increase for drivers over three years and they were non-negotiable. I am sure you would remember such a significant announcement. My question was if it was not at the eleventh hour, when did you inform the private bus companies of these extra clauses?

**The Hon. JOHN WATKINS:** There is a bit of confusion about these extra clauses, but the one you have specified is the 19%. My understanding is that was a deal that was arrived at, that was an outcome of an IRC hearing, so all the parties became aware of the 19% at the same time, because it was before the IRC where that matter was thrashed out, which was appropriate, because we are talking about a pay increase for drivers, so it is not something that the Ministry impose on the private bus

providers, it was an outcome of an action or a discussion before the IRC. That is when that one became known to the private bus operators, same time as it did to the Ministry and the TWU.

**The Hon. MICHAEL GALLACHER:** Perhaps Mr Lee you might be in a position to indicate to the Committee, apart from the 19%, were there extra clauses that were in fact introduced to the contracts at that time?

**The Hon. JOHN WATKINS:** I can actually answer that because I was intimately involved in negotiations with the BCA executive in my electorate office on a Sunday morning, probably around that time of that article. It was a significant day because my family went off that day and I had to spend that day in my electorate office and then in the afternoon the Ministry for Transport in town and it was around Easter because most parties had other things to go to, but we poor souls were locked up in my electorate office, and the poor souls being Ministry representatives, me, the president of the Bus & Coaches Association, the executive director of the BCA and another representative of the BCA. We discussed there at that meeting a number of outstanding issues that had been on my table for sometime and then later that afternoon we reconvened that meeting at the Ministry for Transport offices in Elizabeth Street and it was about 6 o'clock at night that agreement was reached with the BCA and the Ministry, with me chairing that negotiation, and it was also the significant date - I think that the next day Mr Royal of Forest Coachlines had threatened to have a lock out and Mr Royal was involved in those negotiations via a phone hook up. That was where those matters were finalized but I can tell you that these were matters that were discussed quite intensively with the BCA over a number of days, if not weeks, and they came to a conclusion that weekend. That was on Sunday 3 April and everyone's family was out doing something.

**The Hon. MICHAEL GALLACHER:** It was obviously a depressing moment for the Minister so I will not push it.

**The Hon. JOHN WATKINS:** It was depressing because it spoilt my day, but we got a great outcome because it enabled us to finally get an agreement between the BCA, the Ministry for Transport and also the TWU was involved with part of it, with regard to salaries, but it was an historic agreement that enabled the parties to say, yes, we agree to principles that will guide the private bus reform agenda and arising from that weekend's negotiations, we have been able to sign up 97% of the providers of private bus networks in Sydney and that is an outstanding result and something that the BCA has embraced and if you speak to the president of the BCA, Peter Threlkeld, he is very pleased that that arrangement was arrived at, because the new contracts provide certainty for those bus companies which have lost 4% of their patronage per year for the five years following the year 2000. Several of those companies were in not a good state at all. They wanted to negotiate an outcome and we achieved that.

**CHAIR:** Sylvia Hale, some rail questions?

**Ms SYLVIA HALE:** Minister, you will concede that the Government's proposal to close down the rail link into Newcastle has caused years of uncertainty for the people of Newcastle. Have you now decided to retain the rail line as it is and not terminate it at Civic or Broadmeadow?

**The Hon. JOHN WATKINS:** The decision regarding Newcastle was taken by the previous Minister for Transport. I have made it very clear to the people of Newcastle and my Parliamentary colleagues and I have visited Newcastle, that there would be no change to rail services on that branch line until the necessary replacement infrastructure and services are in place. My visits to the city and my meetings with residents and correspondence that has come confirm that we needed to look at the whole issue of public transport in the Lower Hunter that is why I have asked the Ministry for Transport to develop for the Lower Hunter. That is about to be finalized and there are no plans currently to change the decision taken by the previous minister with regard to the rail line into Newcastle but as the previous minister outlined, the rail reservation into Newcastle would be maintained and trains would continue to run until other facilities were put in place to deal with the public transport needs of the people of the Hunter.

**Ms SYLVIA HALE:** Am I to take it from that that no move will be made to close the line until such time as the public transport plan has been developed and made available for public discussion?

**The Hon. JOHN WATKINS:** Yes. What I said when I was in the Hunter was - and there was a lot of concern about the public transport into the Hunter, particularly the rail link - I said, there were a lot of issues with regard to public transport in the Lower Hunter that were unrelated to rail. There are many parts of the Lower Hunter and Newcastle that actually are not served by the railway line anyway and they have got their own particular public transport needs which are not particularly well delivered up there. I told the communities up there we would have a comprehensive integrated public transport plan and that work has been ongoing through the Ministry for Transport, and that about the third quarter of the year, the last quarter of the year, it would be revealed but that the trains would continue to run to Newcastle until alternatives are put in place.

**Ms SYLVIA HALE:** There was a Lower Hunter Transport Working Group which has delivered a report. The same individuals were involved with that working group, will they also be involved with the development of this public transport plan?

**The Hon. JOHN WATKINS:** No. They may make submissions to it but this was being done for the Lower Hunter transport. The integrated plan is being done by the Ministry of Transport with advice from the Department of Planning. People have made submissions to it and some of those individuals involved in that Lower Hunter group you referred to may have made submissions, but they are not part of the plan.

**Ms SYLVIA HALE:** So you will be calling for public submissions?

**The Hon. JOHN WATKINS:** That has happened and I have met with several community groups up there when I visited and encouraged them to put in submissions about the whole range of public transport needs that they would have. I met the proponents of the decision to stop the train coming into Newcastle. I also met with several groups who are vociferously opposed to that and I encouraged them to put forward their views about public transport. I also met with people who were intimately concerned about public transport, but probably were not that interested in rail because there are lots of parts of Newcastle that are not served by rail.

**Ms SYLVIA HALE:** Just reverting to the greater metropolitan area, you mentioned that your department was having input and discussions with the Department of Planning in developments such as this plan.

**The Hon. JOHN WATKINS:** Yes.

**Ms SYLVIA HALE:** Are you involved with planning and the development of the metropolitan strategy and, if so, have you taken into account the potential decline in oil production and the resulting increases in petrol prices? Is this taken into account and fed into the development of the metropolitan strategy?

**The Hon. JOHN WATKINS:** Look, I am probably not the most appropriate Minister to ask that question of because the metro strategy, as it has been developed, is within the ministerial responsibility of the Minister for Planning and that ministry has available to it transport planners and so forth, so it is probably a better question for the Minister for Planning.

**Ms SYLVIA HALE:** The Government has entered into a number of public and private partnerships for private companies to build and operate motorways in Sydney. If oil prices continue to rise the usage of these tollways will presumably be lower than planned. Will the Government be forced to compensate those private companies if this occurs and, if so, what is the expectation as to the extent of that compensation?

**The Hon. JOHN WATKINS:** Again I apologise that I am not the relevant Minister. The Minister for Roads would be the appropriate Minister to ask that question of.



**The Hon. DAVID OLDFIELD:** I have just a couple of general questions, Minister. I believe that Ms Hale asked something similar to this, but has the Government or have you, as the Minister, undertaken any specific projects regarding extra use of rail, given recent increases in fuel?

**The Hon. JOHN WATKINS:** We have not yet received detailed patronage figures. We do collect them but I do not have those figures available yet. In a month's time I will probably, but at the moment I cannot say. There is anecdotal evidence to us to suggest that there may be an increase in patronage on the trains but whether or not that is driven by a growing belief that trains are more reliable, as they have been over three weeks, not very long, or because it is being driven by the cost of fuel, is very hard to say but we yet do not have the detailed patronage figures to even have the first look at that process.

**The Hon. DAVID OLDFIELD:** Do I gather from that, that there is not such an increase that it is very obvious?

**The Hon. JOHN WATKINS:** The other factor, I am just reminded, we have had a drop of patronage of about 1.6 per cent over the last couple of years anyway on rail, which may have been caused by - again it makes sense, it would have been caused by the difficulties and poor service provided by rail in 2004 in particular, so we would expect that as rail starts to be peaceful again and delivers a more reliable service, that there will be a growth in patronage because of that. We will know more in the coming weeks. Only at the moment it is anecdotal. It is too early to say. The buses, as I said, are probably starting to show that and it is easier to test in a way with buses. We will know more in a few weeks' time.

**The Hon. DAVID OLDFIELD:** Is the current train timetable actually delivering fewer trains and slower trains?

**The Hon. JOHN WATKINS:** The trains are slower and we made very clear that the new train timetable was about delivering a safer, more reliable train service. The train journeys are slower. We have added between two and seven minutes per hour to a journey. If you catch the train from Strathfield in you would hardly notice. It may be an extra two minutes. If you are catching the train from the Central Coast or the Blue Mountains you would notice because there may be five, seven or 10 minutes added to a journey, so the journey times are slower but for most of our customers who have journeys of less than 30 minutes I do not think it would be a major factor in their assessment of their enjoyment of their trip but certainly it would be for those coming from a further distance.

I have always argued, however, and I believe that if we can provide a more reliable rail service that arrives on time in the morning and gets people home to their families in the evening they will accept an extra two or five minutes on their journey but yes, we have slowed the system and that has very much come from the recommendations out of Waterfall, where the safety recommendations and the work that we did installing data loggers and so forth meant that drivers could not speed between stations to make up time, which used to be part of the common practice in the past. That is now a thing of the past and that is appropriate. That is why it is safer.

There are longer dwell times at stations, partly due to the fact that certainly during the a.m. and the p.m. peak in major stations there was not enough time to load the people on and off and that dwell time certainly helps seniors and prams as well as large crowds at our major stations. Yes it is slower. The large part of your question was about services.

**The Hon. DAVID OLDFIELD:** Fewer.

**The Hon. JOHN WATKINS:** There are, from memory, 270 fewer services per day. The bulk of those have been taken out of the non-peak period for two reasons: One, a lot of those were movements of trains around the network to set themselves up for the afternoon peak but the other thing, quite openly we have said our lowest and poorest performing time was the p.m. peak. Too

often if we had a problem late in the morning that would cascade through the day and would be there as the p.m. peak began impacting on on-time running in the afternoon, necessitating station skipping, cancelled trains, late running trains. We had to provide some breathing space in the middle of the day so we could start our p.m. peak period more cleanly. It also allows for more recovery of our trains in the middle of the day and also other essential maintenance work. We have removed services generally in the middle of the day. There has been very little change to the services in the morning or the evening peak.

**The Hon. DAVID OLDFIELD:** Given at least part of what you have said there, is it fair then to suggest that part of the changed timetable has come about as a concern for rail safety and infrastructure?

**The Hon. JOHN WATKINS:** Yes, certainly rail safety and the recommendations of Waterfall meant that the previous timetable that we had in place could not be met day in day out and in particular on certain lines. We had to make a change to the timetable. Because of the changes we made from Waterfall it meant that the timetable could not be kept, therefore we had to change the timetable.

**The Hon. DAVID OLDFIELD:** So is there the potential, without jeopardising safety, given cost concerns and what have you for the Government to deliver a faster timetable?

**The Hon. JOHN WATKINS:** The current timetable we have is that which is in place. There will be a minor - there will be another change to it in April-May next year with the new timetable coming to the Illawarra South Coast line after the opening of the Bondi Junction turnback. That may allow some minor changes to the rest of the timetable, but only minor changes. The next major timetable change that will occur will be in 2008 with the opening of the Epping to Chatswood rail link will enable us and require us to make more significant changes to our timetable, but there are no particular plans to speed up our timetable and in my discussions with patrons and staff they are quite welcoming of the changes and, again, I make the point that the huge bulk of our commuters, our passengers, a one or two minute increase in time of a trip is something I think they will accept if we can get them home on time.

The other major change that will be coming over the next four years, as well as the new rolling stock, but that will not impact on the time, is the Clearways projects, the Bondi Junction turnback and a number of other major projects like that which will bed in good reliability figures and better services. One commuter in today's Daily Telegraph, Michael Wilkins, said

"The past two weeks have been commuting nirvana as far as I'm concerned ... I have caught 20 or 30 services at different times on different lines since the new schedule came into play on September 4. Every single one of them rolled in to the platform as advertised ... I mean to the minute".

Not all of us, not every service into the future—

**The Hon. MICHAEL GALLACHER:** Where does Mr Wilkins live?

**The Hon. JOHN WATKINS:** I am not quite sure. It was in the Daily Telegraph.

**The Hon. MICHAEL GALLACHER:** It is not on the bottom of the press release?

**The Hon. JOHN WATKINS:** No. It was not a press release, it was actually an article.

**The Hon. MICHAEL GALLACHER:** Did I say press release? I am sorry.

**The Hon. JOHN WATKINS:** It was actually an article written by an editorial writer for the Telegraph.

**The Hon. DAVID OLDFIELD:** This man's nirvana experience of course is quite in contrast to a few weeks ago when many rail commuters may have felt like going the way of Kurt Cobain.

**The Hon. JOHN WATKINS:** Michael Wilkins actually makes the point that he wrote an article some weeks ago where he was very critical of rail travel. Again, let me make it very clear to you, we are currently enjoying on-time running of 95 per cent or 92 per cent. We are going to drop away from that. There is going to be a major weather incident.

**The Hon. MICHAEL GALLACHER:** A southerly?

**The Hon. JOHN WATKINS:** No, a major weather incident, a very hot day, very heavy rain, electrical storms that impact on signals or, tragically, people on the network who self-harm, which is a far too common occurrence, or a breakdown, a train is going to break down at a critical time or a critical place in the city circle in the p.m. peak and that is going to delay all sorts of trains behind it and people are going to be frustrated and angry. Our job is to minimise those things happening.

Some of them we can have an effect over, maintenance and issues like that we are working hard to do that and some of them we have no impact over. We have a major electrical storm in Sydney that impacts on the signalling and we are going to have delays. If we have someone who tragically harms himself we have delays. They are going to come but I hope that if we can deliver on the good days very good on-time running that people will tolerate that if we can explain to them what is happening.

**Ms SYLVIA HALE:** You have made a number of references to the Waterfall inquiry and its recommendations and it is obviously very important. Are you aware that the report of the inquiry is no longer available on any New South Wales Government web site?

**The Hon. JOHN WATKINS:** That is the first I have heard of it and I am disappointed and I will change that to make sure it is available on the web site and it is obviously available if people require that, but I will make sure it goes back on the web site.

**Ms SYLVIA HALE:** So fairly expeditiously.

**The Hon. JOHN WATKINS:** It is available through the Parliament, the report, but it will be available not on the web site but if someone wishes to get a copy of it they still can and I will make sure that it is available through the Ministry of Transport web site.

**Ms SYLVIA HALE:** According to the parliamentary library it is only available on the federal library archive web site so it is not really accessible.

**The Hon. JOHN WATKINS:** I will make sure it goes on the web site. Again, I am not sure why it is not there.

**Ms SYLVIA HALE:** Which CountryLink train services have been replaced by CountryLink bus services in 2004 and 2005?

**The Hon. JOHN WATKINS:** The only one that I can think of that has been confirmed by Vince Graham is the Casino/Murwillumbah.

**Ms SYLVIA HALE:** In 2004 and 2005 how many coaches have been purchased for CountryLink services?

**The Hon. JOHN WATKINS:** I am not sure, but that is because we do not own them. They are private operators, they contract with CountryLink to provide the service, so some of the providers may have purchased new buses throughout this time. There are many CountryLink bus services throughout New South Wales, many of them may have purchased new buses, but I am not sure.

**Ms SYLVIA HALE:** So obviously you would not know the cost of each coach.

**The Hon. JOHN WATKINS:** Well, the average cost is about \$420,000.

**Ms SYLVIA HALE:** You may need to take this on notice, could you provide the Committee with the annual operating costs for each CountryLink coach service?

**The Hon. JOHN WATKINS:** That is something that I will need to take on notice.

**CHAIR:** Minister, in relation to the timetable that we have been discussing, you mentioned about in 2008 the changes that would need to be incorporated into the timetable regarding Epping/Chatswood coming on line. Are you saying that the September 2005 timetable is the final, final timetable until that change needs to be incorporated in 2008?

**The Hon. JOHN WATKINS:** Well, as I said, the timetable for the South Coast/Illawarra is middle to late next year. So the new timetable coming for one of our sectors, South Coast/Illawarra/Bondi Junction line. That may enable us to make some minor changes I understand on other lines, and then the next step when a new timetable - not a complete re-write but a new timetable will be required - is when the Epping/Chatswood opens in 2008 because there are services, for example, that currently come down the main northern line from Hornsby into Strathfield that will be redirected via the Epping to Chatswood link over the Harbour Bridge. That frees up spaces on the western line from Strathfield in, but enables us to run extra trains on that western line. So there will be changes to several of the lines at that time.

**CHAIR:** Can you tell the Committee what the dollar amount was or has been allocated to the provision of additional station staff?

**The Hon. JOHN WATKINS:** Vince wants to add something to that just for completeness.

**Mr GRAHAM:** Just for completeness, another major rewrite of the timetable will not occur in mid 2008 because, as the Minister has explained, we do have sector 1, which is the Illawarra line/South Coast. A new timetable will be introduced in the first half of next year, but the current timetable has also been constructed to progressively add services as additional rolling stock becomes available to us off contract. So there are paths, for example, provided in the existing timetable to add services where we have that capability to deal with growth between now and 2008 and rolling stock has been purchased in order to do that before 2008.

**CHAIR:** The Minister said that the rolling stock, he did not think, would make much difference the timetable.

**Mr GRAHAM:** I don't think that is what he said.

**The Hon. JOHN WATKINS:** I think I said the speed of services, it is much more about comfort to our customers.

**CHAIR:** Can you tell us what the dollar amount was or has been allocated to the provision of additional station staff, including up to 500 extra station staff during peak hour, stand by buses and other resources that have been allocated to support the introduction of the new timetable?

**The Hon. JOHN WATKINS:** You were talking about the costs of the implementation of the timetable, so volunteer staff and other costs.

**Mr GRAHAM:** If I could just outline, the 500 staff that were made available for the implementation of the timetable, these were additional staff who were there through the first week particularly of introduction of the new timetable in order to provide enhanced customer information

during that period. This new timetable represented a new timetable not only for ourselves, our staff, our train crew, our signal boxes, it also represented obviously a new timetable for our customers and importantly we took the decision that it was vitally important that our customers receive the best possible support in introducing this new timetable. We allocated an additional 500 staff for that introductory period. That was made up of 230 volunteers from the corporate offices of RailCorp, 200 transit officers who were taken off their normal duties in order to provide that enhanced customer service, plus an additional 70 station staff who were additionally rostered to normal roster arrangements. The additional cost involved in that exercise, obviously our volunteers and our transit officers were broadly operating their normal hours and there was not overtime incurred. The overtime incurred would have been for the 70 additional station staff who were rostered for that week.

**CHAIR:** Do you know what that cost would be?

**Mr GRAHAM:** No, but relatively minor amount.

**The Hon. JOHN WATKINS:** But there were other costs obviously, such as printing the 2.5 million new timetables -that comes at a cost - and having stand by buses, which we had 14 at different places, but they were adjudged to be costs that were necessary to ensure the smooth introduction of what was a quite significant change to the timetable since 1992 and I would like to place on record my thanks and congratulations to all the staff, whether they were guards, drivers, station staff, transit officers, signallers, management, whoever, it was an amazing effort, to witness the enthusiasm and desire of everyone involved in RailCorp to see this new timetable delivered, from cleaners to drivers to the chief executive. They were all absolutely committed to ensuring its best possible introduction.

**CHAIR:** Are they still there or have they been withdrawn?

**The Hon. JOHN WATKINS:** We withdrew those as the week or weeks advanced. The volunteers stayed around generally for that first week but they have been withdrawn and resources have been removed.

**CHAIR:** They have all been removed now?

**Mr GRAHAM:** The additional 500 staff, we actually extended those beyond what we originally timetabled them to be there but the experience was by the end of the first week that certainly our customers, given they are regular commuters, had become pretty accustomed to what their train timetables were, so the need for that customer information actually dropped off quite rapidly and particularly with the successful reliability so early in the program.

**The Hon. JOHN WATKINS:** There are extra resources that will remain in place. For example, we have developed better maintenance assessment and fault finding, roving maintenance crews to target rolling stock - this is something that has been developed in consultation with the new timetable, and will remain.

**CHAIR:** How many complaints have been received from commuters since the new timetable was introduced?

**Mr GRAHAM:** Since the timetable has been introduced we have received 450 complaints/comments about the new timetable over the first fortnight of its introduction. On any one day we carry half a million individuals who are making close to a million journeys, so once you do the maths of that, 1% of our daily passengers represents 5000 people, and in a fortnight we have had 450 complaints/comments, so it is one tenth of 1% that has come through and that obviously also denotes what I think has been quite a pleasing result for our customers, importantly.

**The Hon. MICHAEL GALLACHER:** There have been written complaints I take it?

**Mr GRAHAM:** They come through a variety of mechanisms. We have a 131 500 number, which is public information complaints/comments. By far the majority of them come through that. We also get emails in this day and age.

**The Hon. JOHN WATKINS:** Can I just address that as well. There are however, despite what may be a low number in comparison to the number of people carried, there are many legitimate complaints in that number. People who rang or contacted RailCorp about a missed connection between a bus and a train, a complaint that an early morning train service that got them to work at a particular time had been changed later, or earlier, perhaps worse, because then they would have to get up even earlier. Now we have people in place to get back to those people that have given feedback or have given questions and some of those, I think we will be successful in explaining and suggesting alternatives, but there are some people whose daily patterns have to change because the timetable has changed and I apologise to those people for the fact that the new timetable has meant that they have to change their daily round of life, but we had to make changes to benefit as many people as we possibly could. Where we can assist, we will, but there are some people with very legitimate concerns that we will not be able to address. Their train now takes a different line and they may have to change trains, whereas previously the did not have to. This is what happens when you bring in a new timetable.

**CHAIR:** Can you tell us what is the main complaint, was there one that stood out?

**Mr GRAHAM:** Yes, I think the broad characterisation of issues that have been raised would include the marginal slower running times, which as the Minister previously indicated, in an average journey of thirty minutes on our network would constitute two to three minutes of additional time. In an hour's journey, that could be four to six minutes of additional running time.

The second area of issue, we changed the stopping patterns of some trains, particularly two trains coming from the Blue Mountains that run through in the morning peak and back in the evening peak, referred to by name as the 'fish' and the 'chips'. They are two trains in the morning, two trains in the evening. Prior to the introduction of this new timetable those four trains, two in each direction, between them had 1000 empty seats coming through Emu Plains and Penrith and the decision was made to stop those trains under different patterns at both Penrith and Emu Plains in order to provide additional capacity to passengers at Penrith and Emu Plains.

While those additional stops have added time to the Blue Mountains commuters, for the greater good of more people it has been a very successful move and I think it is much appreciated by the people who are now taking advantage of that travelling in from Penrith and Emu Plains and going home in the evening to Penrith and/or Emu Plains.

We have also in the category of issues that have been raised by customers, customers identified overcrowding on some services. There is actually no more overcrowded trains under this timetable than the previous timetable, but the pattern of overcrowding has shifted and we are looking at those particular issues, the specifics of those issues. It always takes some time for a new timetable to settle in, for passengers to provide their preferred service, so we are analysing all of that customer information that is coming in, to continuously improve where the capacity of the network is allocated for very best effect.

**CHAIR:** I think you said that on-time running for yesterday was 96 per cent in the morning. What was the afternoon figure?

**Mr GRAHAM:** I think the Minister said 96 per cent for this morning.

**The Hon. JOHN WATKINS:** I can get you yesterday afternoon, I think you said, was it?

**CHAIR:** Yes.

**The Hon. JOHN WATKINS:** 84 per cent yesterday afternoon.

**CHAIR:** Is that a pattern?

**The Hon. JOHN WATKINS:** 19 September a.m. 99 and p.m. 83. There was, just to explain that, a signal fault at Stanwell Park, a door fault on the south coast service and a tree branch

near the Illawarra line. That contributed to delays, so that is why it fell to 83 per cent, which is below what we want to achieve but, as I explained earlier, when incidents do occur, and they will occur in the future, we will not be able to achieve what we want to, which is those on-time running figures in the nineties, but it is our job now that the timetable issue is dealt with, in a sense, we have to turn our attention to ensure that maintenance of these breakdowns and other issues are dealt with, but tree branches on the line is something beyond our control.

**The Hon. MICHAEL GALLACHER:** Mr Graham, you mentioned earlier that when the new rolling stock becomes available there will be some additional services added to the timetable. You would have a timetable therefore in terms of the forward projections so far as RailCorp receiving rolling stock. Can you indicate to the Committee how many new trains you expect to have by December next year and how many additional services that will result in?

**Mr GRAHAM:** Thank you, I can indicate that. First of all, the new rolling stock that has been brought in as part of this timetable, we have completed the delivery of all 141 of the Millennium cars. That constitutes 35 four car sets. 32 of those 35 four car sets are allocated in the timetable introduced on September 5. The remaining three four car sets are the maintenance sets on a daily basis. The 35 sets roll through a maintenance cycle. There is three of those in any one day that are undergoing their scheduled maintenance.

The next step in adding capacity is for the Illawarra timetable that comes in, in the first half of next calendar year, the sector 1 timetable for the south coast and Illawarra. We have made provision for an additional peak hour service to come through in the morning and the evening peak. That rolling stock has been already allocated as part of, obviously, the September 5 fleet allocation. The next delivery of rolling stock to impact the suburban will be the delivery of the outer suburban car fleet and there are 120 of those cars currently contracted to Goninan.

We would expected around the middle of next year to have the first of those cars available for commissioning on the network and the first tranche of those contracted was 40 cars. The second tranche was 80 cars and we would expect to see the bulk of those first 40 cars coming through in the ensuing months after the first is made available to us around mid-year. The intention with the delivery of those outer suburban cars is they will replace current Tangara cars that are operating in the outer suburban areas. The Tangaras are, of course, a suburban fleet of some 450 cars. That will enable us to consolidate the Tangara fleet into the suburban operation and will give us the capacity to allocate additional cars on the basis of market need at that point.

**The Hon. MICHAEL GALLACHER:** Is it right to assume therefore with the Oscars coming on line in the middle of next year, towards the second half of next year, replacing the Tangaras, we do not expect to see any adjustments to the timetable therefore that will see faster train times being delivered?

**Mr GRAHAM:** No, the purpose is to add capacity.

**The Hon. MICHAEL GALLACHER:** Only to add capacity?

**Mr GRAHAM:** Yes.

**The Hon. MICHAEL GALLACHER:** We are not going to see adjustments to the timetable, the journey times getting less?

**Mr GRAHAM:** No.

**The Hon. JOHN WATKINS:** The other major order with regard to rolling stock is the 498 airconditioned carriages that we are currently out in the marketplace for. A decision will be made about that by early next year. That total price is \$1.5 billion but they do not start to roll out until 2008

and in the years following that, so that will enable us to retire our non-airconditioned fleet once that order is completed.

**Ms SYLVIA HALE:** Minister, I am sure you are aware that not one station in the Marrickville State electorate has disability access.

**The Hon. JOHN WATKINS:** Yes.

**Ms SYLVIA HALE:** I am also sure that you are aware that the Premier made soothing noises during the by-election campaign about preparedness to deliver on. Is there any timetable in place for disability access to be provided to those stations?

**The Hon. JOHN WATKINS:** Providing easy access to as many stations as we can is certainly the intention of the Government. Since the easy access program commenced we have spent more than \$353 million in providing easy access to CityRail stations. That involves, as most of us would know, successful standards, installation of ramps, lifts, tactile tiles, improving lighting and so on. 81 CityRail stations, or 26 per cent, are independently wheelchair accessible. A further 63 are wheelchair accessible with the help of a friend or carer.

**Ms SYLVIA HALE:** I was asking about the Marrickville electorate, because that was obviously a feature of the campaign.

**The Hon. JOHN WATKINS:** We currently have in this budget \$22 million set aside for upgrades at Blaxland, Gordon, Kingsgrove, Gynea and Thirroul and commencement of upgrades at Bulli, Helensburgh, Lakemba and Mortdale.

**Ms SYLVIA HALE:** None of which are in the Marrickville electorate.

**The Hon. JOHN WATKINS:** No, they are not. At 14 new locations planning is under way, Auburn, Belmore, Bomaderry, Bowral, Carlton, Eastwood, Kingswood, Meadowbank, Merrylands, North Wollongong, Penshurst, Seven Hills, Turrumurra and Werrington.

**Ms SYLVIA HALE:** None of which is in the Marrickville electorate.

**The Hon. JOHN WATKINS:** None of which is in Marrickville, but I am trying to ensure that we spend as much as we can in improving access to rail stations as quickly as we can. I have not yet got to those stations in Marrickville.

**Chair:** Thank you, Minister and gentlemen for that segment. No doubt we will see you again at some other time. If we could move to state development.

**The Hon. JOHN WATKINS:** Whilst Loftus joins us, Madam Chair, I just note that it is interesting that the purchase and commissioning of the following trains, the Millennium train July 2002 with the Carr Government; the Tangara June 1988, the Unsworth Government; the XPT Wran Government 1981; and I even think the Tulloch double decker suburban carriages in 1964 was during a Labor Government, as will be the outer suburban cars that have been discussed and the 498 other cars, so there has been a long and rich history of Labor Governments in New South Wales replacing rolling stock and that is an appropriate thing to acknowledge in this 150th year of rail in New South Wales. Loftus Harris is the Director-General.

**CHAIR:** Thank you for joining us, Mr Harris. If I can firstly ask the Minister, can you explain why the Government has cut \$15 million for 2005-06 from the budget of the Department of State and Regional Development?

**The Hon. JOHN WATKINS:** Thank you, Madam Chair. The economic development



programs are continually reviewed to ensure that smarter use is made of available resources to meet the evolving needs of business and the community. As a result, a number of regional and small business programs will be modified and eligibility criteria reviewed in 2005-06. The Industry Assistance Fund remains an important means of assisting businesses and the department will continue to increase its emphasis on providing expert advice and professional support. Financial incentives will also continue to be offered on a case by case basis.

The department, through the Film and Television Attraction Fund will also continue to support the production of large international films. The Regional Business Development Scheme and the Regional Economic Transition Scheme will continue with reduced funding, with support targeted towards business where it is most effective. The Country Lifestyle program will cease as a program. However, a range of these activities will be delivered through the existing channels, such as the Main Street Small Towns program developing regional resources and regional development boards.

The activities in 2005-06 included the Forbes Global CEO conference which brought over 300 of the world's leading executives here. An innovative program which will continue to be delivered includes the Stepping Up Series, which provides workshops and seminars and access to experienced business mentors. About 1500 people have taken part over four years.

The Women in Business program assists business women throughout the State to develop business models. Last year 1,000 women participated. The new market expansion program assists firms to develop confidence, networks and skills to pursue and take up new markets. There is also a new young entrepreneur program being introduced aimed at recognising, encouraging, networking and skilling of young people.

We are committed to providing services and programs to advance business growth and economic development, but we should always do that as smart as we possibly can. We are continually looking at the programs that we have in place. Do they continue to deliver to those segments within our economy that we wish to? Is there a better way of spending money? Are there programs which are more effective? That is what is being done. We need to work smarter with the resources that we have.

**CHAIR:** With respect to the regional business development scheme, was that cut because it was not seen to be delivering appropriate outcomes?

**The Hon. JOHN WATKINS:** It was assessed and it was determined that a more appropriate way of spending the almost \$100 million budget was more appropriate and I actually believe that Government departments should do that as a matter of course. Every year, look at what you do. Is it the most effective way? If it is not, change it, bring in a new program, a new development, drop some of the things you have done in the past. I do not think governments should ever be in the business of maintaining programs just because we have had them in the past.

We also have to reassess and in fact the Department of State and Regional Development has been doing that very effectively and I have to tell you that one of the most important things that have happened in recent years has been the CEO global conference that occurred just a few weeks ago. That brought to Sydney almost 500 CEOs, many of whom had never been here, and we are already working on, I think, about 20 different programs arising from that, to bring investment jobs. Hopefully they will come to fruition, or some of them. That will really benefit the department here.

**The Hon. JOHN WATKINS:** Regional program decisions are probably more effectively addressed to my colleague, Minister Campbell.

**CHAIR:** Well, in relation to that, in terms of the overall cut in the budget, can you give us a break down of how much of the cut applied to the State development compared to the regional development?

**The Hon. JOHN WATKINS:** So the question was?

**CHAIR:** Can you give us a break down in terms of the cut to the overall budget, how much of that applied to State development compared to regional development?

**Mr HARRIS:** Madam Chair, if I could just make a couple of comments. We could make some interpretations of it but really what the figures you are looking at, I think probably on 2256, what they reflect is essentially the lumpy nature of the business that the department is in. We set milestones for companies to whom we are providing some degree of support. If those companies hit those milestones, then quite often incentive payments can be made to the companies, support can be provided - whether it is regional or city based - but it does depend on the milestone being struck, so that we know we are actually getting the value that we have contracted for.

That takes place quite often over a period of five years or more, so it depends on the progress that individual companies often make. There is also the factor that we take budgetary supervision of contracts and projects which sometimes the Government commits itself to, where we will see those funds reflected in our budget. A good example here is the support that the Government gave to the Mt Panorama motor racing circuit over two years, where \$10 million was provided by the State Government, with a matching \$10 million from the Commonwealth. That project has now reached fruition. That money has passed through the budget, it has been paid, and that is one of the reasons that you see the decline there on that particular table.

**CHAIR:** Can you give me a break down of the budget in terms of the proportion of it that is allocated to administrative staff support compared to financial assistance and business development?

**Mr HARRIS:** The base of the budget does reflect obviously the administration costs and the staffing costs. You can see from the budget papers that the salaries component of the \$97 million budget this year will be about \$25 million. There is another set of costs involved in running the department, which are the normal administrative costs of an agency such as this, rent, payments to the central corporate services unit, the cost of motor vehicles, the cost of travel in country areas of New South Wales. That figure takes it to a total of about \$40 million, including salaries. Let me say that in the reviews that have done, as they are routinely by the Council of the Quality of Cost to Government and others, that the department has consistently been in the bottom ten percentile in terms of costs, which makes us obviously more efficient than more than 90% of agencies in Government. It is a very, very low proportion.

**CHAIR:** How many jobs have gone as a result of the budget cuts?

**Mr HARRIS:** Well, it is not necessarily as a result of budget cuts. We have seen a decline in staff numbers from last year to this year of about 30 positions I would think but the department has always seen its staffing levels move because we often take people on to work for us on contract. For example, in the export area, often we will find that we will take people on for a couple of years who have expertise in international business where those skills may not be available, for example in a country town. So our numbers do tend to move according to the demands at the particular time.

**The Hon. JOHN WATKINS:** Please excuse me Madam Chair, if I could just interrupt, the previous Leader of the Opposition did make it very clear there was a target of 29,000 public servants that would be carved out and I understand there were some limits to that, in that there were certain departments that would be protected. That means that that burden was going to fall extremely heavily on a fewer number of departments, including departments like State and regional development--

**CHAIR:** We are actually here to talk about your Government, not a Government that may come into office in 2007. We have got really limited time.

**The Hon. JOHN WATKINS:** The point just arising out of that, very clearly, Governments have to do better with resources that they have. They have to deliver more effective programs.

**CHAIR:** I am not disputing that.

**The Hon. JOHN WATKINS:** And that is what Mr Harris has been doing.

**CHAIR:** How many departmental officers have gone as a result of the budget cuts?

**Mr HARRIS:** Well I would repeat Madam Chair, that is difficult to say this is as a result of budget cuts. The department constantly adjusts its employment levels but there are 30 fewer people this year than there were last year, we have made those adjustments.

**Ms SYLVIA HALE:** Minister, there have been complaints by a number of councils across the State that it is difficult for them to attract unskilled workers because of the high costs of housing in a number of areas. What work has your department done, looking at the relationship between worker shortages in certain industries in specific parts of New South Wales and the cost of housing?

**The Hon. JOHN WATKINS:** Sorry, that is probably a question more appropriate to David Campbell than myself, in ministerial of responsibility he is responsible for regional development and that issue that you asked.

**Ms SYLVIA HALE:** But it is also an issue in Sydney, surely, where people who live on the outskirts of Sydney are required to travel to say, the North Shore. You have got difficulties there obviously in catering for those needs. Has the Government got any plans or do you have any plans to deal with these sorts of issues?

**The Hon. JOHN WATKINS:** I mean, I suppose you are talking about the problems that are caused by living in a global city like Sydney, which is an attractive place to be for people and business and that has an impact on all sorts of costs but it is an answer that is much broader than my responsibility as Minister for State Development because the costs of living in Sydney or driving in Sydney are affected by so many different factors, fuel, housing affordability, people's choice about where they want to live.

**Ms SYLVIA HALE:** Ignoring the issues of unskilled workers and the demands for their labour, what about the skilled workers, where you have got say, take for example, a proliferation of dentists in the Eastern Suburbs and a shortage elsewhere in Sydney. What are you doing to address these disjuncts, as it were?

**The Hon. JOHN WATKINS:** As Minister for State Development I actually do not see that as part of my responsibility to bring dentists to Western Sydney.

**Ms SYLVIA HALE:** No, but that is just an example.

**The Hon. JOHN WATKINS:** I know it is and I don't mean to be flippant but as again, these are the difficulties of living in a big city. Why do people cluster in particular areas, other than through choice and income levels, I think probably it is driven by the first and most important thing, housing affordability. What is the major cause in housing affordability - it is probably supply. There are many other factors but supply is certainly one of those and some of those issues of supply will be addressed through the metro strategy. Trying to provide a more efficient public transport system I hope enables skilled and unskilled workers to move around more efficiently. I think a lot of people, skilled and unskilled workers, deliberately left the public transport system over recent years because of the unreliability and that has cost them a great deal land that impacts on where they live. If we can provide a more reliable public transport system, that will have a beneficial impact on the movement of skilled and unskilled people around Sydney but really, we are talking about challenges I think that face global cities all around the world and some of those answers are outside my ministerial responsibility.

**Ms SYLVIA HALE:** Has your department - whether it be up to Regional Development - formulated any strategy for population decentralisation within the State?

**The Hon. JOHN WATKINS:** No, and because it is not my responsibility under State Development to do so. It certainly is the responsibility of planning and those issues are being addressed, I understand, by the metro strategy, which basically will apply to Sydney but there are other planning initiatives outside Sydney.

**Ms SYLVIA HALE:** How much money did the Government spend last year on sending trade delegations to China, were delegations sent to other countries and if so, what were the costs of those visits?

**The Hon. JOHN WATKINS:** Firstly where did the delegations that this department is responsible for go to?

**Mr HARRIS:** I would have to take that on notice. We send a number of delegations, they range from quite large groups of up to 15 or 16 companies, down to what we call market visit programs, where we might have fewer than six companies, and we provide them with support to enter various markets. New Zealand, India, China, certainly the Middle East, West Coast of the United States to a food show. There would be a list and we publish most of these in our annual report but I would be perfectly happy to provide a list if you would like me to.

**The Hon. JOHN WATKINS:** And again, the reason why we do this is to create investment opportunities for here in New South Wales.

**Ms SYLVIA HALE:** What funds, if any, did the Government spend on assisting Australian companies involved in the London Olympic bid, including any taxation concessions or subsidies or assistance in kind and I would like to know that in relation to the London Olympic bid, the Beijing Olympic bid and the FIFA World Cup in 2010.

**Mr HARRIS:** Could I just have the beginning of the question please?

**Ms SYLVIA HALE:** What funds, if any, did the Government spend on assisting Australian companies involved in bidding for the London Olympics, the Beijing Olympics and the FIFA World Cup in 2010?

**Mr HARRIS:** I presume that you mean companies that are seeking to win business from those bids?

**Ms SYLVIA HALE:** Yes.

**Mr HARRIS:** The support that the Government has given through this department, and I cannot speak on behalf of any other department, people involved in major events or activities but this department has supported an organization called the Sydney Beijing Olympic Secretariat, which we established at a cost of about \$270,000 a year following the Games in Sydney. Through that we have introduced over 300 companies to opportunities in Beijing. Somewhere between 15 and 20 of those companies have actually won business, which is a remarkable hit rate. Probably somewhere in the region of, well, several hundred million dollars of project content, but when you consider that we are mainly selling services, I would expect that the net benefit to companies in New South Wales would run probably somewhere between \$20 and \$40 million. That has been by far the principal support that we have provided to those New South Wales companies to gain access to those opportunities. There has been no subsidisation or any other sorts of payments. It has been a facilitation operation. In fact, during the work that we are doing on Beijing, the secretary general of the Beijing Organizing Committee for the Olympic Games brought the full membership of BOCOG, the Beijing Organizing Committee, to Sydney for eight days and we ran a program in conjunction with New South Wales businesses to introduce our companies to them and that is how we introduced over 300 companies to those opportunities.

**The Hon. DAVID OLDFIELD:** Did you say in an answer earlier that you have 30 less staff than you had last year?

**Mr HARRIS:** We do, we have 30 fewer. Last year the figure was about 270 - 272 was I think the figure, this year it is 242.

**The Hon. DAVID OLDFIELD:** How - obviously it could be a lengthy answer but without going into a great deal of length - did you cope with the reduction, how were those positions redistributed responsibility wise?

**Mr HARRIS:** It is a challenge, to be perfectly frank, it is a challenge and one of the things we have done is we have established a series of working groups throughout the department. We have had very good co-operation with staff and with the unions, but what we have done is we have set up six working groups that are looking at the work that is conducted by the department and those working groups will report at the end of this month. The idea of that is to take some bottom up feed as well instead of simply trying to top down the decision into the department, because most of these people are really quite specialised. We do an extraordinarily broad range of things with very few people, so those individuals have a great deal of expertise in the work that is involved. The best thing to do is to actually work with them, so with the staff. It is quite a collegiate effort to determine redistribution.

**The Hon. DAVID OLDFIELD:** Your own staff are undertaking this redistribution?

**Mr HARRIS:** Yes, they are.

**The Hon. DAVID OLDFIELD:** Can I take it that they are not swamped with work to be able to be distracted by the redistribution requirements?

**Mr HARRIS:** We are always swamped with work, to be honest. It is one of the things we have found. Everyone seems to be quite involved in it and I think there is a lot of satisfaction in undertaking that and people feel a sense of ownership for what they are doing.

**The Hon. DAVID OLDFIELD:** Do you think that at the end of the self-evaluation they might find that they can actually cut some more jobs?

**Mr HARRIS:** I do not know the answer to that.

**The Hon. JOHN WATKINS:** Madam Chair, the time has almost expired but I am happy to stay if members have further questions.

**CHAIR:** I think we will have to finish. There is another hearing after this one.

**The Hon. JOHN WATKINS:** I will not keep you. I would like to just address one final matter. I am advised, regarding the Waterfall report, that there is a link to the Waterfall report from the CityRail internet home page, so it can still be accessed on the internet.

**Ms SYLVIA HALE:** But you will make it more publicly available?

**The Hon. JOHN WATKINS:** We will put it on the ministry home page.

**CHAIR:** Can I just advise that the Committee has resolved to seek return of answers to questions on notice today within 35 calendar days, and I dare say that there may be a further hearing in relation to both areas of your responsibilities and we will be in touch about your availability and those of your officers. At this stage I would like to thank you, Minister and gentlemen, all of you and other staff for making themselves available. We appreciate it very much.

**The Hon. JOHN WATKINS:** Thank you very much and thank you for your questions.

**The Committee proceeded to deliberate.**