

GENERAL PURPOSE STANDING COMMITTEE No. 4

Monday 15 October 2007

Examination of proposed expenditure for the portfolio areas

TRANSPORT, FINANCE

The Committee met at 5.00 p.m.

MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. G. J. Donnelly
The Hon. A. R. Fazio
The Hon. M. R. Mason-Cox

Ms L. Rhiannon
The Hon. R. A. Smith
The Hon. L. J. Voltz

PRESENT

The Hon. J. A. Watkins, *Deputy Premier, Minister for Transport, and Minister for Finance*

Ministry of Transport
Mr J. Glasson, *Director General*

RailCorp
Mr V. Graham, *Chief Executive Officer*

State Transit Authority
Mr P. Rowley, *Acting Chief Executive Officer*

Sydney Ferries Corporation
Mr G. Smith, *Chief Executive Officer*

State Property Authority
Ms Anne Skewes, *Chief Executive Officer*

CORRECTED

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this hearing open to the public. I welcome the Minister and accompanying officials to this hearing. At the hearing the Committee will examine the proposed expenditure for the portfolios of Transport and Finance. Before we commence I will make some comments about procedural matters.

In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door. Any messages from attendees in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. The Minister is reminded that he is free to pass notes and refer directly to his advisers while at the table. I ask everyone to turn off their mobile phones.

The Committee has agreed to the following format for this hearing: We will start with Transport for the first 2½ hours and then we will do Finance for the final 1½ hours. We have decided that there will be a 10-minute break at the end of Transport and before Finance. We have also resolved that answers to questions on notice be provided within 21 calendar days of the date on which they are sent to the Minister's office.

Mr JOHN WATKINS: That will be fine. If I take any questions on notice early in the hearing I might try to provide them by the end of the hearing. Do you have an order in mind with regard to the transport agencies?

CHAIR: Perhaps we could start with rail followed by ferries and then buses.

JIM GLASSON, Director General, Ministry of Transport, and

VINCE GRAHAM, Chief Executive Officer, RailCorp, and

GEOFF SMITH, Chief Executive Officer, Sydney Ferries Corporation, and

PETER ROWLEY, Acting Chief Executive Officer, State Transit Authority, and

ANNE SKEWES, Chief Executive Officer, State Property Authority, sworn and examined:

CHAIR: Do you have an opening statement? If so, I should advise you that the Committee has resolved that ministerial opening statements shall be limited to a maximum of five minutes.

Mr JOHN WATKINS: In 2007-08 there has been a record \$5.8 billion spent on providing public transport services in New South Wales. That is an 11 per cent increase on the previous year. That will enable us to deliver some of the projects outlined in the Premier's Urban Transport Statement. With those funds we are buying new rolling stock and new buses for the State Transit Authority and private operators, and we are building and planning new rail lines, as well as other programs. We are hiring men and women to staff our railways. Since July 2006 RailCorp has recruited 300 station staff to assist with selling tickets, keeping stations clean and presentable, and assisting passengers with information. Effectively, there are now about 170 official vacancies, being the net figure of vacancies not immediately covered by available staff. I am advised that there is a pool of about 300 station staff not assigned to a particular position but who are allocated on a temporary and daily basis to fulfil shifts or positions. RailCorp will continue to recruit in customer service.

We are delivering on a commitment with funding for new buses: 266 new buses in 2007-08 for Sydney, the Hunter, the Central Coast, Illawarra and the Blue Mountains. That is providing a better bus service for those communities. Across the seven-year life of the contracts 1,400 new buses will be purchased.

The bus reform agenda has been largely implemented but not completed yet. Basically, that will save the profitability of the private bus industry and ensure public transport services do develop further. It means better networks that get people where they want to go and increased patronage. As the Committee would be aware, the Government established the Special Commission of Inquiry into Sydney Ferries, and that is ongoing. It is looking at every facet of the organisation. That means that there will be areas of the Sydney Ferries budget, about which my view and the Government's view is not fully formed because we are seeking recommendations from Commissioner Bret Walker. It is likely there will be a number of questions in that area which I am not in a position to answer fully. We will know more after 31 October 2007.

Likewise, the Committee should be advised that I will not be able to answer many questions relating to the management of Tcard as that is a commercial in-confidence matter between the Public Transport Ticketing Corporation and the contractor. With regard to rail, the biggest aspect of public transport, some big projects are underway or about to be delivered: the Epping to Chatswood rail link costing \$2.29 million; the \$1.8 billion on clearways, which proceeds in its delivery; and the metropolitan rail expansion program, an \$8 billion project over a number of years, the biggest expansion of our rail network for many years. They are developing.

The southwest rail link will involve a new line, 13 kilometres in length, between Leppington and Edmonson Park, and it is expected to commence in 2009 and be completed in 2012. We have reserved two corridors for the central business district rail link, and planning is continuing on that. Work on the northwest rail link will involve construction of 22 kilometres of rail line, incorporating six new railway stations from Epping to Rouse Hill. That is proposed for completion in two stages: Epping to The Hills Centre by 2015, and The Hills Centre to Rouse Hill by 2017.

The Government is committed to building a rail line to the northwest of Sydney. That is the guarantee and we are getting on with the job. We have already spent \$40 million this year out of the \$190 million budgeted. That expenditure continues. There will be a lot of growth in Sydney over the next couple of decades. That is why we have been seeking for some time a new approach to funding public transport from the Federal Government as a real partnership in public transport, as well as its commitment to road and freight. To date that has not received favourable acceptance by the Government.

The next generation is the metro rail lines, as foreshadowed in the Urban Transport Statement unveiled in November last year. That really is the next generation of rail provision in Sydney. We are starting to plan that now. The job of providing public transport to communities across the State is a massive task. It is a huge reform underway in buses. There is massive expenditure on the rail network. There is an important inquiry underway into our ferries and the existence of specific agencies that are dedicated to ensuring the ever-improving safety of our public transport systems. A lot of work has been done, but there is a lot more to do.

CHAIR: I will start my questions concerning rail safety. Can you advise why the RailCorp staff are unable to present a site-specific incident response and evacuation procedure for Town Hall station? I am referring to the incident in July.

Mr JOHN WATKINS: I recall the incident. There was some questioning of the stationmaster at the time. That matter has been resolved subsequently, and I will ask Mr Graham to give details.

Mr GRAHAM: The site-specific safety plan for Town Hall station was available for presentation at that time. The station manager on duty at that time was unable to respond to the questions that were asked of him. That matter was subsequently dealt with by representatives of the Independent Transport Safety Reliability Regulator and the employee concerned.

CHAIR: It was a matter of his or her competence, was it?

Mr GRAHAM: It was a matter of his understanding to put his hand on the particular document that existed at that time.

CHAIR: That is a pretty major inability, in terms of safety, is it not?

Mr GRAHAM: As I said, the document was there and the subsequent work that has been done with the employee concerned to ensure that his competency has been retested has been concluded to our satisfaction and to the satisfaction of our safety division.

CHAIR: Will there be any other officers in a similar position or do you think it was a one-off?

Mr GRAHAM: At the same time reviews were undertaken at both Wynyard and North Sydney stations, from my recollection. Officers at those locations were able to largely satisfy the investigators at that time. The issue of concern was Town Hall, and it was dealt with in the way I have outlined.

CHAIR: Is it fair to say that RailCorp or CityRail have certain procedures that are available at every station where there may be such an incident again and that it is readily to hand?

Mr GRAHAM: Yes, that is my understanding. Indeed those particular evacuation plans are tested both at the desktop level and at emergency exercise level, including multi-agency exercising on a very regular basis.

CHAIR: Would it be possible for you to provide the Committee with that manual?

Mr GRAHAM: I am certainly prepared to provide a copy of, I suggest, the Town Hall station as an example, because there are 302 stations. I do not think we would want to chop down a forest to get those copies.

CHAIR: No, we would not want to do that. If you could provide the one for Town Hall that would be good. You say that there is one designed for each station for each particular set of possibilities?

Mr JOHN WATKINS: The real challenge is the CityRail central business district major stations, where there are more people. That is where there is more senior staff. That is also where we consistently concentrate our practice of these measures and our staff do practice safety measures at those stations regularly.

CHAIR: Minister, can you advise—

The Hon. GREG DONNELLY: Madam Chair, I raise a question about the document and where it leads to if provided to the Committee. It is obviously quite a sensitive document, I would have thought. I might not be correct but is that something we would want in the public domain.

Mr GRAHAM: It is certainly not something we would want in the public domain but it is a document that outlines an evacuation process for a particular station.

The Hon. AMANDA FAZIO: It could be provided to the Committee, but not made public.

CHAIR: Is that what you prefer?

Mr GRAHAM: I think that would be a sensible way of dealing with it.

CHAIR: Minister, we could look at that and deliberate on it.

Mr JOHN WATKINS: And ask any further questions on it.

CHAIR: Minister, can you advise why RailCorp's expenditure in 2006-07 on the rail maintenance backlog was less than what is required to achieve a steady-state level?

Mr JOHN WATKINS: Mr Graham will answer that.

Mr GRAHAM: The rail maintenance backlog is a terminology that came from a review of the state of maintenance going back some five years. During a five-year period the maintenance backlog has been progressively reduced in each of those years to the point now where the accelerated investment will bring that backlog back into steady-state arrangements within a couple of years. That applies not only to track and the fixed infrastructure, but also to the work that has been done on the rolling-stock fleet in addressing the backlog that then existed five years ago through the additional expenditure of around \$25 million per annum specifically on rolling-stock, so that we could progressively ensure that that backlog was properly and adequately dealt with. At all stages, both for fixed infrastructure and for rolling-stock, the necessary inspection procedures have been in place to ensure that that backlog did not create, and has not created, any safety-related or reliability-related issues.

The very considerable work that has been put in place is now showing itself in the substantial improvements in some of the key output indicators for fixed infrastructure. In particular, we have seen the progressive improvement in what is referred to as the track quality index, where, like your golf handicap, the lower it is the better. That track quality index has been progressively improving over the course of time, as have some of the other specific track indicators, such as broken rails, which occur

during winter, and misalignments of track, which occur in the height of the summer months. Both of those indicators again are showing substantial and continuing improvement over time.

CHAIR: Minister, if a train breaks down in an underground tunnel does the railway station manual that we are going to have a look at in one instance apply along the tunnel? What are the strategies for rescuing passengers in that sort of an event?

Mr GRAHAM: The station document to which I referred earlier is specifically a station document. What occurs in the tunnels is quite specific to the tunnels themselves. In the event of a breakdown of a train in a tunnel, the first of the options is to push the train to an adjacent station, if we are able to do that. In the event that the train needs to be evacuated in the tunnel, the emergency procedure is that the train crew, who are trained in the procedure, will access one of a number of ladders that are located at periodic intervals along the tunnel wall that are fixed to either end of the train to enable evacuation. Those ladders have been progressively upgraded over the last two years, so that they are no longer a rung-type ladder, but more a series of steps, and that has dramatically improved the evacuation rates from what were about 10 people per minute at either end of the train to about 40 people per minute.

In addition to that, over the past four to five years, there has been round \$80 million expended in upgrading the underground environment in putting in place walkways so that the pedestrian access through the tunnels is enhanced, with emergency lighting, emergency telephone systems, and emergency signage so that it is clear to passengers evacuating from those trains precisely what direction and what distance it is to the closest adjacent station.

Interestingly, the new Epping-Chatswood rail line has, as part of its design, attached to the tunnel walls walkways at the same height as the vestibule of the carriages, so that in the event that we needed to evacuate in the Epping-Chatswood tunnel there is no need for passengers to come down end steps of the train; they will be able to evacuate at vestibule level straight out onto about a 60-centimetre wide walkway, an access right through to the adjacent station.

Mr JOHN WATKINS: Anyone who travels on our underground system would have seen a lot of this, because now the underground tunnels in the CBD are lit, for example. That was not the case 20 years ago. A lot of staff training goes into the safety procedures, and there is other work that is done outside the tunnel, such as the purchase of emergency rail trolleys, which proved to be very effective in the emergency response to the London tunnel bombing. So we now have access to that and other equipment, and trained personnel. All up, at least \$80 million has been spent to improve the security of those tunnels to assist in the evacuation of trains if they are caught in the tunnels for some reason, whether it is because of mechanical breakdown or, the worst possible thing we could imagine, a terrorist incident in one of those tunnels. It is one area into which the Government and RailCorp have put a lot of very serious work.

CHAIR: Minister, Mr Graham commented earlier this year, after the second train broke down on the Harbour Bridge, that there was a lack of maintenance culture within RailCorp, and you announced a review of maintenance procedures to be undertaken by Mr Clark. When will the review be finalised, and what is the estimated cost of that review?

Mr JOHN WATKINS: I will ask Mr Graham to think about the cost of it, and I will give you some detail about that. We are committed to improving rail maintenance, as both I and the Premier—as well as the CEO—said at that time. A number of actions have been taken to improve CityRail maintenance since 5 July this year following that second Harbour Bridge incident. At that time a number of immediate changes to maintenance practices were set in place, as well as a process for further consultation. The parties agreed to a revised maintenance process, which includes certification of work by maintenance employees; continuation of additional checking procedures, using special auditors and integration of these processes into standard depot operations using qualified staff; work practice improvements, including depot access for contract staff to fit new door motors to improve fleet reliability; a review of existing maintenance procedures, by a suitably qualified external expert appointed by the Government, of quality control systems to identify a timetable to deliver further improvements—that is the work of Keith Clark, a former maintenance general manager at Qantas with over 30 years experience; and further negotiations are under way before New South Wales Industrial Relations Commission Deputy President Sams on a program to implement

multiskilling of maintenance staff, improved efficiency, staff training, and improved maintenance practices.

That is what the Government announced it would do after that incident. I can report to you that that is really divided into what was seen as a 10-day plan, a 30-day plan and a 100-day plan. With regard to the 10-day plan: the revised technical maintenance plan for suburban and intercity electric trains was agreed to, and is being implemented; full implementation and compliance with technical maintenance plans, including the sign-off of tick sheets, was agreed to, and is being implemented; implementation of the double-check procedure by qualified trade and non-trade staff was agreed to, and is being implemented; accurate recording of faults and rectification was agreed to, and is being implemented; a reporting process to be overseen by qualified auditors was agreed to, and is being implemented; and full access to be provided to quality auditors was agreed to, and is being implemented.

The issues resolved in the 30-day plan were: the implementation of exchanging of parts procedures at all of our depots, which has been implemented; access for main train staff to undertaken V-set Festo door motor replacements at Flemington, which has been implemented; improvement in productivity in servicing data loggers was agreed to and is being implemented; improvement in productivity and wheel lathe production was agreed to and is being implemented. A number of other issues are now being addressed under the 100-day plan. In addition to the items contained in the plan, others have been raised and have been discussed, including the development of a five-year business plan, training of apprentices, parts procurement and equipment.

The most recent proceedings dealt with matters that were raised in the 100-day plan. Much of that work will depend on the findings of a report that was prepared by Keith Clark and delivered to the Industrial Relations Commission on Thursday last week. Deputy President Sams noted in his report to me on Friday 12 October that he was confident that the analysis provided by Mr Clark "will form the basis for ongoing negotiations to achieve real and sustainable reform within the industry". I am satisfied that progress is really being made, and the benefit will be long-term improvement in the safety and reliability of the rail network.

The Government is pleased with the progress being undertaken in the Industrial Relations Commission under Deputy President Sams. With Mr Clark's assistance, RailCorp and the unions continue to work to implement changes that will see service improvements for our commuters. It was decided last week that the parties would again meet in the New South Wales Industrial Relations Commission in a fortnight. We can never rule out mechanical failures on the network but we can certainly work to reduce them happening. That is what those three stages of the plan for maintenance improvement were about. With regard to its cost, the detail of consultancy expenditure, over \$30,000, is reported in agency annual reports.

I will take on notice the question regarding how much it cost. However, in my discussions with Keith Clark he outlined to me the detail of what is in his report. I think it is a very good job. It is now for the parties, under the auspices of the Industrial Relations Commission, to implement change that will improve the maintenance and, therefore, the outcome for our travelling public.

Ms LEE RHIANNON: Minister, on 10 October you were reported as saying:

People love their cars, even when there is an alternative, they like their cars ...

It's the challenge you face with someone in a nice snug car listening to Johnny Cash, as opposed to sitting in a railway carriage, as I did, being coughed on several times by the same bloke ...

But certainly, sitting in your own car, listening to Springsteen or Leonard Cohen is very attractive.

Mr JOHN WATKINS: For some people.

Ms LEE RHIANNON: Apart from the music—

Mr JOHN WATKINS: Some people do not like Leonard Cohen; I do.

Ms LEE RHIANNON: Some people do not. However, I am not dealing with your music tastes. Minister, are you aware of MP3 players and iPods? You could equally have extolled the benefits of public transport, about being in a stress-free situation and going to work efficiently. Yes, there are some problems but you could have done your job as Minister for Transport rather than sounding like Mr Costa, even though the tone might have been a bit different.

Mr JOHN WATKINS: Come on!

The Hon. AMANDA FAZIO: That is insulting!

Mr JOHN WATKINS: It is insulting stuff. I was speaking at a conference. It was in the paper that morning. I think the AAMI survey suggested that certain people would never leave their cars. I acknowledged that. Even if the most comfortable and reliable bus or train service were available, some people would never give up their private motor vehicles. That is a fact. I am on record in many places and on many occasions encouraging people to give up their private motor vehicles. I have made it clear that a good reason for that is cost because it is far cheaper to catch public transport. But there are also environmental benefits.

I have encouraged people to use public transport. I think if they use it, they will see the benefits of it and they will stay. In fact, that is what has been happening over the last 18 months in public and private rail and bus transport. There has been a real surge in patronage, and that pleases me no end. I have caught public transport every working day since I was appointed as Minister. I know the difficulties and the benefits in it. I am an unashamed supporter and promoter of public transport. But I think it is valid to acknowledge that some people will never leave their cars.

Ms LEE RHIANNON: It could have been balanced. I think you would agree that you could at least have balanced it, even if you wanted to make those comments.

Mr JOHN WATKINS: I did. The rest of the speech was not reported. Let me just finish. For the 12 months to June 2007 CityRail patronage was 281.3 million, an increase of 3 per cent for the same period in 2006. That is an extra 158,000 passenger journeys a week. In the first seven months of 2007 State Transit was up by 1.4 million passengers compared to the same period last year—an increase of almost 2 per cent. Private bus patronage is also up substantially and that depends a bit on the route. On certain routes there are increases of over 20 per cent, for example, The Hills M2 route. So over the last couple of years there has been a real surge in public transport usage. I welcome and encourage it, but certain people do love Springsteen, Leonard Cohen and the later work of Johnny Cash.

Ms LEE RHIANNON: Minister, I think you would agree that if the T-card were operating, we would have seen an even greater increase in public transport usage. Is it true that so far no transport operators, including RailCorp, the State Transit Authority and the private bus industry have signed a binding agreement to use the new technology?

Mr JOHN WATKINS: I will respond to your first question relating to improved and integrated ticketing. People will use public transport if it is safe, reliable and comfortable. In a sense you have to make improvements in all those key performance indicators to encourage people back to public transport. I think more people are coming back to public transport because there have been improvements. Ticketing is one aspect of it. If you improve the ticketing experience, that will be a factor in bringing people back and maintaining them in public transport. It is not a magic wand by itself but it is a factor, and that is why the Government remains determined to deliver an electronic integrated ticketing system for Sydney. We have been disappointed with the—

Ms LEE RHIANNON: Minister, can you answer my question? Have any of those transport operators signed a binding agreement? Is anybody in yet?

Mr JOHN WATKINS: There have been problems in the implementation of the T-card, well described in the *Sydney Morning Herald* in particular. We understand that people are frustrated with the progress of the system, and the Government shares that frustration. Those delays are very disappointing and I am concerned about them. However, I have made it very clear that we work within the parameters of the contract. My chief concern is for the taxpayer and for the travelling

public. The T-card, or an electronic integrated card, will not be implemented until I can be assured on behalf of the travelling public that it will be introduced smoothly. We are not in the business of bringing in a new ticket product that causes grave difficulties for the travelling public, especially in the busy morning and afternoon peak. We work within the parameters of the contract and, as I explained at the commencement of this meeting, much of that is commercial in confidence.

Ms LEE RHIANNON: Minister, would you agree that if all the transport operators are not in, the system could be even more chaotic and a disincentive? I am putting that in the context of the recent experience in London, where one of the operators, South West Trains, one of London's busiest carriers, has declined to participate in the London-wide smartcard ticket system. There is enormous criticism by commuters and public transport advocates of what has happened there. The problem that we are seeing at the moment could drag on for decades if we do not get everybody in.

Mr JOHN WATKINS: No, I do not think it will take that long. I want to avoid the heartache that commuters are going through in the example you referred to and that is why I said we will move forward when I can be assured on behalf of the travelling public that it will go smoothly. We have contracted for a product that goes across all modes of public transport. That is what the contract provides for and that is what integrated ticketing is about.

Ms LEE RHIANNON: I would like to move on to CountryLink. I want to try to get some figures. What is the 2007-08 allocation for CountryLink, separate from CityRail services? What is the allocation in 2007-08 and the actual expenditure? I just want to get a comparison.

Mr JOHN WATKINS: I will take that question on notice. I can give you the exact figures hopefully a bit later.

Ms LEE RHIANNON: I had various other questions, so I will include all them on notice also. The community transport program and the area assistance scheme have received indexation, but I understand that the Government is not providing more flexible community transport funding, which means there is a significant unmet need in the community transport area for people who are not eligible for Home and Community Care services.

Mr JOHN WATKINS: Could I just interrupt for a moment? Jim Glasson has the responsibility for the Ministry of Transport, and when he is before the Committee we will be very happy to answer those questions.

Ms LEE RHIANNON: Thank you. Are you aware of a report in the *Newcastle Herald* on 15 September 2007 that details possible privatisation plans for public transport in New South Wales? Could you comment if those suggestions are correct and that the Parramatta to Liverpool transit way will be sold off?

Mr JOHN WATKINS: Firstly, I am not aware of the article or the suggestions within it. There are no plans to sell off the Parramatta to Liverpool transit way.

Ms LEE RHIANNON: That is good. Or that Newcastle Buses could be sold off possibly to Cabcharge? Are there any plans to sell Newcastle Buses?

Mr JOHN WATKINS: There is no proposal to do that; no plan to do that at all.

Ms LEE RHIANNON: Excellent. Is the Government considering entering into a public-private partnership to complete the Maldon to Dombarton rail line?

Mr JOHN WATKINS: No.

Ms LEE RHIANNON: So there have been no talks with any corporations about that?

Mr JOHN WATKINS: Not that I am aware of. I have just received some notes on that. Because of the challenging physical characteristics of the western coal deposits, coal prices and production levels would have increased substantially before the completion of the line could be economically justified. Nevertheless, the Government remains open to a business case being presented

for the line's completion. If the line were built today, it would sit between two sections of the rail network now controlled by the Commonwealth Government's Australian Rail Track Corporation. So any such decision to complete the line, including funding, would involve ongoing discussions with the Commonwealth Government. The Federal Labor Party I understand has committed \$300,000 for a pre-feasibility study. I welcome that and we will work with whatever party is in government federally that has plans for the Maldon to Dombarton line. The essence of your question was whether there was a public-private partnership entered into. No.

Ms LEE RHIANNON: No, not that it is being entered into; are there any talks?

Mr JOHN WATKINS: Not that I am aware of at all.

Ms LEE RHIANNON: So when you use language like "if a business case were presented", is that code for working with the private sector?

Mr JOHN WATKINS: If someone came forward and said they were interested in investing money in the completion of the Maldon to Dombarton line and that someone was a private company, I would not be closed minded to that.

Ms LEE RHIANNON: So then you would be open to a public-private partnership, if it were offered?

Mr JOHN WATKINS: If it were offered, but I am not aware of any discussions or suggestions to that end. It would happen only if whoever it was, thought there was an economic return presumably from coal. And I am not aware that that is happening or about to happen.

Ms LEE RHIANNON: You may say that this question should be asked of the Minister for Roads but I was hoping you would comment on it. The Railway Technical Society of Australia has put forward proposals that with the upgrade of the Pacific Highway there be a shared road and rail corridor on parts of those upgrades. Are you aware of the proposal and do you have an opinion on the benefits of it, considering the cost effectiveness of a shared corridor?

Mr JOHN WATKINS: No. Vincent has just advised me that I should have recalled that is actually the Australian Rail Track Corporation network. So, the Federal Government in fact is responsible for such matters.

Ms LEE RHIANNON: I was interested in this background: Downer EDI Limited is part of the Reliance Rail consortium and it has secured the public-private partnership for the new train carriages. Could you tell us where the project is up to?

Mr JOHN WATKINS: It is moving ahead. A number of things are happening. I might kick off the answer and Vince might want to add something. A facility being constructed in China will produce much of the carriages—that is progressing. I have had it reported to me recently that they will be ready to cut steel or aluminium next April. A facility being built at Auburn in Sydney will be the maintenance facility. The construction of that facility has commenced. I have been assured very recently by the chief executive officer of Reliance Rail that they are comfortable with the time frame. The design of the carriage is being undertaken by Downer EDI—that is progressing. There is a close but appropriate relationship between Reliance Rail and RailCorp as the customer. The advice I have received recently from RailCorp, Reliance Rail and Downer EDI is that the project is—

Ms LEE RHIANNON: On time?

Mr JOHN WATKINS: Is proceeding and that there is no suggestion that it is going to be delivered other than on time.

Ms LEE RHIANNON: What about in the context that Downer EDI has issued three profit warnings in one year?

Mr JOHN WATKINS: I will ask Mr Graham to answer that.

Mr GRAHAM: Downer EDI profit warnings have related to sections of its business unrelated to its rail business. From the contract we have with the Reliance Rail Consortium, of which Downer EDI is but one of the parties, we have no reason to believe that the project will not be delivered within the time frame and costs that have been contracted.

Mr JOHN WATKINS: The contract was awarded to the Reliance Rail consortium, which includes Downer EDI, ABN AMRO, Hitachi, AMP, Babcock and Brown, and it was a thorough and extensive tender process. I understand the profit downgrade of Downer EDI was in relation to its mining division; totally unrelated to its rail business. It was discussed publicly six weeks or so ago—probably a bit longer. The Government has been assured that the business is getting on with some very major companies that have invested a lot of money in this massive \$3.6 billion project.

Ms LEE RHIANNON: But why did you allow it to go to China? Is that a statement that the work could not be done here or it was not of the quality required? Or is it just because of the public-private partnership process and it ended up in China?

Mr JOHN WATKINS: The Government established a 20 per cent local content requirement, which all tendering parties proposed. Then there was a thorough and independent tender process, which was in two sections. Firstly, to determine whether there would be double-deck or single-deck carriages. Once it was determined that it would be a double-deck tender we were left with two consortiums, both of which had overseas components to the construction. The tender then was awarded to the best proponent.

The Hon. AMANDA FAZIO: Minister, can you advise the Committee of the results of the 2007 Independent Transport Safety and Reliability Regulator annual customer survey?

Mr JOHN WATKINS: Yes. Train commuters have told us that they are more satisfied with the services they are being provided by City Rail than ever before. I can report to the Committee the findings of the fourth annual Independent Transport Safety and Reliability Regulator survey of City Rail customers. There were 2,755 people who had used a City Rail service some time in the previous six months randomly surveyed in June and July this year. This is the first time these results have been made public.

Participants were asked to rate the importance and the quality of 37 separate aspects of CityRail service. I am pleased to report that more users of CityRail had their expectations met in the 2007 survey than previously. Aspects of the service that commuters expressed satisfaction with include the CityRail web information service, with 90 per cent of those surveyed reporting positive feedback, and 85 per cent of those surveyed expressing satisfaction with the politeness and cleanliness of station staff, directional signage at the stations, knowledge and helpfulness of staff and the 131 500 transport information phone line. That was a pleasing reflection on the Government's investments in improvements in passenger information.

The Independent Transport Safety and Reliability Regulator [ITSRR] also found that 80 per cent of commuters were having their expectations met with regard to journey time, which is an increase from 74 per cent on last year's survey. The survey also showed other improvements such as that 69 per cent of those surveyed were satisfied with the frequency of trains, which is an increase from 63 per cent in the previous year, and 68 per cent reported satisfaction on punctuality, which is an increase of 4 per cent. Train users reported that the frequency of delays and skipped stops is at its lowest level since the first annual cost of survey in 2004, and 76 reported that their expectations were met for the cost of train travel. That is the highest proportion recorded in all the annual surveys to date.

The 2007 survey was undertaken at a time when train users experienced more than 18 months of improved operational performance since the new train timetable was introduced in September 2005. For the 2006-07 financial year, just over 92 per cent of the peak CityRail services arrived on time compared to 88.6 per cent for 2005-06. That new timetable improved reliability, as did other measures such as the door replacement program, signalling and maintenance and so on. The steady improvement in customer experience between 2006-07 is an indicator that measures put in place are working. We will continue to drive those improvements by acquisitions and replacement to further improve reliability, but we are not there yet.

The survey, which looked at the first six months of 2007, found that crowding in peak hour trains was the only aspect of service that CityRail users perceived to have worsened in the last 12 months. Even though there is very pleasing use with overwhelming improvements, that is a challenge. We are responding to that challenge. I have announced plans already that we will increase the capacity of our network by 16 per cent over the next seven years, which represents approximately 20,000 extra seats that will be available. In the next stage of that we will have some improvement because we have been able to cascade some outer suburban Tangaras down to our CityRail network.

The next big step comes with the Epping-Chatswood rail line. That will increase capacity on the main western line from 12 to 16 trains per hour because it takes four trains per hour off that main northern line coming down into Strathfield. It converts four of those services in an hour across to Epping-Chatswood and over the harbour bridge. That means that we can put four new train sets from Western Sydney, which is a considerable improvement, but we will keep working on crowding. In 2005-06, as I said in response to the previous question, there were 118,000 additional journeys. In 2006-07 that has climbed to 158,000, so people are coming back. That is in line with our State Plan targets.

The other interesting thing about the ITSRR survey was that they surveyed 515 people who had not used CityRail services in the last six months. Respondents were asked a number of questions related to why they did not use CityRail services. The most common response was that they had a more convenient way to travel to and from work—for example, trades people or people for whom public transport was simply impractical. Those surveyed were also asked questions about what would make them more likely to use CityRail services. A staggering 48 per cent of non-user respondents said that they would be more likely to travel to and from work by train if they received a tax concession for using the train. That is something that I have been advocating for a number of years.

In 2006, on behalf of the Australian Transport Council, I commissioned Ernst and Young to undertake research on the issue. The resulting report clearly shows that there is a significant bias in our current tax system towards private car use whereby those who salary package their cars and drive them to work can attract fringe benefit tax concessions. Actually, with some of them, it increases the more they drive. The report also shows that the United States, certain European countries, Ireland and most recently Canada, all provide some form of tax concession to encourage the use of public transport to travel to and from work. That simple measure could be implemented and that could improve the uptake of public transport. At a time when environment and climate change is on everybody's lips, the case for tax concessions for public transport use is stronger.

I believe that those who use public transport should be given tax relief. One bus takes 40 to 50 cars off the road. One fully laden double-decker passenger train takes approximately 1,000. If we can get more people onto public transport, there will be a better environmental outcome. This type of tax concession has support from a number of key groups including the Council of Social Service of New South Wales, the Public Transport Users Association, Action for Public Transport and the Pedestrian Councils. One would expect those to support it, but the Federal Government's own House of Representatives Standing Committee on Environment and Heritage recommended in its 2005 report, Sustainable Cities, that a review be conducted into the current fringe benefit tax concessions for car use with a view to removing incentives for greater car use and extending incentives to other modes of transport.

Interestingly I understand that the Federal member for Wentworth, Malcolm Turnbull, has consistently argued for he and his colleagues to be given the chance to swap their entitlement to a taxpayer-funded car to a public transport allowance, and I would back that absolutely. As an interim measure I am advised that a number of businesses and organisations are investigating the benefits of bulk ticket purchases for their employees. These are good steps forward, but unfortunately the Federal Government to this point has failed to embrace the idea of tax concessions for public transport. That Ernst and Young report has been referred to the Ministerial Council for Treasurers for consideration. I hope that it is picked up by them. I have not argued necessarily that they take away tax concessions for private motor vehicles, but if it is logically valid for that concession to be in place, it should also be extended to public transport. If we do that, there will be a further increase in people coming back to public transport, which is something that most people acknowledge is worthwhile.

However, in summary, the ITSRR customer survey for this year that I am revealing tonight shows overwhelming improvements in the experience of people who are using our CityRail service, and that is a pleasing result, in particular for the thousands of men and women who work for RailCorp and have worked exceedingly hard to deliver an improved service. There has been a lot of criticism of rail over the past four years. I think it is appropriate to acknowledge when improvements occur. Certainly our customers are doing so. I have to say that when I catch the train, and it is almost every day that I do so, people tend to come up to me and say that the service is improving. No-one has thrown me out of a train or chased me from a station. They all overwhelmingly acknowledge that things are improving, and that is what we hope to continue to deliver.

The Hon. AMANDA FAZIO: Do you do an equivalent customer survey for bus travellers?

Mr JOHN WATKINS: We will come to that perhaps when we come to buses.

The Hon. GREG DONNELLY: Just picking up the issue of the Epping-Chatswood rail line, could you provide the Committee with an update of the work associated with that project?

Mr JOHN WATKINS: I am happy to. It is certainly an outstanding piece of infrastructure. It is the biggest infrastructure project underway in New South Wales currently. It involves three new stations on the line as well as major improvements for Epping and Chatswood. I visited Macquarie Park station recently with the chief executive officer of RailCorp and also the Premier. It is a very impressive railway station. People who have more experience than I in overseas travel tell me that it is world class and that we will not get much better railway stations in any city as those that are being built along the Epping-Chatswood rail line. It is a \$2.29 billion project, so it is certainly a big one; 10,000 people have worked on it during the construction; it is 12½ kilometres of twin rail tunnels; three stations.

It will provide to commuters who work in the area, those who stay in Macquarie and the growing Macquarie Park area, a new public transport option, which should mean that growth in private motor vehicle transport in that congested area of Macquarie Park, which is in my electorate, can be dulled, hopefully by more people catching the train. Optus moved into its new facility at Macquarie Park just a fortnight ago—6,000 new employees in the area. They have a bus system, but they are really waiting with bated breath for a rail system because many of their employees will use it and it will be a real boon for the information technology corridor that is out there.

I have also explained previously about the improvement that it will make to passage on the main western line by diverting four trains per hour. That will create capacity for an additional 18,000 rail passengers a day on the western line by improving or increasing the number of trains. Construction of that rail line is in its final stages. There is now a progressive completion of the fit-out of each of the new stations. Certainly the tunnel construction is complete; the tracklaying is finished; overhead wiring and signalling system design is progressing. It is a critically important part of the project to make sure that it fits in or integrates into the rest of our rail network. The commissioning process for a project of this scale is quite massive. What makes the delivery of the project even more remarkable is that, unlike other construction sites, RailCorp and the Transport Infrastructure Development Corporation [TIDC] are building a new rail line at the same time as running more than 2,300 passenger services each day, in particular through the Epping and Chatswood end—two extremely busy stations. Construction has gone ahead while we have maintained that rail service and as far as possible reduced the disruption to our passengers.

There is a great deal of vital work to be done before we can safely and reliably commence passenger operations, that is, the testing, the commissioning, the integrating of the line—the safety testing that has to occur. That will continue until RailCorp takes possession of the line from the Transport Infrastructure Development Corporation, which is expected to occur in September 2008. We need the new line to be able to integrate with the rest of the network. That means that signalling, the electrics and the train location system that let staff at the rail management centre see exactly where a train is on the network is finalised. There is the fire control system such as sprinklers, fans and fire detection systems. All of that needs to be fully integrated, so it is a huge task.

After mid-September next year RailCorp will undertake a further three months of essential readiness work and we will have passenger trains running on the line before the end of next year. The

all-up cost of \$2.289 billion is in the budget paper. We commenced construction in November 2002. The excavation of the two underground tunnels took almost two years. During the tunnelling 4.2 million tonnes of Hawkesbury sandstone were excavated and recycled on projects such as the Westlink M7. In the final stage the Thiess-Hochtief joint venture set a new world record by excavating 92 metres in a 24 hour period; 10,000 workers; 10 million man hours; 42 escalators; 10 lifts; 600 tonnes of structural steel—it is a massive project and it is coming towards its completion next year and I think it will continue to make a real difference in the Macquarie Park area, but significantly on that main western line, which is our busiest.

The Hon. MATTHEW MASON-COX: Minister, I want to ask you a series of questions on the Tcard. The budget papers reveal that about \$64 million has been spent by the State Government on the Tcard project to date. What specifically has this money been spent on?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: When did you first become aware of the problems dotting the Tcard project?

Mr JOHN WATKINS: I have been aware for some time. I raised concerns earlier about my frustrations with problems. But certainly since I became Minister for Transport there have been problems in the delivery of the Tcard, and that is two and a half years.

The Hon. MATTHEW MASON-COX: What have you actually done about those problems and do they continue to exist?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: You do not know what you have done—

Mr JOHN WATKINS: I know a lot of what I have done, but as I said earlier there are certain issues in relation to our contractual relations that are significant in this, so I will take that on notice.

The Hon. MATTHEW MASON-COX: I was wondering how commercial incompetence could affect the actions you might take in relation to existing problems under a contract?

Mr JOHN WATKINS: I will come back to you in detail on that.

The Hon. MATTHEW MASON-COX: Why did you announce widespread trials of the Tcard project before the last State election when you must have known that the project was not meeting the milestones you had already announced?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: Perhaps you could hazard a guess at this moment in time?

Mr JOHN WATKINS: I would prefer not to.

The Hon. MATTHEW MASON-COX: What project milestones have been reached under the contract with PRG?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: Are there any project milestones that have been reached at this point in time?

Mr JOHN WATKINS: I will provide you as detailed a response to those questions as I can.

The Hon. MATTHEW MASON-COX: When does the Government expect network-wide trials of the Tcard to proceed?

Mr JOHN WATKINS: Could you give a bit more detail about network-wide trials?

The Hon. MATTHEW MASON-COX: Across the whole transport network.

Mr JOHN WATKINS: That was always proposed to be in different stages with bus first and rail following.

The Hon. MATTHEW MASON-COX: So where are we up to now?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: You are not sure?

Mr JOHN WATKINS: As I said, I would like to provide you with the most detailed responses that I can that are also governed by the constraints that I work under with regard to the parameters of the contract. My half-answering your question here tonight does not provide you with the detail that you deserve.

The Hon. MATTHEW MASON-COX: What is the fare structure that Tcard will have? Can you give us an outline of that? For instance, will it be distance or zone based and how will this compare with existing arrangements?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: Just a rough view.

Mr JOHN WATKINS: The original implementation of the Tcard was that the contractor requires the products that are currently available to customers to be made available via the contract, so the contract for the Tcard requires the provider to provide the fare products that are available, the whole range of fare products that are available, but for any further questions on that hopefully I will provide you with more detail.

The Hon. MATTHEW MASON-COX: Given the colourful history of the Tcard project—

Mr JOHN WATKINS: That is one word.

The Hon. MATTHEW MASON-COX: When will all commuters have access to the Tcard in your best estimate?

Mr JOHN WATKINS: I have been proved wrong previously with estimates and I am not going to provide a timetable for the delivery of an electronic ticketing system for Sydney. I would like to bring it about as soon as we can, deliver that in a way that works for the travelling public and protects the taxpayer, but I cannot sit here tonight and give you a timeframe.

The Hon. MATTHEW MASON-COX: I know you are fully aware of the history in relation to this very colourful project. Given that it was first promised in 1997 and 10 years later here we are, still wondering when it might come, can you give us a decade that it might be actually available, or maybe a year in the future? Perhaps your best guess?

Mr JOHN WATKINS: Again I would prefer to give you the response that you deserve to that question, it being on notice.

The Hon. MATTHEW MASON-COX: I certainly deserve something along the lines of a specific answer to a very specific question.

Mr JOHN WATKINS: Yes, and that is why I will take it on notice.

The Hon. MATTHEW MASON-COX: How many schoolchildren are using the Tcard technology, and how have these numbers been calculated?

Mr JOHN WATKINS: I will take that on notice but I should be able to give you a response to that before we finish tonight.

The Hon. MATTHEW MASON-COX: By how much does the Public Transport Ticketing Corporation expect the liability cap of \$10 million from ERG to be exceeded?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: Have any compensation payments already been made by ERG? If so, how much has been paid?

Mr JOHN WATKINS: I will take that on notice. Again, I apologise but these are very detailed questions.

CHAIR: They are not that detailed.

Mr JOHN WATKINS: They are. As I explained at the start of the hearing, there are certain issues with regard to Tcard that are commercial in confidence. I will take advice on the very valid questions you have raised and I will get back to you in detail. I think that is what you would expect of me.

The Hon. MATTHEW MASON-COX: I would expect you to answer the questions as much as you can in this hearing.

Mr JOHN WATKINS: And that is what I will do.

The Hon. MATTHEW MASON-COX: I find it a little surprising that you are hiding behind commercial in confidence when we have asked some specific questions tailored to your actions in response to the problems, not the actions of ERG or other parties.

Mr JOHN WATKINS: Sure.

The Hon. MATTHEW MASON-COX: Matters in your domain, not the commercial confidentiality of that contract.

Mr JOHN WATKINS: Hopefully, I have shown tonight that I am willing to explore most issues, but again I will come back—

The Hon. MATTHEW MASON-COX: No, you have not—quite the opposite!

Mr JOHN WATKINS: In relation to every other area that we have discussed with regard to transport policy, light rail and so forth.

The Hon. MATTHEW MASON-COX: This is the first area I have raised with you.

Mr JOHN WATKINS: Okay, but I will come back to you, and perhaps we can have that discussion after that.

CHAIR: Can you give us the total estimated cost of the Tcard project at this stage?

Mr JOHN WATKINS: I will come back to you.

CHAIR: You do not even know that.

Mr JOHN WATKINS: I will come back to you on that.

CHAIR: We have quite a bit of time for future discussions on that topic.

Mr JOHN WATKINS: Sure.

The Hon. MATTHEW MASON-COX: It could be fertile ground for a supplementary hearing.

Mr JOHN WATKINS: If there are some responses I can give tonight to some of those questions, I will certainly try to do so.

CHAIR: Can you explain why, after almost four years, RailCorp has failed to implement recommendations 1 and 20 of the Waterfall inquiry that require all rail management centre staff to be trained to assess and respond quickly to a rail emergency and operational staff to be properly trained in emergency procedures relevant to their position?

Mr JOHN WATKINS: I will ask Mr Graham to assist with that.

Mr GRAHAM: We did proceed with the implementation of both of those recommendations. Following both of the harbour bridge incidents, when we undertook our review as to the performance of the Rail Management Centre, we could not satisfy ourselves that those recommendations that you refer to had been fully implemented. Therefore, we have elected to undertake a further round of developmental work within the Rail Management Centre so that we can satisfy ourselves, prior to satisfying the regulator, that both of those recommendations have been robustly implemented. We are not satisfied, given the response particularly to the first harbour bridge incident, that the training that was provided to the Rail Management Centre was effectively deployed during that incident, and that is why we have determined that we will do a further thorough review so that we satisfy ourselves prior to satisfying the regulator.

Mr JOHN WATKINS: A huge amount of work that has gone in from RailCorp to ensure that the commitments that we made following the Government's response to McInerney's report would be put in place. It has cost a large amount of money. It has ensured a lot of training and staff commitment from the chief executive officer down, and most commentators acknowledge, in my experience, that here has been a major change in the way that RailCorp delivers safety. It had to; that was the key recommendation of McInerney following that tragedy. We have done a lot to ensure that that process has been publicly reported because the Insolvency and Trustee Service Australia reports publicly on this each quarter through to the Parliament, because that was a commitment that we made following the Government's commitment with regard to McInerney's work. There has been a huge change in how RailCorp does its business, and there has been a lot of very good work done by a lot of people in the organisation.

CHAIR: With regard to CountryLink, can you advise the Committee how much revenue the Government has reaped from the pensioner booking fee that was introduced in March last year for the 2006-07 financial year?

Mr GRAHAM: We will take that particular question on notice.

CHAIR: In general, have bookings by pensioners to use CountryLink services dropped since the booking fee has been introduced?

Mr GRAHAM: Overall since we introduced the range of measures that were designed to improve the sustainability of CountryLink services—and you will recall from questions and discussions at prior meetings in this place that those particular initiatives to ensure the sustainability of CountryLink, to ensure that the rail services that operated continued involved a range of specific initiatives, one of which was the introduction of the co-payment for pensioner travel, and another one was to ensure that the increases in fares kept pace particularly with the fuel cost increases. As a result of those combined initiatives, we have been able to increase the total revenue of CountryLink. In regard to your specific question as to the movement in the usage of pensioner travel vouchers, we are not able to be precise because clearly there is some movement away from those who would have previously used a free pensioner travel voucher in some circumstances to use the \$2.50 pensioner excursion that is available outside the metropolitan area.

To specifically answer your question on the movement in the total usage of pensioner travel vouchers, there has been a marginal decrease in the use of pensioner travel vouchers but an improvement in the total revenue CountryLink is attracting. Of course, that was the objective to ensure sustainability, to ensure that that co-payment meant that those who were using the service provided a modest contribution. I remind the Committee that only about 25 per cent of the operating costs are recouped from those who use the CountryLink service; 75 per cent of the operating cost of CountryLink is paid for by New South Wales taxpayers who may or may not use that particular service.

Mr JOHN WATKINS: We should remember that the Parry report into CountryLink rail services that was initiated some years ago recommended that certain rail services be discontinued in favour of coach services. The Government considered Parry but said, "No, we will maintain rail services because that is what the community especially country New South Wales said very strongly."

CHAIR: Except for the Northern Rivers, where they have said very strongly they wanted a train but they do not have one at all.

Mr JOHN WATKINS: That was not as a result of the Parry inquiry but another factor, and we can go to that later. Another issue is the competition that CountryLink rail services have been suffering over the past 10 years from cheaper airfares. That is what has eaten into the patronage base of CountryLink. It is the competition that RailCorp, through CountryLink, faces. But the Government said it would maintain CountryLink rail services; we would not move to coach services. In some of the consultation that occurred in country New South Wales some commuters said, "We are willing to bear an increase in cost for service if we can retain our train service." And that is what the Government did. We made other efficiencies. We are in the process of spending a large amount of money—\$42 million—on upgrading our XPT fleet so that those people using CountryLink services via the XPT can enjoy a more comfortable trip. If you have not seen the new upgraded train, you should have a look. It is very comfortable.

Ms LEE RHIANNON: I have some questions regarding Sydney Ferries.

Mr JOHN WATKINS: Do you want to come back to CountryLink?

Ms LEE RHIANNON: Yes. Some of my questions might have been answered already. Can you outline your plans for Sydney Ferries?

Mr JOHN WATKINS: I ask the Rear Admiral to join me at the table to answer these questions.

Ms LEE RHIANNON: Could you outline your plans for Sydney Ferries? Specifically, when will the Walker report be released? What is your timeline for responding to the Walker report?

Mr JOHN WATKINS: There are a couple of questions there. The Walker report is due this month, on 31 October. Previously Commissioner Bret Walker sought an extension of time, which was granted. At this stage we expect his report on 31 October. What I have said previously to parties that have asked is that the report, which I think comes to the Government because it is a special inquiry, will be made public almost immediately for public consideration and consultation. At some stage after that the Government will respond, but there will be a period for members of the public, unions and interested parties to consider the report in detail.

Ms LEE RHIANNON: When you said that there will be a period to consider it, is that a formal process? Would you be asking for a response to the Walker report? Or is it just out there in the public?

Mr JOHN WATKINS: The Government is still considering that issue. At the moment there will be time for the public to consume and make themselves aware of what is in the report before the Government makes the decision public. I am still looking at whether we could or should formalise that. I have not made up my mind.

Ms LEE RHIANNON: Minister, you are obviously hinting that something is going to happen when you bring down a report of this size. What process will be implemented to ensure that all stakeholders, including ferry workers and their unions, are involved in the way changes to the management of ferries occurs? Are you going to involve the stakeholders in the process of implementation of the changes?

Mr JOHN WATKINS: The broad answer is yes. Until I receive recommendations from the commissioner it is very difficult to go into any more detail. I made it clear in my meetings with the constituent unions that I want them to see in detail what is in the report. I do not believe you can bring about much change without its involving the stakeholders in some form or other.

Ms LEE RHIANNON: In terms of issues to do with the industrial relations issues involving the ferries, there have been reports that the Government, or rather ferry management, has failed to adhere to various outcomes that have been brought down by the Industrial Relations Commission. Can you inform us of the degree to which you are adhering to recommendations from the commission?

Mr JOHN WATKINS: The Government expects, I would have thought, all agencies to respect the rulings of the Industrial Relations Commission, and that applies to Sydney Ferries.

Ms LEE RHIANNON: I do not have the figures in front of me, unfortunately, but there are certainly reports that Sydney Ferries is one Government agency that does not have a good track report in adhering to Industrial Relations Commission outcomes.

Mr JOHN WATKINS: Yes, I have heard some suggestion of that. I do not agree with it.

Ms LEE RHIANNON: Can you supply the figures to show that you are correct?

Mr JOHN WATKINS: That would be a difficult task. If you could give a specific example it would be far easier for me to seek a response. There has been a multitude of Industrial Relations Commission matters involving Sydney Ferries. If you have specific issues in which you believe the commission's rulings have not been respected I would be very happy to take them and get a specific response about them and forward them to you.

Ms LEE RHIANNON: Thank you, Minister. I do not have any more Sydney Ferries questions. I have other public transport questions.

The Hon. LYNDA VOLTZ: We have no more questions regarding Sydney Ferries. We can move on to the next group.

CHAIR: Minister, can you confirm that all the docks at the Balmain shipyard are operating to full capacity in maintaining Sydney Ferries work?

Mr JOHN WATKINS: The maintenance yard at Balmain is operating and it operates to certain capacity. There have been real improvements in the maintenance capacity at Balmain in recent times. You said "full capacity". I do not know what that means.

CHAIR: For example, can you confirm whether you have spent \$300,000 purchasing a crane for the Balmain shipyard that apparently cannot perform the function for which it was purchased? Does that have any impact on the capacity at which it can operate?

Mr JOHN WATKINS: The Rear Admiral will answer that.

Mr SMITH: There is a program of maintenance being done at the yard on the wharves, replacing some of the piers and concrete parts of the wharf. That has prevented the crane being able to operate on some of the wharves. It is an ongoing repair program for the wharves themselves, and so we are not actually operating to full capacity because some of the wharves are not available.

Mr JOHN WATKINS: The Government is spending \$3 million to upgrade the Balmain shipyard. You cannot spend that amount of money and do that amount of work without having an

impact on the organisation and its throughput. Having said that, I am advised that the maintenance output through Balmain certainly has improved over the past 12 months.

CHAIR: So you bought the crane before the upgrade of the wharves was completed?

Mr SMITH: That was the sequence of events, yes.

CHAIR: Was that by design?

Mr SMITH: It was some time ago. Subsequent to that the survey of the wharf New South Wales Maritime identified the repairs that needed to be done. They are being conducted at the moment.

Mr JOHN WATKINS: Which is absolutely sensible and appropriate, I would have thought. We are spending a large amount of money on the bus depot at Leichhardt, which has an impact on the smooth operation of that bus depot.

CHAIR: But you would not build a bus depot on a road that is falling down; you would check it out first, would you not?

The Hon. AMANDA FAZIO: The bus depot is already there.

Mr JOHN WATKINS: In any organisation if you spend that amount of money on a hospital, or a maintenance yard, or fleet replacement, or fleet maintenance in rail, you will impact on a certain aspect of your operation. It almost goes without saying.

CHAIR: Rear Admiral, what is your estimation of the capacity at which the Balmain shipyard is operating? Is it at medium, full or low capacity?

Mr SMITH: It is actually exceeding capacity at the moment. The maintenance commitment that we have taken on with an ageing fleet is significant. On occasions, particularly leading up to summer when we are getting the fleet ready for summer runnings, we are required to bring in extra contractors to supplement the workforce. The Balmain yard is performing very well. Its productivity has increased quite significantly in the last 12 to 18 months. I am very pleased with what they are doing now. It is certainly not working below capacity but at full capacity at the moment.

CHAIR: Minister, can you advise the Committee of the average wage of a full-time Sydney Ferries captain?

Mr JOHN WATKINS: No, I will take that on notice.

CHAIR: Also, we would appreciate information as to the average wage of the full-time Sydney Ferries deckhand. Would you take that on notice?

Mr JOHN WATKINS: Yes.

CHAIR: The same for the average wage of the full-time Sydney Ferries ticket sales person.

Mr JOHN WATKINS: Yes.

CHAIR: Minister, can you advise the Committee why the management of Sydney Ferries approved a 10 per cent pay rise for ferry captains, which was well above the 2.5 per cent cap that your colleague Mr Costa has imposed on public servants, given that the captains had received a 4 per cent pay rise earlier this year as part of an enterprise bargaining agreement?

Mr JOHN WATKINS: Some of these matters will be subject to recommendations of Commissioner Walker. Certainly one of the detailed matters that Commissioner Walker is looking at before the Industrial Relations Commission is pay and so forth. So I prefer to take that question on notice at the moment. I certainly do not want to transgress areas in respect of which the commissioner will be describing what has been happening in Sydney Ferries and making recommendations.

Probably, that applies to several other areas of Sydney Ferries that you may wish to ask about. I do not want to transgress areas in which Commissioner Walker may be recommending or reporting upon.

CHAIR: Members may now ask questions about buses.

Mr JOHN WATKINS: Peter Rowley is the acting Chief Executive Officer of Sydney Buses. If there are questions about the private bus network, those should be kept for Jim Glasson, the Director General of the Ministry of Transport.

The Hon. AMANDA FAZIO: Minister, can you advise the Committee on State Transit's plans for its new Euro 5 diesel buses, and other initiatives to meet the New South Wales Government's targets under its Greenhouse Plan to reduce greenhouse gasses by 60 per cent by 2050?

Mr JOHN WATKINS: The New South Wales Government is working hard to improve the reliability, comfort and safety of our public transport network, replacing more than a quarter of our State Transit bus fleet over the next five years. At the same time the Government's Greenhouse Plan has set targets of reduction of greenhouse gasses by 60 per cent by 2050. That is a huge challenge. Bus reform is an integral part of that. Get more people onto buses and we can improve the output from buses. There is a real win there.

We are finalising a cooperative agreement with the Australian Greenhouse Office to reduce greenhouse gas emissions to support State Transit's program for an absolute reduction in greenhouse gas emissions. New South Wales produces apparently 150 million tonnes per annum of greenhouse gasses. Transport produces 22 million tonnes, or about 15 per cent of that total, of which road transport is a major and obvious contributor with 16 million tonnes of emissions. State Transit's share of 155,000 tonnes represents 1 per cent of the total New South Wales road transport emissions.

Greenhouse gasses are predominantly carbon dioxide, or CO₂, about 99 per cent, with small amounts of nitrous oxide and methane. The standard unit of measurement is carbon dioxide tonnes equivalent. Over 90 per cent of State Transit's greenhouse gasses are emitted from the combustion of diesel and CNG, with the balance mainly arising from the consumption of electricity. New engine technologies have been successful in producing air pollutant emissions, such as carbon monoxide, sulphur dioxide, benzene, lead, particulates and greenhouse gasses. More people, however, are using public transport in Sydney than in any other capital city of Australia—22 per cent in Sydney, and 13 per cent in Brisbane and Melbourne.

We are committed to increasing this share of people using public transport, and over the next 10 years the real development of that will be through buses. That is why we are purchasing 505 new buses for the State Transit fleet. That will bring about a much better environmental outcome for New South Wales, because buses are three times more greenhouse friendly per passenger kilometre, compared with private cars, and much more so during the peak hour. The beneficial environmental effects of people transferring from cars to buses will not be taken into account as an emissions offset by the Australian Greenhouse Office. Only State Transit submissions will be considered.

The following are key points in respect of State Transit emissions from its fleet. New engine technology and new diesel and CNG fuels reduce many harmful emissions, including greenhouse gas. State Transit buses currently travel 95 million kilometres per annum in Sydney and Newcastle. New diesel and CNG buses use more fuel per kilometre than older buses. State Transit operates in heavy traffic, with an average bus speed of 18 kilometres per hour, compared with a Roads and Traffic Authority target of 25 kilometres per hour. The challenge for State Transit therefore is to reduce greenhouse emissions in an environment where the New South Wales Government is actively promoting more bus travel, where congestion can be an issue, and where fuel consumption per kilometre is increasing. The Premier said at the launch of the State Plan:

Success will not come easily. It demands new habits and attitudes, new technology, and change for every home and workplace.

State Transit's fleet replacement program is a major commitment in meeting those challenges for greenhouse gas reduction targets. State Transit became the first bus operator in Australia to commit to the purchase of Euro 5 clean diesel buses, which use state-of-the-art emissions technology to help the environment by generating the lowest emissions from any mass-produced conventional commercial

bus in Australia. The Euro 5 diesel contract was awarded to Volvo, with bodies to be awarded to Custom Coaches at Smithfield, and Daimler Chrysler for the supply of 255 new CNG buses over five years.

There are a number of other measures that we are putting in place in State Transit. That Euro 5 diesel bus technology is a major factor, with catalytic reduction technology on those new buses. We have permanent on-site refuelling facilities established at Randwick, Burwood and Hamilton for the Euro 5 buses. There are a number of other measures that we are putting in place. I will skip through some of them: more priority bus lanes; an increase in the number of prepaid services, where the average boarding goes from 11 seconds to 3 seconds; the investigation of buses talking to traffic lights about scheduling; monitoring of congestion of buses at bus stops; and extending the operation of bus lanes in the CBD—which happened today—from 6.00 a.m. till 10.00 a.m. and from 3.00 p.m. until 8.00 p.m. All of those factors will make bus travel more environmentally friendly and hopefully more friendly to attract more people onto buses.

There are a number of other measures that we are putting in place to ensure that State Transit, both through its head offices and through its buses, is improving its environmental footprint. As I have said a couple of times, getting more people onto our buses is probably one of the best and most effective things that people can do for the environment. Fill a bus and you take 80 cars off the road. That certainly has a major beneficial impact for the environment.

The Hon. AMANDA FAZIO: Minister, following on from your statement that you are promoting more people travelling on buses, I think the extension of CBD bus lanes is really worthwhile and is a recognition of the fact that people no longer work from 9 to 5. Has any consideration been given to other initiatives, such as in areas with a Saturday and a Sunday timetable, to bring in a uniform weekend timetable so that there are bus services on both Saturdays and Sundays?

Mr JOHN WATKINS: We are consistently looking at our timetables to ensure that they provide the best possible service within the limitations we have regarding geography, number of patrons on a particular bus, and bus availability. We are consistently looking at improving the timetable service. State Transit has also signed up under the metropolitan bus contract mechanism. That will require it to do service reviews of its areas of operation, which will have an input from the general public to bring about improvements in route structure and timetabling of services. One of the good initiatives this year—it has proved to be very effective—has been the cashless bus service.

The Hon. AMANDA FAZIO: Yes, it is good.

Mr JOHN WATKINS: It started with the Circular Quay to Bondi route, the most profitable and busiest bus route in Australia. We established a 333 bus service along the 380 path out there. It is a very strong mover of people to and from Bondi. That prepaid service proved to be extremely popular. Accordingly, we decided to ensure that, so far as possible, a prepaid service would be available on all State Transit major routes into the city. That was in October 2006, so it is 12 months ago that the 333 Bondi Bendy bus route was established. Cashless services now cover the northern beaches with buses operating on Pittwater Road and Military Road; on Anzac Parade to the University of New South Wales, Alison Road and Botany Road; on Victoria Road to Ryde, Epping Road, Denistone; and on King Street to Kingsgrove and Canterbury. Many passengers who previously purchased cash fares are now buying prepaid tickets. Since the introduction, for example, of the 333 Bondi bendy, about 10 per cent of passengers have converted from cash sales to prepaid tickets—that is, about 35,000 people a week—so it is considerable.

There has been a 12 per cent increase in the sale of travel tens across the city bus network, so it has certainly been a major driver of changed behaviour. We ensured that, if we were going to a cashless service, there would be alternatives. We were not going to make the entire route cashless because tourists and certainly senior citizens tend to stick with cash. We also made sales points for the multiple tickets more available along those corridors. Before the end of 2007 three more bus routes will go cashless—the 448, Pyrmont to Queen Victoria Building; the 205, Willoughby to Wynyard; and the 272 Chatswood to Wynyard service. That brings us to 24 cashless bus routes in Sydney, with buses on 12 major bus corridors. It has been a remarkably strong initiative. It surprised me just how strongly it has been taken up.

The Hon. LYNDA VOLTZ: Minister, you mentioned earlier that Leichhardt bus depot was undergoing redevelopment. I understand it will be Australia's first green bus depot, so I am hoping that you can tell me what that is.

Mr JOHN WATKINS: Sure.

The Hon. LYNDA VOLTZ: I would also like to know what is happening with the two heritage-listed buildings on that site.

Mr JOHN WATKINS: A \$34 million facelift, state-of-the-art development of the historic transport hub, will cater for growth. We also made a decision to make it virtually entirely compressed natural gas [CNG] to improve services. It will have the largest gas bus fleet in Australia with over 200 CNG buses. We will protect the heritage buildings on site. Work has also been done to minimise noise and light to neighbours, and we are using recycled water. Council and the local member have warmly embraced that project. That site has been used as a transport hub for almost 100 years. The historic tram shed, cable store and traffic office buildings are also located on that site.

The development application was approved in June last year. If you drive past you will notice that a lot of work has been done since that time. We are committed to continuing that work. Eventually the depot will be almost entirely CNG. It will not be entirely CNG as about 10 per cent of buses will be diesel, which is better for operational reasons, but overwhelmingly there will be CNG buses. We are fulfilling our heritage responsibilities by protecting those really significant old tram sheds and other buildings on site. My impression is that local bus commuters, residents who live in the area and also State Transit have warmly welcomed that project. A couple of months ago when I visited the area there was also a great deal of enthusiasm from staff at the depot.

The Hon. GREG DONNELLY: In an earlier answer you made some reference to the cashless program and how successful it had been on some routes. Could you provide to the Committee a report on your intention to expand the cashless system?

Mr JOHN WATKINS: Sure. Twelve months ago, after the introduction of the 333, we announced that we would look at it. Another three buses will be unveiled over the coming months. By the end of this year that will complete the rollout of cashless services we had intended. We will continue to look at this issue to see whether or not some further routes could go cashless. However, I am conscious of the needs of our entire community. Many tourists are not prepared for a cashless service and they might not want to purchase travel tens. Certainly pensioners who receive pension excursion tickets would not want to go cashless. We are looking at that issue. The bulk of our services will still be cash services. However, if we can encourage people to cashless services it will make a great improvement. I understand that there have been savings of up to 10 minutes on certain routes that have gone cashless.

Mr ROWLEY: Yes. The 333 in particular directly overtook what is called the L82 route. There was a direct 10-minute saving over the existing corridor.

Mr JOHN WATKINS: We will continue to establish whether there are any routes that can go cashless, knowing that we also have a responsibility to a wide range of customers who come to State Transit. There is one other thing that is slightly off Peter Rowley's responsibility. The Minister for Transport recently approved a discounted weekly ticket for regular passenger services on the M2. That will reflect a discounting on cash fares of about 10 per cent. So presumably it will have a benefit out there as well.

The Hon. MATTHEW MASON-COX: The Government has made much hoo-ha about the bus reform program in the bush. I just wanted to know how much money has been dedicated in the budget for this bus reform process, and where will the money specifically go?

Mr JOHN WATKINS: Could you ask that question when Jim Glasson is at the table? He is happy to come up later and answer that question. He is more responsible for private buses than Peter Rowley.

The Hon. MATTHEW MASON-COX: I move on to super metro buses. The budget papers indicate that the Government will commence a two-year trial of five super metro buses at a cost of \$12 million. When the policy was re-announced on 15 August 2007, why had the trial been reduced to 12 months but still at the same cost as the two-year trial?

Mr JOHN WATKINS: I will check on some of those dates. The super metro, a trial that we will be initiating in the first quarter of next year, will run from the University of New South Wales into the city via Central and then out to Leichhardt via Sydney University. I will check on the costings that the member referred to, but the huge bulk of the cost of running that trial is the upfront purchase of the five—

Mr ROWLEY: No.

Mr JOHN WATKINS: There is the purchase of five buses and then there are a number of other costs in paying for the kilometres travelled. Some work has to be done on roads and we will be putting in place some other measures.

Mr ROWLEY: Yes.

Mr JOHN WATKINS: I will check on the details of the costings that the member referred to.

The Hon. AMANDA FAZIO: Minister, can you describe a super metro bus?

Mr JOHN WATKINS: We will check on the costing issue. There are a number of types of super metro buses, but they are based on the bendy articulated bus. In certain overseas jurisdictions there will be not just one bend but two bends. We do not have any here yet and we may never have them here because of our road geography. Certainly it is a bendy bus. Generally speaking inside there is reduced seating capacity and higher standing capacity.

The Hon. AMANDA FAZIO: Like the 73 route through central London?

Mr JOHN WATKINS: I am not aware of that. Certainly more standing, higher capacity and a dedicated route with high frequency.

Mr ROWLEY: Both corridors, Anzac Parade and Parramatta Road through the central business district, are called strategic corridors. Both will have good transport priority along them. These routes will be high-frequency services. Both corridors are in growth mode, so it is a good service to trial between the two terminuses.

Mr JOHN WATKINS: The buses carry 115 people, which is about twice as many as a standard bus. The bendy buses we operate currently carry about 85 passengers, so the Super Metro buses are even larger. It is a trial, firstly, to make sure that it works with the road geography and, secondly, with customer satisfaction. There will be fewer seats on those buses, which is something we will have to test to see whether that is suitable or acceptable to our customers. There will be a 12-month trial, and it may result in a good idea at the end of it. It is costing \$12 million.

The Hon. AMANDA FAZIO: Will people only board through the door near the driver or through other doors?

Mr ROWLEY: That is to be determined. It will be a cashless bus, so theory says there is no reason passengers would not be able to board through all doors. However, the availability of ticketing equipment and so forth might determine that. In theory, yes, passengers could board through all doors.

The Hon. AMANDA FAZIO: Do the buses have three doors?

Mr ROWLEY: The bus industry will come back to us with its preferred option: they may have two or three doors. The expressions of interest are being looked at right now.

The Hon. MATTHEW MASON-COX: Prior to the election the Premier indicated that the new Super Metro buses would be deployed throughout the city by Christmas 2007. Why have the buses now been delayed until 2008?

Mr JOHN WATKINS: I am not sure of the statement to which you are referring. If you can provide that, I will check it. The time frame I have always been working to for this initiative was the first half of next year.

The Hon. MATTHEW MASON-COX: It was in the *Daily Telegraph* on 20 February 2007.

Mr JOHN WATKINS: I will check the announcements made by the Premier. So, I will take the question on notice and come back to you.

CHAIR: With respect to the program for the acquisition of 505 new buses, in the 2006-07 budget papers there was provision for the acquisition of those buses with a program to run until 2011. The budget allocated \$36 million for that program. Can you advise the Committee how much did the Government actually spend on that program in 2006-07?

Mr JOHN WATKINS: I will take that question on notice and come back to you. I can report that funding for State Transit buses to be purchased in 2007-08 appears in the budget papers under the allocation for the Ministry of Transport, and the State Transit bus acquisition program is fully funded for 2007-08 and beyond. Jim Glasson may be able to help a bit more about where that appears in the budget. The State Government through the Ministry of Transport now purchases private and public buses that are available.

CHAIR: Can you tell us now how many of those buses are in operation?

Mr ROWLEY: As at 31 August there were 56 Volvo Euro 5 buses, however, a further four have been delivered up to Hamilton depot.

Mr JOHN WATKINS: So it is 60.

CHAIR: How many do you anticipate will be operating by the end of this financial year?

Mr JOHN WATKINS: We will take that question on notice and come back to you with an accurate picture. Did you say this financial year?

CHAIR: Yes?

Mr JOHN WATKINS: Yes, we will come back to you on that.

CHAIR: In the 2007 election promise material the Government undertook to invest \$450 million in the purchase of 1,000 new buses in the next seven years. Is that still the Government's position?

Mr JOHN WATKINS: It is more than that. Can we defer that question until Jim Glasson comes to the table; he is the director-general responsible for that area.

CHAIR: I have a few more questions about buses; perhaps they too should be deferred.

Mr JOHN WATKINS: If they are about private buses or the acquisition of buses, the Director General of the Ministry of Transport is the appropriate officer to direct them to.

CHAIR: Perhaps it is convenient to have Mr Glasson come forward now?

Mr JOHN WATKINS: Yes. Are there any further questions of Mr Rowley?

Ms LEE RHIANNON: I am not sure to whom they should be directed. Is it possible that both gentlemen could be seated at the table? It will make the process easier and more sensible.

CHAIR: Mr Glasson, can you tell us when will the delivery of the 505 new buses be completed and how much will the Government spend this financial year on those new buses?

Mr JOHN WATKINS: The 2007-08 budget allocation provides for 265 new buses in 2007-08 worth \$121 million. That includes 126 buses for private bus operators, including 52 for metropolitan operators and 76 for outer metropolitan operators, 134 standard CNG and Euro diesel buses for State Transit and the five Super Metro buses that we have discussed. So, all up 265 new buses in the 2007-08 financial year. That is what we are expecting to be delivered.

CHAIR: What about after 2007-08? Is that locked in?

Mr JOHN WATKINS: A contract has been signed for the delivery of those buses. Sorry, to which number are you referring? Certainly with State Transit it is a 505 delivery over five years, and that has been locked in with suppliers and Custom Coaches. The other buses will not go to that number in that seven-year period. Do you have the number over that seven-year period?

Mr GLASSON: No. My recollection was a number of 1,447, but we need to confirm that. There is an estimate of the total performance of buses over the seven-year period of the contracts, and that includes State Transit and the private operators based around the 12-year average age and the replacement program on an annual basis. If you want a specific estimate for the four years, I would need to provide those for you.

Mr JOHN WATKINS: And it is 1,447 over the seven-year period?

Mr GLASSON: Well, that is the number that is in my mind, but I would want to come back to you after having checked those numbers for the four years.

CHAIR: That would be appreciated.

Mr GLASSON: They may well vary because the operators come to us periodically, depending on growth and other matters. They are our forward estimates, but they may vary slightly.

CHAIR: Returning to my question about the election commitment of an investment of \$450 million to purchase 1,000 new buses over the next seven years, is that still the position?

Mr JOHN WATKINS: No. It is over 1,400 for that period of time. As Jim said, under the new contracts the Government purchases the bus on application by the company. So, if there is growth happening, they come to us and say, "Look, we have this growth occurring, we need more buses to fulfil that growth." So, we will purchase on their behalf. These are estimates under the contracts for where we think it will go.

CHAIR: How many new buses did the Government actually purchase in the last financial year?

Mr JOHN WATKINS: We will take that on notice, but it is a combination of the State Transit buses to which we have referred, and those we have purchased for private use in the city and in the bush.

Mr GLASSON: I might just clarify two matters. One will be buses ordered and the other will be buses delivered. You wanted to know how many actually were delivered?

CHAIR: Yes.

Mr GLASSON: Okay.

CHAIR: And how much they cost.

Mr GLASSON: Sure.

CHAIR: Also how many of them were articulated buses.

Mr JOHN WATKINS: That is relatively easy to answer. That was last financial year.

CHAIR: Yes, and how much was allocated for the acquisition of new buses for this financial year.

Mr JOHN WATKINS: State Transit is not purchasing any more articulated buses.

Mr ROWLEY: Not at the moment, no.

Mr JOHN WATKINS: And some of the private services will apply for articulated buses, or have in the past, such as Westbus and Forest.

Mr GLASSON: Westbus and basically Forest have both purchased articulated buses for their city routes.

Mr JOHN WATKINS: But a very low number.

Mr GLASSON: Yes.

Mr JOHN WATKINS: I think Forest has four, but we will check.

CHAIR: Could you indicate when you expect the last of those buses to be purchased?

Mr JOHN WATKINS: There is a seven-year contract that the city-based companies have entered into.

Mr GLASSON: The State Transit ones will be delivered in 2011.

Mr ROWLEY: That is when the final buses should arrive, by 2011.

Mr GLASSON: In 2011, or a year of that order.

Mr JOHN WATKINS: And the private bus services will keep rolling beyond that.

CHAIR: Can you tell us what a standard bus costs?

Mr JOHN WATKINS: It depends. They come in at around \$450,000 but it really depends on the extras that you have in it or do not have in it. Certain companies will have certain requirements.

CHAIR: What does an articulated bus cost?

Mr JOHN WATKINS: About \$650,000. I can find out the detail.

CHAIR: Thank you very much. In relation to bus drivers, can you tell us how many more bus drivers are employed by the State Transit Authority now, compared to 12 months ago?

Mr ROWLEY: It is about the same. In the last year we lost about 300 drivers who exited State Transit and we have been able to recruit 300. It has been pretty even in relation to our staff establishment.

CHAIR: What is that staff establishment?

Mr ROWLEY: It is 3,233.

Mr JOHN WATKINS: I am glad you asked that question because it is stated as a matter of fact that there is a shortage of bus drivers in State Transit, and it is not in fact true. Yes, State Transit is actively recruiting new bus drivers. There are ads on bus tickets and signs up in buses to encourage people to come and join. I would expect any company that has a turnover of staff to do that—to

advertise when you staff. The requirement to do that is not just in this industry. It is across so many industries.

The labour shortage that we are facing now and in the future is having a major impact on Health, in certain parts of teaching and in bus driving and certain other industries. Look at any of the skilled industries and there are shortages, or in most of them. I am very pleased that State Transit has had a very effective recruitment program in place so it has been able to maintain its numbers. We cannot let go of that. It needs to redouble its efforts because it is very difficult to get drivers in the heavy truck industry. It is an industry shortage and State Transit will have to continue to do its recruitment; so too will the private buses.

It is one of the reasons why the settlement of the enterprise bargaining agreement with State Transit drivers is important, and I hope is not too far off. Drivers have to be paid a fair and just wage. That is one of the reasons why people will come to be a driver. The other reason is that overwhelmingly State Transit drivers enjoy their job, even though it is pretty tough. But we have to redouble our efforts in recruitment, not just in bus driving but in other parts of the industries that are under pressure.

Mr ROWLEY: May I correct something? The figure I gave you earlier was just for Sydney buses. If you want to make it for State Transit including Newcastle, you need to add another 306. Our staff establishment across State Transit is approximately 3,500.

Ms LEE RHIANNON: How many workers in the department that you are responsible for are on 457 visas?

Mr JOHN WATKINS: I do not know the answer to that. I would not imagine there are many, but I will check.

Ms LEE RHIANNON: Could you check the number and also what jobs they are doing?

Mr JOHN WATKINS: Yes, and where they are.

Ms LEE RHIANNON: How much money has been spent on lawyers by the Department of Transport both in the State and Federal industrial relations commissions?

Mr JOHN WATKINS: I will take that on notice.

Ms LEE RHIANNON: Is there a RailCorp panel that was set up to give legal advice?

Mr JOHN WATKINS: I will take that on notice.

Ms LEE RHIANNON: So you do not actually know that answer now?

Mr JOHN WATKINS: "Panel" can mean all sorts of things and legal advice in relation to something. I mean, is it in relation to a particular event? RailCorp takes legal advice on a whole range of matters every day of the week. I am happy to get the specifics of your answer. I am being helped: there is a specific panel existing for industrial advice. Is that what you mean?

Ms LEE RHIANNON: Yes.

Mr JOHN WATKINS: Okay.

Ms LEE RHIANNON: Can Mr Graham remain at the table with the Minister?

Mr JOHN WATKINS: It is just that it is getting a bit crowded.

Ms LEE RHIANNON: I might ask some questions about buses later, but I think I have mainly questions on rail.

Mr JOHN WATKINS: Can we finish on buses?

CHAIR: Yes.

Ms LEE RHIANNON: The Greens do not have lots of staff, so sometimes my questions are not in order.

Mr JOHN WATKINS: That is okay. I am happy to come back to them.

Ms LEE RHIANNON: What I have immediately in front of me relates to trains or rail.

Mr JOHN WATKINS: I do not think there are any other questions on buses. I am happy to bring Vince back and go back to rail. If we can finish up on buses, I can let Peter go.

The Hon. MATTHEW MASON-COX: There is one question I want to ask about buses, if I may, and it relates to your mention of the enterprise bargaining agreement. I presume that is under negotiation at the moment?

Mr JOHN WATKINS: That is right.

The Hon. MATTHEW MASON-COX: That will solve the problems of bus drivers calling in sick en masse?

Mr JOHN WATKINS: There were some industrial issues recently that you are referring to. We have been negotiating now with the Rail, Tram and Bus Union, representing the bus drivers, for a period of time. There were some unsettled days, though I have to say that over the last month to six weeks the negotiations have gone very well. I think that we will resolve our differences. It is not done yet, but certainly industrially it has been very quiet.

The Hon. MATTHEW MASON-COX: It is very close to resolution?

Mr JOHN WATKINS: I hope so.

The Hon. MATTHEW MASON-COX: And you expect the enterprise bargaining agreement to be approved?

Mr JOHN WATKINS: I hope so. The Government has made an offer. We are now in the hands of the union and its members.

The Hon. MATTHEW MASON-COX: Could you detail the wage increase that you are negotiating?

Mr JOHN WATKINS: We have an offer of 4 per cent for each year over two years that we have put to them, but it is now with the union and its members.

The Hon. MATTHEW MASON-COX: How does your colleague Mr Costa react to that?

Mr JOHN WATKINS: He is very happy.

The Hon. MATTHEW MASON-COX: He has put a 2.5 per cent cap on salaries.

Mr JOHN WATKINS: This is within the wage policy of the Government, which was 2.5 per cent. Any increase on top of that was to be gained by productivity trade-offs. That is the package of measures that we have put to the Rail, Tram and Bus Union.

The Hon. MATTHEW MASON-COX: What productivity measures have you traded off?

Mr JOHN WATKINS: There are a number under discussion. There are a number of operational matters with regard to that that are currently in the hands of the Rail, Tram and Bus Union, so perhaps I will take that on notice because that is a matter that I hope will be resolved quickly.

CHAIR: Perhaps Mr Graham could return to the table?

Mr JOHN WATKINS: Have we finished with buses? Are there any other State Transit matters because, if not, Peter may as well leave. Jim will stay

CHAIR: We have some questions but—

Ms LEE RHIANNON: I have some bus questions but I do not want to ask them now in case I do not have time. I really want to ask rail questions.

Mr JOHN WATKINS: Right.

(The witness Mr Rowley withdrew)

CHAIR: Mr Graham can now come to the table.

Ms LEE RHIANNON: I asked whether there is a RailCorp panel that is set up to give legal advice.

Mr GRAHAM: We did go to the market for specific industrial law advice. A number of companies that are on that panel we would use selectively for particular industrial matters where we need legal advice, support and appearances before either a Federal or State commission.

Ms LEE RHIANNON: Why was this money spent on outside lawyers instead of using the in-house RailCorp industrial relations lawyers?

Mr GRAHAM: These are areas of considerable speciality where the external legal advisers are constantly dealing in very specific matters. Their expertise, their experience, their knowledge is something that an organisation such as ours would never be able to maintain effectively in-house. That is a very effective use to ensure the best possible legal advice when we do require advice either appearing in the various tribunals, Federal or State, or for specific industrial relations advice, for example, in developing enterprise agreements.

Ms LEE RHIANNON: Can you give an example because surely your in-house lawyers are the ones who are building the expertise to be able to represent your side when you are coming into negotiations or you have some case taken by one of your workers? Surely that is where the expertise would be?

Mr GRAHAM: I think there is a saying that someone who represents himself is represented by a fool in legal matters and it is extremely important that when there are complex matters of law to be determined in a tribunal or complex matters of industrial law that require specific advice, the best possible advice is obtained on that particular issue.

Ms LEE RHIANNON: Minister, would you agree with that description, that there are in-house RailCorp IR lawyers who are fools?

Mr JOHN WATKINS: No, that is not what Vince was saying, but good try.

Ms LEE RHIANNON: It sounded a bit like it.

Mr JOHN WATKINS: Every agency I think that I have been involved with at times seeks external legal expertise and that is what RailCorp does, and it is in fact what other agencies that I am responsible for does, and I think that is appropriate.

Ms LEE RHIANNON: Did the department refuse a request from the Rail, Tram and Bus Union for a five-year plan for operations at the maintenance workshops?

Mr JOHN WATKINS: No, that was the matter that I referred to earlier on maintenance, and one of the issues for continuing discussion through the Industrial Relations Commission is that of a long-term business plan.

Ms LEE RHIANNON: So that is still on the table?

Mr JOHN WATKINS: Yes, it is.

Ms LEE RHIANNON: The five-year plan?

Mr JOHN WATKINS: Yes. A long-term business plan was suggested and there are ongoing discussions about that.

Ms LEE RHIANNON: What aspects of the transport department's work have been contracted out?

Mr JOHN WATKINS: Do you mean RailCorp?

Ms LEE RHIANNON: Yes.

Mr JOHN WATKINS: So what aspects of RailCorp—

Ms LEE RHIANNON: Have been contracted out?

Mr JOHN WATKINS: Vince can go into it in more detail if you want, but there is a whole range of contractors, in particular in the heavy-duty work out there on our maintenance.

Ms LEE RHIANNON: We talked about maintenance before. Are there other areas?

Mr GRAHAM: Sorry, I just need clarification of the question, if I may. The question related to what percentage of work is contracted out?

Ms LEE RHIANNON: What aspects? I am trying to get an idea of the work that is now being contracted out.

Mr JOHN WATKINS: A wide range of work is done by contractors and it is well understood in Rail that New South Wales government agencies limit the use of contractors to areas where there does not exist the necessary skills or specific expertise to effectively and efficiently undertake the required project or task. I am advised that is a requirement. The contractor's work is monitored and evaluated to ensure that objectives and milestones specific to the project are met within the agreed budget and time frame. The Government has approved a range of reforms to improve procurement outcomes for our agencies, and that is simplified existing procurement policies and procedures to get a better process in place. But again, many of the agencies that I am responsible for use a range of contractors to do a very wide range of work. I can give you a more detailed response to give you some examples, if you like.

Ms LEE RHIANNON: Yes, if you could give me the areas where that has happened?

Mr JOHN WATKINS: Yes.

Ms LEE RHIANNON: You have said that there is regular monitoring and evaluation. Does that process also involve making a comparison between the work being undertaken by the contractors and the same work being undertaken by public sector workers? Is that part of that evaluation?

Mr JOHN WATKINS: It may not be the same work that is being undertaken.

Ms LEE RHIANNON: Yes, but if you are talking about evaluating and monitoring, what are you evaluating against? What is your benchmark?

Mr GRAHAM: I think the question is trying to establish the work of rolling-stock maintenance that is done in-house and that has been done by contractors, and how do we then evaluate the effectiveness of external contract versus the in-house maintenance?

Ms LEE RHIANNON: That is a good example, and then I would be interested in other areas, but if you could elaborate on that it would be useful.

Mr GRAHAM: We actually outsource around 70 per cent of the work involved in maintaining the CityRail train fleet. What we refer to as back-shop maintenance is undertaken under contract to MainTrain, a subsidiary of the United Goninan company. That work is undertaken out of Auburn and generally involves the removal of major components, the overhaul of those components and major 6 yearly and 12 yearly overhaul of carriages as part of the contract. What we refer to as running maintenance is undertaken in our in-house maintenance facility, so there is no direct comparison between the work that is being undertaken at our in-house facilities compared to the back-shop work that has been undertaken by United Goninnan because each of them are forming different maintenance activities and therefore you cannot directly compare the outcomes.

Mr JOHN WATKINS: And one of the areas of the Keith Clark report, which I referred to earlier, looked at information capture, about what work is done in our public sector maintenance yards, and at identifying activities, time taken to perform particular tasks and how we can bring about improvements.

Ms LEE RHIANNON: I want to move on to a question to do with the Australian Rail Track Corporation. How many former Rail Infrastructure Corporation workers have been seconded to Australian Rail Track Corporation in rural and regional areas? What I am interested in is what those areas are and I am interested also in the future of the workers. When does the lease of these staff positions come to an end?

Mr JOHN WATKINS: There is some fairly detailed information in that question. In 2004 we signed a 60-year agreement with the Australian Rail Track Corporation for maintenance and operation of the non-metropolitan network. The Federal Government funds the interstate and Hunter Valley networks with remaining lines, designated as the country regional network, funded by the New South Wales Government through a five-year funding agreement. To date the Australian Rail Track Corporation has completed more than \$660 million in capital and other upgrades.

Ms LEE RHIANNON: I note that you said a five-year funding agreement, so maybe that is part of the answer to the question that I asked. When does the lease of the staff positions come to an end?

Mr JOHN WATKINS: I am just coming to that. In order to ensure that resources are available to maintain track safety, Australian Rail Track Corporation entered into a labour service agreement with Rail Infrastructure Corporation and the State Rail Authority. Under this agreement the Australian Rail Track Corporation has direct supervision of seconded workers. There are currently 715 Rail Infrastructure Corporation employees seconded to the Australian Rail Track Corporation for maintenance of the country rail network. The labour services agreement under which that secondment occurred comes to an end on 30 June 2008. In recent months the Australian Rail Track Corporation and Rail Infrastructure Corporation have conducted briefings for all workers on their options. I have met with union representatives and the Australian Rail Track Corporation to discuss that process and there is good continuing negotiation between the rail unions and the Australian Rail Track Corporation over whether those employees will go across to the Australian Rail Track Corporation or not. That is a matter that is currently being negotiated.

Ms LEE RHIANNON: So you are confident that all workers, the 715 workers, have been informed of their future?

Mr JOHN WATKINS: Yes, they have certainly been informed. There has been a very detailed industrial instrument put to those people by the Australian Rail Track Corporation. There has been a lot of discussion over the detail of that, toing and froing, so that those seconded workers can make up their mind as to what they will do. I think that will be happening over the next three months.

The Hon. MATTHEW MASON-COX: What community consultation has the Government taken in relation to the transport commuter charter promised by you and the Premier on 22 March this year following the State election?

Mr JOHN WATKINS: Can you repeat the first part?

The Hon. MATTHEW MASON-COX: What community consultation did you take in relation to the transport commuter charter?

Mr JOHN WATKINS: No community consultation as yet but that was not promised as part of that process. A fair deal of work has happened on establishing the charter and it will become public, but community consultation was not envisaged as part of that process to arrive at that point. The Premier and I both acknowledge there are a few things I can tell you. The commuter charter is based on four principles: linking CityRail board and senior management remuneration to on-time running, an independent measure of customer satisfaction, fare structures that link fares to performance, appointment of a commuter ombudsman, and recognising and investing in rail staff. We are implementing certain parts of that charter, and there have been a few announcements over recent times—the development of customer service managers and a few other matters.

The Hon. MATTHEW MASON-COX: When do you expect the charter to be finalised?

Mr JOHN WATKINS: In the near future.

The Hon. MATTHEW MASON-COX: And that would be?

Mr JOHN WATKINS: The fullness of time. I would expect it to come to fruition by the end of the year.

The Hon. MATTHEW MASON-COX: How much has the Government set aside this year for the public transport chair, including recruitment of that chair at the university?

Mr JOHN WATKINS: The public transport chair was a matter that we announced some time ago because I thought there was a need to develop the capacity for some intelligent comment about public transport issues. Accordingly, we entered into an agreement with the University of Sydney and have committed \$200,000 annually for the next five years to fund a chair in public transport, to be warmly welcomed by the University of Sydney and their school, which has real talent in that area.

The Hon. MATTHEW MASON-COX: How much money has the Government spent to date on establishing a transport ombudsman, following the State election promise? When will the transport ombudsman be appointed?

Mr JOHN WATKINS: I will take that on notice and come back to you.

The Hon. AMANDA FAZIO: Can you update the Committee on progress in implementing the Premier's Urban Transport Statement?

Mr JOHN WATKINS: There has been a fair deal of work done on that. The Urban Transport Statement is out there. We have made a lot of announcements about it. There is a lot of detail in it, and I would refer you to the news releases.

Ms LEE RHIANNON: Our office has been receiving a number of complaints about the change to the city bus services travelling from the Anzac Bridge down a dedicated bus lane and into the city that went via Druitt Street and has now been re-routed via Bathurst Street. The complaints are that the time for the journey has almost doubled. People were fond of the service and are now quite aggravated by it because it is not as direct. Bathurst Street does not have a dedicated bus lane, and there are major building works going on in Bathurst Street. How long will the current situation continue?

Mr JOHN WATKINS: That happened because there were two serious pedestrian accidents in Druitt Street in the space of 10 days in June this year. There was one fatality involved. The State Transit Authority then took immediate action to undertake some measures, barriers, a 40-kilometre per hour speed limit. We established a working group of council, the Roads and Traffic Authority, the Ministry of Transport and the State Transit Authority to investigate the safety elements. That sought

independent advice and a road safety audit. Unfortunately since June there have been further incidents in that part of Druitt Street. Accordingly, the decision was made to move services. Once the safety audit has been completed we will look at what remedial measures can be put in place in that part of Druitt Street to see whether we can bring those services back there, because it is certainly the efficient way into the city. But we have to resolve those safety matters before we bring those buses back.

Ms LEE RHIANNON: What is your time line? When will the audit be finished? Then how will you proceed?

Mr JOHN WATKINS: I do not have that information with me but I can come back to you on that. I wanted the audit to be done fairly quickly so that we could put in place any measures that the audit suggests to make it as safe as possible so that we can bring those services back there if in fact that is what the audit suggests.

Ms LEE RHIANNON: So your preferred option, if it is safe, is to get it back on Druitt Street?

Mr JOHN WATKINS: Absolutely! It is the most appropriate place to come into the central business district from that corridor. We do have to take some action but it is a difficult location because of the steepness of the street, pedestrian behaviour—and that is not pejorative in any sense. There are measures we can put in place to ensure that it is a lot safer.

CHAIR: How much money will the Government spend on undertaking a study of 25 railway station and bus interchanges across Sydney?

Mr JOHN WATKINS: I will come back to you on the amount.

CHAIR: Can you advise how much the Government has allocated to improving the already existing transport interchanges and implementation of the Auditor-Generals' recommendation following the performance report "Interconnecting with Public Transport"?

Mr JOHN WATKINS: There is fair detail in that answer so I will take that on notice as well.

CHAIR: Can you advise which recommendations out of that report the Government intends to adopt?

Mr JOHN WATKINS: I will look at that for you.

CHAIR: Can you advise how much money RailCorp has paid to its employees in the past financial year as a result of complaints made by RailCorp staff against other RailCorp staff associated with sexual harassment or resulting from breaches of RailCorp's code of conduct, equal opportunity, anti-workplace bullying and anti-harassment policies?

Mr JOHN WATKINS: That is quite a list and I would like to ensure that you get accurate information so I will take that on notice.

CHAIR: How many RailCorp staff were dismissed last financial year for breaching that code of conduct and other related policies, including any anti-corruption laws?

Mr JOHN WATKINS: I will take that on notice.

CHAIR: Can you confirm how many Hunter rail cars are currently in operation?

Mr GRAHAM: The contract for Hunter cars was 14 cars operating as seven two-car sets. All of those 14 cars are now delivered to us, and we have as a result effectively replaced all of the 620 class diesels that have been there for the past 40 odd years. Effectively, I expect there would be approximately five two-car Hunter cars operating at any one time to provide the necessary maintenance and operational support.

Mr JOHN WATKINS: Thank you for asking about rolling stock; that is a lot of what we do.

CHAIR: That concludes questions on the Transport portfolio.

(The witnesses withdrew)

[Short adjournment]

CHAIR: The Committee will now examine the Finance portfolio.

Mr JOHN WATKINS: I would like to give the Committee a supplementary answer to an earlier question about Tcards and student Tcards in circulation. Currently there are 285,000 student Tcards in circulation. Every student accessing the School Student Transport Scheme [SSTS] on a privately operated bus in Sydney has a student Tcard.

CHAIR: We will now turn to questions regarding Finance.

The Hon. MATTHEW MASON-COX: Minister, I turn first to Governor Macquarie Tower grants. Can you confirm the current rent paid at Governor Macquarie Tower, known as GMT?

Mr JOHN WATKINS: I will give you a bit of information about the Governor Macquarie Tower rent. The lease agreement for the rent at the tower was struck by the former Liberal Government. It was widely publicised at the time that the agreement was above market rates. At present there is no legal dispute in respect of the 2005 review of rent over the Governor Macquarie Tower. The parties have sought legal opinion on certain issues, but the dispute is a valuation issue. Under the terms of the Crown's lease over the Governor Macquarie Tower the rent was to be reviewed as at 1 January 2005 for a two-year term. In accordance with the terms of the lease, the lessor served notice of the new rent being sought in mid-2005.

The Government has not agreed to that new level of rent and negotiations are continuing. From 1 January this year until 1 January 2014 the rent to be paid by the Government will be at the market rate only. The State Property Authority advises that that is likely to be less than the rent that applied previously, that is because in previous years the rent included the cost of recovering incentives offered to the Government to take on this lease in the first place—again, that was the previous Government. Simply put, the rent will be market value only from 1 January this year and will not include any additional costs as it previously had. This matter has been floating around for some time and there have been allegations and suggestions in the newspapers. Negotiations are continuing about the rent that is to be paid between 1 January 2005 and 1 January 2007, that is the start of this year.

The Hon. MATTHEW MASON-COX: That is negotiations, not a legal dispute?

Mr JOHN WATKINS: No. It is negotiations.

The Hon. MATTHEW MASON-COX: There is a very fine line between the two.

Mr JOHN WATKINS: Those negotiations are under the contract and that has not been finalised. Different elements apply from 1 January this year onwards; it is market rate only. That building was chosen by the previous Government as an appropriate building to house Ministers and the Premier. That arrangement was entered into by the previous Government. There have been suggestions that it should move somehow. Firstly, until we resolve this outstanding issue we need to await that.

Another matter is that generally speaking to have office accommodation in the city close to Parliament House, which is where the State Office Block has always been, especially in these times when we are more security conscious, it would be a large expenditure if the Governor Macquarie Tower current lessee, Ministers and so forth, were relocated to another building. That is also a factor that needs to be considered in any further suggestion about this matter. I know that it is of interest to the member for Manly, interestingly because his father was part of the Government that signed up.

The Hon. MATTHEW MASON-COX: We will come back to that Minister.

Mr JOHN WATKINS: We will continue with the negotiations for 2005 to 2007 period.

The Hon. MATTHEW MASON-COX: Regarding your comments about the 2005 rent review, under which there is no legal dispute just a valuation issue, can you clarify what that is in respect of? Is it based on the incentive costs leading to the contract?

Mr JOHN WATKINS: As these are ongoing negotiations of a commercial nature, I am not going to go into further detail about that for pretty obvious reasons, to defend the taxpayers of this State.

The Hon. MATTHEW MASON-COX: Are you willing to divulge what legal costs have been incurred in this dispute, or negotiation?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: When do you expect the dispute, or negotiation, in relation to the 2005 rent review to be finalised?

Mr JOHN WATKINS: In the near future.

The Hon. MATTHEW MASON-COX: By the end of the year?

Mr JOHN WATKINS: In the fullness of time, but hopefully before Christmas. I think it would be good to have it over and done with by then.

The Hon. MATTHEW MASON-COX: You commented that this lease was signed under the previous Coalition Government. That may have been the case in respect of the old lease, but I understand that the new lease was signed by Morris Iemma, the Premier, in 2002. Is that correct?

Mr JOHN WATKINS: I am not aware of that. I will take it on notice.

The Hon. MATTHEW MASON-COX: Relating to the period from 2007 to 2014?

Mr JOHN WATKINS: I am not aware of that. I will take it on notice.

The Hon. MATTHEW MASON-COX: In relation to the lease negotiated in 2002 by this Government, by the Premier who signed it in 2002, can you explain why there was open market rent reviews with three of the next seven years in that regard?

Mr JOHN WATKINS: In 2002, signed by the current Premier?

The Hon. MATTHEW MASON-COX: Yes, signed by Morris Iemma in 2002?

Mr JOHN WATKINS: No, I will seek advice on that.

The Hon. MATTHEW MASON-COX: Minister, you mentioned that the idea of moving to another building had bubbled to the surface.

Mr JOHN WATKINS: It has been suggested by members of the Coalition Opposition.

The Hon. MATTHEW MASON-COX: Is something being seriously considered by the Government?

Mr JOHN WATKINS: I think we need to resolve the negotiations in relation to the 2005 rent review. However, Ministers need to be housed in accommodation in the city environs. Traditionally, that has been relatively close to the New South Wales Parliament. Over recent years there has been clustering of those Ministers in the Governor Macquarie Tower for a number of reasons, not the least being that it is a secure building. I think that is a valid issue. If the Governor Macquarie Tower Ministers were to move to an alternative location, one would have to consider why

most Ministers have been clustered in the one building, and therefore you would expect that Ministers would be similarly clustered in the one building to reduce the cost of security that is required. That I presume is one of the reasons Federal Government Ministers are across the road, also in a secure building. These are matters that we do not often discuss, but it is a fact of life.

The Hon. MATTHEW MASON-COX: So until the 2005 rent review dispute negotiations have been completed you really are not considering any strategies to reduce CBD rent by moving to cheaper accommodation?

Mr JOHN WATKINS: The Government is in Governor Macquarie Tower. We have an outstanding issue with regard to the rent matter between 2005 and 2007, and we need to bring that to a resolution.

The Hon. MATTHEW MASON-COX: Have you made any inquiries as to any other buildings in the CBD that have accommodation available for lease by the State Government at this point in time?

Mr JOHN WATKINS: That would not be something that we would entertain at this time. I make the point again: Ministers need to have offices generally speaking in the CBD, and over the last few years we have clustered those Ministers together for reasons of security and for some other reasons. That is a real consideration.

The Hon. MATTHEW MASON-COX: Do you still stand by your statements of 6 July publicised in the *Sydney Morning Herald* that there will be no increase in rent, and that it is likely that the rent will decrease—presumably after those 2005 negotiations have been finalised?

The Hon. AMANDA FAZIO: The Minister just said that.

Mr JOHN WATKINS: Yes, I have just said that today.

The Hon. MATTHEW MASON-COX: I just wanted to make sure you stood by that statement.

Mr JOHN WATKINS: I just restated that. That is our hope. That is what we are driving for. We try to protect the taxpayer as much as we can.

The Hon. MATTHEW MASON-COX: I would like to move on to local council investments. Minister, have any New South Wales hospitals or government agencies invested with Grain Securities? As you probably would be aware, it is a prominent adviser to councils and a range of organisations involved heavily in the sub-prime market.

Mr JOHN WATKINS: I followed that with some interest. It is not something that is directly within my portfolio responsibility. That is a matter on which I have heard the Minister for Local Government comment.

The Hon. MATTHEW MASON-COX: Yes, in relation to local government. You may be aware that recently it was revealed that a Victorian hospital network, Western Health, invested \$2 million in those securities, which represented 25 per cent of investments. I wondered whether, in your capacity as Minister for Finance, with your broad view of Government financial matters, you are aware of any investments within your government area or indeed in other organisations?

Mr JOHN WATKINS: No, I am not. But, again, that is not specifically within my portfolio responsibility of Finance, which is quite narrowly defined.

The Hon. MATTHEW MASON-COX: I move to privatisation. Minister, what privatisation proposals have you looked at in your capacities as Minister for Finance and Minister for Transport?

Mr JOHN WATKINS: I answered this in some detail in recent discussion with some of our union colleagues.

The Hon. MATTHEW MASON-COX: Sorry, I was not there.

Mr JOHN WATKINS: The matters that have been in discussion in the papers over recent times, where it is suggested that there is a privatisation agenda, generally comment on rail maintenance yards, Sydney Ferries, power, Lotteries and Waste Services New South Wales. As for Waste Services New South Wales and Lotteries, I am not anywhere near the responsible Minister, and I have not looked at any privatisation plans in those areas.

The issues raised with me most often are those first three—maintenance yards, Sydney Ferries and power. I am not directly responsible for power, but the Premier has been very open and clear-cut in suggesting that the Owen report makes certain suggestions about the sale of the retail industry, and also long-term leasing of the generating capacity in New South Wales. But, as the Premier has made very clear, there has been no decision made about the Owen report. The Premier made very clear recently that he wanted widespread community discussion about that matter in relation to the power industry, and that until that occurred there would be no decision made by the Government, by Cabinet, and there certainly has not been.

The Hon. MATTHEW MASON-COX: Do you personally support the Owen recommendations?

Mr JOHN WATKINS: I am a member of the Government, and at a certain time I will make a decision on the power industry. Once we do, and I have—and we have not at this point—I will stand by that. The other two that are directly within my portfolio responsibility that have been discussed are ferries and maintenance yards. With the ferries, the Government will be guided by what the special commissioner comes down with—and I do not know what is in his mind. Privatisation is an option that he could suggest, but I do not know that he is going to do that. What I have said very clearly is that I will not respond to a suggestion about the future ownership of Sydney Ferries until the commissioner actually tells us what he has recommended, because that is what we asked him to do.

With regard to the maintenance yards, the Premier made it very clear that he expected there to be reform of the maintenance yards. I reported to you earlier that there had been a deal of reform, and there is more to happen. So regarding this agenda of privatisation which is written up that we are committed to, when you actually go through it and look at the different aspects of it, it is pretty hard to see a full-on privatisation agenda there, especially when, with regard to most of those issues that I have raised with you, there has been no decision by Government about any aspect of it.

The Hon. MATTHEW MASON-COX: Can I ask you specifically about Snowy Hydro? Is it still the Government's position to privatise Snowy Hydro?

The Hon. AMANDA FAZIO: It never was.

Ms LEE RHIANNON: Why do we need the legislation?

The Hon. AMANDA FAZIO: To keep you happy!

Mr JOHN WATKINS: That matter has been dealt with. I think your Federal colleagues decided that matter. There has been no discussion of that.

The Hon. MATTHEW MASON-COX: I want to move to unfunded superannuation.

Mr JOHN WATKINS: I am not being precious, but that really is a question for the Treasurer under his ministerial responsibility. It really is a question for the Treasurer.

CHAIR: Unless you have got some relevant information.

Mr JOHN WATKINS: His estimates hearing has not taken place yet. Ask him.

Ms LEE RHIANNON: Minister, what is the budget for World Youth Day?

Mr JOHN WATKINS: It has not been absolutely finalised to this point, but it is a substantial amount of money. I suppose everyone is aware that World Youth Day is a celebration by Catholic young people that is coming to Sydney in July next year. It is being delivered through the cooperation of State and Federal governments and the archdiocese of Sydney. Funding is split between those three sources. The budget certainly has not been finalised to this point. You would be aware that there are ongoing issues relating to a couple of matters that are still outstanding.

Ms LEE RHIANNON: We will come to those. So you do not have some ballpark figures for us?

Mr JOHN WATKINS: I do not like ballpark figures; I like to be specific with this Committee.

Ms LEE RHIANNON: It is huge. It could blow out. When World Youth Day was held in France 1.2 million people attended it.

Mr JOHN WATKINS: We are expecting about 200,000 visitors from overseas as registered pilgrims to the event. We would be expecting tens of thousands of visitors from interstate to Sydney for the event. With that come substantial costs because there are four or five major events throughout that week culminating in the mass and the vigil at Randwick. There is a major walk, the Stations of the Cross in the city, and the visit.

Ms LEE RHIANNON: Minister, I am sorry to interrupt but, because of the shortage of time, all that information is available on the website. What money has been made available?

Mr JOHN WATKINS: We cannot put on such a major event and accommodate so many people in Sydney without its having a substantial impact on budgets. So considerable funding has been set aside across those three government agencies.

Ms LEE RHIANNON: Significant funding has been set aside.

Mr JOHN WATKINS: The Federal Government has already announced a figure of \$30 million and the State Government will be providing at least that amount.

Ms LEE RHIANNON: You mentioned that significant events had to be dealt with. I would like to ask you about negotiations around the use of Randwick racecourse.

Mr JOHN WATKINS: Sure.

Ms LEE RHIANNON: What sort of money is being put aside to enable access to that site?

Mr JOHN WATKINS: From the State Government?

Ms LEE RHIANNON: You must be negotiating the total cost. I assume that you and the Catholic Church are negotiating with Randwick racecourse. Is that correct?

Mr JOHN WATKINS: Up to a point. It is fairly detailed and a little confusing. Funding for Randwick will be drawn from three sources—from the Federal Government, the Archdiocese of Sydney and also the State Government. The extent of that funding is dependent upon the negotiated outcome of discussions that are currently occurring between the State Government, the Australian Jockey Club [AJC] and other users of the facility. We have not finalised that. The extent of the cost is dependent upon what is negotiated. For example, how long does the event at Randwick necessitate an exclusion of activity on the site? If it is for a shorter length of time or a longer length of time that will have an impact on the costing. The church itself is looking at spending several million dollars just to provide facilities for the papal mass.

Ms LEE RHIANNON: I am interested in the compensation.

Mr JOHN WATKINS: We are currently negotiating with different parties. As I have said, we have done so for several months now. That will be undertaken in good faith by the State

Government to ensure that we assist the community of Randwick, the AJC, the trainers and people who have businesses out there. I am especially conscious of them as we are going through a particularly difficult time because of the equine influenza. I will not discuss ranges because there has been too much discussion and wildly fluctuating estimates. We are in good faith negotiations with the party, with the AJC, to try to get the outcome that I think we need to achieve and that will ensure a good World Youth Day. Estimates at the moment show that it will inject about \$150 million of activity into the New South Wales economy.

Ms LEE RHIANNON: You just mentioned the impact that equine influenza has had on the racing industry. Why are you persisting with Randwick racecourse as the event venue? What other venues have you looked at?

Mr JOHN WATKINS: All up, an assessment was done of about 19 different venues around Sydney. A long process occurred last year. A number of criteria were considered in arriving at Randwick being the best and really only location for the final mass. I think we looked at about 19 venues, including airfields, common areas, Sydney Olympic Park and school areas. A number of assessments have been made. The chief cause for determining that Randwick is really the only viable option is that the final mass will attract about 500,000 people—perhaps more, but certainly that many. It is the only site where those people can be comfortably accommodated and efficiently moved.

People ask why you do not go to Homebush Bay, which in a lot of people's minds is the next best option. We can move about 30,000 people per hour by public transport in and out of Sydney Olympic Park. If we have a crowd of 300,000 for the final mass it will take us 10 hours to move those people out. However, we are talking about a crowd of probably half a million. We have the capacity to move about 90,000 an hour via our main railway stations in the central business district. That means that we can move that crowd in about six hours.

Ms LEE RHIANNON: Are you talking now about Randwick?

Mr JOHN WATKINS: Yes. If we go to Randwick we can move about 90,000 people an hour.

Ms LEE RHIANNON: Using buses?

Mr JOHN WATKINS: No, they walk back to the railhead. They disperse as they walk, which is an important aspect when we have so many people.

Ms LEE RHIANNON: So they walk from Randwick to Central?

Mr JOHN WATKINS: To Central, or they could walk to the eastern suburbs line.

Ms LEE RHIANNON: Or to Bondi Junction.

Mr JOHN WATKINS: Or they could walk to Bondi Junction. It should be remembered that 220,000 of these people are on a pilgrimage and walking is a significant part of their experience.

The Hon. MATTHEW MASON-COX: Whether or not they like it.

Mr JOHN WATKINS: Whether or not they like it. If we are dealing with that many people it involves crowd management. It is important to have that distance between the event at Randwick and the main rail hubs to spread out the crowd. So in movement terms it really is the only location from which to efficiently move half a million people. The other matter, which people perhaps do not give the credence that it requires, is that about 200,000 people will be sleeping out.

Ms LEE RHIANNON: Does that mean at Centennial Park or at the racecourse?

Mr JOHN WATKINS: It probably means at both locations. The average overnight temperature in Randwick is about four or five degrees warmer than it is at Homebush Bay.

Ms LEE RHIANNON: Again, with all due respect, they are on a pilgrimage, so that is not an argument.

Mr JOHN WATKINS: It is considerably warmer than other locations in south-western Sydney and far western Sydney. Eight degrees is the average overnight July temperature at Randwick. It is four degrees at Homebush and it is closer to freezing in Campbelltown, Penrith and Richmond. One of the costs you spoke about earlier related to public health issues. We have a responsibility to protect these people. If we had an unseasonably cold week and we had temperatures below zero in western Sydney we would have a public health issue. That is another factor. It is not the prime factor but it is another factor.

The third factor was that we have had two papal masses at Randwick and there is a sense that, if the Pope is going to come again to Sydney, it is an appropriate location. However, I am very conscious of the need to ensure that Randwick is available for the spring carnival next year. We are looking at putting in place a number of measures to protect the track surface and to ensure that all required movement is off the site to enable a successful spring carnival next year. We are very conscious of the hit that the racing industry took this year.

Ms LEE RHIANNON: What is the minimum period for which you believe you would need to exclude horses and trainers from Randwick to allow World Youth Day to proceed at Randwick racecourse?

Mr JOHN WATKINS: That is one of the issues under negotiation with the industry and I think it is appropriate that it occurs. It is happening between the World Youth Day coordinating authority and the AJC and I hope to broaden that to other representatives of the racing industry. There has been a discussion of a 25-day plan from the Australian Jockey Club and a suggestion of a three-day plan from the Catholic Archdiocese. That is where negotiations are continuing because once we arrive at a landing on that, we then can more clearly look at costings of alternatives and what alternatives need to be put in place.

Ms LEE RHIANNON: This is a huge undertaking.

Mr JOHN WATKINS: Yes.

Ms LEE RHIANNON: We are now getting closer to countdown. When you go past St Mary's Church we are reminded of this event.

Mr JOHN WATKINS: Yes.

Ms LEE RHIANNON: Surely you would be expecting to close off soon? We have a problem here, have we not? The industry has been bleeding from equine influenza; it is resistant. You need to wrap up negotiations. By when do you believe you need to wrap up negotiations?

Mr JOHN WATKINS: Before I answer that question, may I say that this is a huge event and Randwick is one aspect of it. We will have 200,000 pilgrims placed in schools and homes across the Far West, and north-western and south-western Sydney. There are major events with the Pope's arrival and the Stations of the Cross, for which a huge level of organisation is required. I have to say that an enormous amount of very good organisation has been put in place. The large outstanding issue at the moment is Randwick. Yes, we need to finalise that as soon as possible, but to do that adequately we must have regard to the needs of the racing community, Australian Jockey Club trainers and other parties. I have made that very clear in every public statement I have made on this issue: I believe we can reach a landing. We need to do it sooner than later, but we will do it in a cooperative way with the industry. Hopefully, the industry will accept that the final mass has to be held at Randwick. The Government is committed to that, but we have to pay due regard to the needs of the racing industry at Randwick.

Ms LEE RHIANNON: Are you involved also in talks with the Centennial Park Trust to provide it with compensation, considering, obviously, that serious damage will be done to that venue as well?

Mr JOHN WATKINS: Certainly there are close negotiations with the Centennial Park Trust. The last thing we want to do is have any lasting damage to that facility. However, if you have 50,000 to 60,000 people on it and through it, there is always the risk of damage. We are making arrangements to minimise damage and, where appropriate, to repair it afterwards. We want World Youth Day to be very successful for every party, and that includes the agencies involved in cooperating with us.

Ms LEE RHIANNON: If I understand you correctly, with the Centennial Park Trust it is not a compensation package, just that money will be provided to do any repairs and maintain the standard?

Mr JOHN WATKINS: No, I have not said that. What I have said is that we are working very closely with a range of government agencies and the Centennial Park Trust is one of them. The last thing any of us want to see is any long-term damage to any facility, public or private. Randwick is publicly owned, but so too is Centennial Park. We will ensure that damage is minimised and, where appropriate, restitution is provided.

Ms LEE RHIANNON: For this event to have access to Randwick racecourse, will legislation be needed?

Mr JOHN WATKINS: Legislation currently is in place constituting the World Youth Day Coordinating Authority.

Ms LEE RHIANNON: That does not cover the racecourse, though, does it?

Mr JOHN WATKINS: There is debate over that. I would hope, and I actually expect, that we will arrive at a negotiated outcome with regard to Randwick. That has always been my intention.

Ms LEE RHIANNON: Without requiring legislation?

Mr JOHN WATKINS: I hope so, yes.

Ms LEE RHIANNON: When this event was first discussed, Mel Gibson was put forward as running the Stations of the Cross. Is that still happening?

Mr JOHN WATKINS: Not that I am aware of. I have never heard his name mentioned in relation to it.

Ms LEE RHIANNON: That was in the early days. Will the Government be willing to host a similar event for 200,000 or 500,000 young Muslims parading on Sydney in a similar event and putting in the same amount of money?

Mr JOHN WATKINS: I have to say, firstly, that the Muslim faith in Sydney has been extremely cooperative and supportive of World Youth Day. There has been a lot of interfaith communication, and I welcome that. It is not just with those of the Muslim faith but also with others, and that is great. The previous Premier, when he announced this event, and certainly the current Premier have said that this is an important worldwide event. It is going to bring economic benefit to our city, let alone setting aside the religious aspect of it. It will have ongoing economic benefit for our city and State. It is again a sign that Sydney can host one of the largest events in the world. So I expect there to be a long-term benefit coming to Sydney from hosting World Youth Day, let alone the fact that this is a major Christian church that sought to hold this event here and was supported by both State and Federal governments at the time.

The Hon. GREG DONNELLY: Can you give an overview of the benefits the new government-owned capital works projects are delivering for local communities?

Mr JOHN WATKINS: That is a very broad question.

The Hon. GREG DONNELLY: If you could provide an overview for us?

Mr JOHN WATKINS: We are spending a huge amount of money on capital works. Do you mean capital works across the board, across the State?

The Hon. GREG DONNELLY: Yes.

Mr JOHN WATKINS: That is a big ask! The State infrastructure plan outlines a detailed program of funding major capital works throughout the State in power, water, transport, health and education. That is delivering real benefits to every corner, every community, of the State. At the same time it is having a major economic positive impact on employment and investment in New South Wales. It is about a \$50 billion program over the next 10 years and is one of the reasons the New South Wales economy is developing strongly. That is the role of State governments: to deliver services and to invest in major infrastructure projects. The current Premier in particular views it as an important emphasis to ensure we are spending as much money as possible on our capital programs. Certainly that is shown in the figures. We are spending at an increased rate on capital infrastructure across New South Wales and it is bringing real benefit to communities in every corner of the State. That is probably an overview.

The Hon. LYNDA VOLTZ: Given that World Youth Day probably is larger than the Olympics, will it deliver benefits to us through Australia's profile in overseas markets? What has been the experience in other cities, such as Copenhagen and Rome, in respect of crowds, crime rates and control?

Mr JOHN WATKINS: We will not experience the crowds other locations have had with the attendance of 1 million, 1.5 million and up to 4 million people for one World Youth Day in Manila. We are not going to have those sorts of crowds here, and that is shown in the registration of pilgrims that wish to come here. Certainly they are not coming in those numbers: the distance and cost are major factors. If the religious aspect of the event is set aside, bringing 200,000 young people to our city, introducing them to our lifestyle and showing them what a great place it is will have a long-term benefit to this nation because those 200,000 people will return at different times, they are going to create links in relationships that will last a lifetime and that will bring real benefits to our State and nation.

On its biggest day World Youth Day will be bigger than the Olympic Games. Certainly it will have more visitors from overseas than the Olympic Games. It is of a shorter duration and certainly is not requiring the same capital expenditure that was required during the period of the Olympics, but the suggestion to us is that it is an amazingly well-behaved crowd. There tends not to be a great policing aspect to it and, yes, we are putting in place major arrangements to ensure proper security and so forth. I believe that for Sydney it will be a very interesting and generally happy time.

The Hon. AMANDA FAZIO: Will it be broadcast on television?

Mr JOHN WATKINS: I think SBS has the rights to it.

The Hon. AMANDA FAZIO: Is that internationally?

Mr JOHN WATKINS: Yes. There is a lot of international interest in the event.

The Hon. MATTHEW MASON-COX: Minister, briefly I might come back to Governor Macquarie Tower.

Mr JOHN WATKINS: It is a very attractive—

The Hon. MATTHEW MASON-COX: Place to stay, I am sure.

Mr JOHN WATKINS: No, a very attractive issue, for certain people.

The Hon. AMANDA FAZIO: They have had bogong moths there this year.

Mr JOHN WATKINS: Yes, they have that. I have actually had ministerial accommodation away from Governor Macquarie Tower and in Governor Macquarie Tower, and I find the efficiencies

and the security level that are applicable there certainly reduce the cost to government in other forms. But that is not your question.

The Hon. MATTHEW MASON-COX: Minister, do you think it is appropriate or responsible for the Government to be paying rent for these offices that is double the rent paid by other major corporate tenants like Citibank, HSBC, Stockland, and Lendlease?

Mr JOHN WATKINS: I am not sure that is the case, but if you can provide information about that, I will respond accordingly.

The Hon. MATTHEW MASON-COX: DBD in its report stated that the rental for Governor Macquarie Tower is approximately \$850 per square metre, which is approximately double the rent paid by—

Mr JOHN WATKINS: Again, if you provide the details of that, I will respond accordingly. I will take it on notice.

CHAIR: It is not really up to us to provide the information.

Mr JOHN WATKINS: All right. I am not a property expert and I do not know which company is paying which rents. There is an allegation or a statement made about certain rental being paid. If you can provide that, I will certainly respond, but I do not necessarily accept every assertion that is made here to me.

The Hon. AMANDA FAZIO: That is wise.

The Hon. MATTHEW MASON-COX: Hypothetically?

Mr JOHN WATKINS: I do not like hypothetical questions. They will get me into trouble. If the Government is not located centrally—that is Government Ministers and not just Ministers but certain departments and so forth—I think there is a general acceptance that such locations should be in and around the CBD for a number of reasons. At least I hope there is that certainty. That has been the tradition in Sydney for as long as I can remember. Ministerial staff and a range of public sector employees are in the CBD for reasonably good reasons. Hopefully, we do not have to have an argument.

If that is accepted, I will go on. The decision to get accommodation in Governor Macquarie Tower was made previously, as I have said. The centralisation of Ministers' offices has allowed for improved security measures to be developed without duplication. I actually think that allows for more efficient delivery of business. Could you locate them somewhere else? Yes, you could scatter them across the city. You would probably then have to replicate a certain level of security in many different buildings.

The Hon. MATTHEW MASON-COX: I am not suggesting that we would replicate.

Mr JOHN WATKINS: The other thing you would do is reduce certainly the efficiency of how the building operates currently.

The Hon. MATTHEW MASON-COX: I am not suggesting we scatter them among different buildings throughout the CBD.

Mr JOHN WATKINS: That used to be the case.

The Hon. MATTHEW MASON-COX: I think centralisation does make a lot of sense. I think I put to you earlier the possibility of moving to another building and paying less than half that rental and leasing out the existing premises to other tenants. That would be one way to mitigate the huge amount of money that is being paid for rental by the Government.

Mr JOHN WATKINS: As I said, we are in dispute over the rent issue. We need to come to an end of that. I am glad you accept that centralisation is an acceptable principle for efficiency and for

security. We need to allow the negotiation of the rent to take its course. But, again, we have had a State Office Block in this location with regard to Governor Macquarie Tower and the Government generally was accommodated there for a very long period of time. The previous State Office Block was there for approximately 30 or 40 years, I am not sure which, and it was in the immediate and general environs of the New South Wales Parliament. There is a reason for that, and it works. But I know that you are not going to give up on this, nor is your colleague.

The Hon. MATTHEW MASON-COX: I know that you are confident about resolving the 2005 rental dispute.

Mr JOHN WATKINS: There are negotiations underway.

The Hon. MATTHEW MASON-COX: That is good, but what happens if you go into dispute over the 2007 rental period, which is no doubt coming up?

Mr JOHN WATKINS: I am advised that we will be disputing the 2007 rental. It is likely that we will be disputing the 2007, but that will be guided by the outcome of the 2005 rental negotiations.

The Hon. MATTHEW MASON-COX: So 2005 is critical as a domino effect?

Mr JOHN WATKINS: It is an issue that we have to resolve before we move on to that.

The Hon. MATTHEW MASON-COX: So they are lining up, one after the other?

Mr JOHN WATKINS: We protect the taxpayer as best we can.

The Hon. MATTHEW MASON-COX: The 2007 rental review is due right now?

Mr JOHN WATKINS: The 2005 is the one that is in dispute and we are resolving that.

The Hon. MATTHEW MASON-COX: But 2007 is in dispute as well.

Mr JOHN WATKINS: We will resolve the 2007 one when the 2005 one is resolved, I am advised.

The Hon. MATTHEW MASON-COX: So the 2007 rental review is formally in dispute. I just want to be absolutely clear about that. It will rely on the resolution of the 2005 issue. Yes or no will be sufficient.

Mr JOHN WATKINS: I will take more advice on that and come back to you.

The Hon. MATTHEW MASON-COX: Could you clarify just how much CBD space is used by the New South Wales State Government?

Mr JOHN WATKINS: Not off the top of my head, but I will take that on notice.

The Hon. MATTHEW MASON-COX: Could you also advise as to which areas, which buildings and the square metres involved in that as well? Is that available for rental at the moment?

Mr JOHN WATKINS: I think you have got that, have you not? There was recently an FOI that delivered most of that information.

The Hon. MATTHEW MASON-COX: That is not already provided?

Mr JOHN WATKINS: Yes, I think it has been.

The Hon. MATTHEW MASON-COX: If you could check that, that would be excellent. How many employees are there in the State Property Authority?

Mr JOHN WATKINS: I can give you some preliminary information about the authority. I am glad you asked the question. The Government announced the formation of the authority in December 2005 to better manage generic properties and public sector agencies. We have targeted savings worth about \$158 million in recurrent savings and \$1.5 billion in economic benefits in five years. The authority's operations officially commenced in September last year. Staff transferred to it from the State property group of the Department of Commerce and the Ministry for Police.

The chief executive officer commenced her duties in early September this year. Previously the Crown property portfolio and other portfolios previously managed by the Department of Commerce had been transferred to the authority. This includes the contract management responsibility for outsource management of the police property portfolio that was previously located in the Ministry for Police. The authority has a broad brief to interact with other government agencies to improve the way that government property is managed. The brief extends to implementation of a charging model which will highlight underutilised property assets and promote greater sharing of government resources between government agencies. The authority currently has approximately 900,000 square metres of office space and other facilities under management, and that is not just for its own staff. It is expected that this number will increase over time as government property assets are examined to ensure they support delivery of services to the community.

CHAIR: How many staff?

Mr JOHN WATKINS: I just wanted to give you the context. There are currently 63.8 full-time equivalent staff as well as two additional full-time temporary employees. But when you think that we have actually drawn staff from other agencies and that this is about the better management of property to generate real savings for the taxpayer in both capital and recurrent expenditure, I think it is a worthwhile initiative.

The Hon. MATTHEW MASON-COX: I understand that the Roads and Traffic Authority offices in Elizabeth Street have significant space available which could provide accommodation for ministerial offices at a third of the current rent.

Mr JOHN WATKINS: Yes.

The Hon. MATTHEW MASON-COX: Is that something that you considered?

Mr JOHN WATKINS: I am not aware of that. It is not something I have considered, no.

The Hon. MATTHEW MASON-COX: Is it something you are willing to consider?

Mr JOHN WATKINS: Well, I think we have been through the issue of the Governor Macquarie Tower, when we got there, how we were placed there by the previous Government and the advantages that it may provide. But, as I say, there are ongoing issues in relation to the rental accommodation for that place.

The Hon. MATTHEW MASON-COX: To finish that discussion, the other point I think we covered was that it was this Government that signed the current lease.

Mr JOHN WATKINS: I am sorry, I missed that.

The Hon. MATTHEW MASON-COX: That is something you will clarify, is it not?

Mr JOHN WATKINS: Yes, we took that on notice.

The Hon. MATTHEW MASON-COX: That is enough on Governor Macquarie Tower, but I have a few more questions. Minister, these are a little broader.

Mr JOHN WATKINS: Yes, and I bet you I am not going to answer them, but you can ask.

The Hon. MATTHEW MASON-COX: I would seek your indulgence from your very broad position as finance Minister—

Mr JOHN WATKINS: It is actually not that broad, but go ahead.

The Hon. MATTHEW MASON-COX: Do you support a State-based GST?

Mr JOHN WATKINS: No, that is not a matter that is directly in my portfolio responsibility.

Ms LEE RHIANNON: I want to ask about TCorp. Could you explain your involvement as finance Minister with TCorp?

Mr JOHN WATKINS: Not a lot. It is the Treasurer's responsibility.

Ms LEE RHIANNON: When you say "Not a lot", can you tell us a little bit?

Mr JOHN WATKINS: Well, no. It is within the ministerial portfolio of the Treasurer. Matters come before Cabinet that do require some input, but it is like asking do I have input or, as Minister for Transport, am I responsible for roads? Well, no, I am not, and I am not responsible for TCorp. That is the responsibility of the Treasurer, I understand. He is still to be brought before you.

Ms LEE RHIANNON: Yes, we will be going there. At the end of the financial year in 2006 TCorp's largest borrowers were the Crown \$10 billion; electricity generation \$9 billion; et cetera. And public transport comes in at \$2.1 billion. Considering the state of public transport, is this an underinvestment? I just wanted to get your take on it because, as you would be aware one of the regular criticisms of this Government is that it is not willing to actually borrow for these types of projects. So is that a matter of concern? Are you satisfied? Is it something you would like to change in the next financial year?

Mr JOHN WATKINS: The Government actually has changed the level of expenditure quite substantially on public transport, and I think I referred earlier to an 11 per cent increase in one year. That has been drawn from off budget, but also borrowings. There has been an increase over recent years in the borrowing going to public transport, in particular into rail, and that is absolutely appropriate. I think for the first time last financial year public transport overtook roads for many years in expenditure and it will stay in front. A lot of those funds are actually from borrowed funds, so I think there has been a change.

Ms LEE RHIANNON: You think there has been a change, so specifically with TCorp do you think a greater percentage of the TCorp borrowings should be for public transport?

Mr JOHN WATKINS: It is not a matter that really is within my ministerial responsibility. That is more a matter for the Treasurer to answer I think.

CHAIR: In terms of the overall 2.5 per cent per annum target in relation to wage costs across the public sector, do you have a reasonable expectation that that target will in fact be met?

Mr JOHN WATKINS: I can only answer really in relation to my portfolio responsibilities, and I suppose I have more experience than some other Ministers in that I have been through it. The Rail, Tram and Bus Union bus division was one of the first unions to face this Government policy and, as I reported to you earlier, I believe we are close to a resolution of that matter in a manner that respects the Government's wages policy as outlined earlier. Now we are about to start the Rail, Tram and Bus Union rail division, but in the very preliminary discussions I have had with them there is an understanding of the Government's wages policy, and I have been very clear in that with them. The other unions and enterprise bargaining agreements in my portfolio are a bit later. I will be able to answer that question a bit better in probably a month's time when I think the enterprise bargaining agreement for State Transit will have been resolved—2.5 per cent plus productivity outcomes. We were able to put a package together that was put to the union, and that has received pretty positive acceptance by the union leadership. It is now a matter for the members.

CHAIR: Has there been any wage bill reductions in your Finance portfolio?

Mr JOHN WATKINS: No, we have not come to the end of the industrial agreements. That is the Public Service Association, so—

CHAIR: Apart from the one you just mentioned in transport, are there any other areas where there are going to be reductions?

Mr JOHN WATKINS: When you say reductions, we are entering into a range of industrial negotiations with many unions across many workplaces. State Transit happened to be one of the early ones and we are close to a resolution. The next big one for me will be Rail and after that will come Ferries. I can only judge on what we have done to this point, and I have been very clear with my constituent unions about the Government's wages policy.

Ms LEE RHIANNON: You said you have been very clear about the Government wages policy. How do you justify that the workers that you are referring to are looking at a 2.5 per cent wage increase while politicians gain a 6.5 per cent wage increase?

Mr JOHN WATKINS: Well, the specific group that I am referring to were almost at the point I hope—and I do not want to get in front of myself—where there is 4 per cent over two years. Four per cent a year for two years has been arrived at; so over a two-year period an 8 per cent rise.

Ms LEE RHIANNON: That is with productivity tradeoffs?

Mr JOHN WATKINS: Yes.

Ms LEE RHIANNON: But still how do you seriously justify that when you know how our wage increase system works?

Mr JOHN WATKINS: Yes, I suppose there are different systems and different ways of achieving. The salary increase that applies to all of us elected representatives around this table is determined by a tribunal. It is a different way of salary determination. I will leave it at that.

Ms LEE RHIANNON: Productivity tradeoffs have been going for years now. Do you worry that a point comes when there is no more fat left to trade off, and is this an appropriate way for a Government to be pushing its work force?

Mr JOHN WATKINS: Well, in my experience in the areas I am responsible for now we have not reached that point because we have had positive discussions with union colleagues about productivity increases above the 2.5 per cent. So it is a valid discussion that you can have with the unions, and I have to say that after those early hiccups it has been a productive discussion that we have had. I cannot answer for every industry and every agency of Government.

Ms LEE RHIANNON: No, I am not asking you to do that, but over the course of time if you have a negotiation, there are cutbacks in a whole range of areas of working conditions. Can you see that a point will come when there is nothing more to trade off?

Mr JOHN WATKINS: Other things change over time. Technology changes. Responsibilities for different government employees change over time. I deal with the issues that I have to deal with now. I will not look down the track and surmise as to what may be the case in 5 or 10 years time. I do not know what the Government's wages policy will be at that time. I know what it is now and we are working within it. We have not finalised it but we have achieved positive discussions to this point.

The Hon. LYNDIA VOLTZ: I want to go back over wage increases in the public sector because I seem to recall—it is 2.5 per cent this year—there was 16 per cent over four years about six years ago, and some other increases. Can you outline—

Mr JOHN WATKINS: As much as I can from memory, but generally speaking there has been an average increase of about 4 per cent in salaries over a period. New South Wales public sector employees are the best paid in Australia. The Government believes in just wage outcomes for its

workers. I work within my area of responsibility and, as I said, we have put a package together for our State Transit drivers of 4 per cent per year over two years.

The Hon. MATTHEW MASON-COX: Are the car spaces leased by the State Government in the central business district paid for by employees or by the Government?

Mr JOHN WATKINS: I will take that on notice.

The Hon. MATTHEW MASON-COX: Who is housed in the Tattersalls and Chifley buildings?

Mr JOHN WATKINS: I do not know but I will take that on notice.

The Hon. MATTHEW MASON-COX: Finally, what wage increases have you seen in your departments this year? What wage increases have you seen in your departments, apart from the 4 per cent you spoke about in relation to the bus drivers? Have you seen any others?

Mr JOHN WATKINS: There has been the flow through of previous agreements.

The Committee proceeded to deliberate.
