

PORTFOLIO COMMITTEE NO. 5 – INDUSTRY AND TRANSPORT

Friday, 1 September 2017

Examination of proposed expenditure for the portfolio area

TRANSPORT AND INFRASTRUCTURE

CORRECTED PROOF

The Committee met at 2.00 p.m.

MEMBERS

The Hon. M. Veitch (Deputy Chair)

The Hon. R. Colless

Dr M. Faruqi

Mr S. MacDonald

The Hon. D. Mookhey

The Hon. G. Pearce

The Hon. M. Pearson

The Hon. P. Sharpe

PRESENT

The Hon. Andrew Constance, *Minister for Transport and Infrastructure*

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**

The DEPUTY CHAIR: Welcome to the public hearing of budget estimates 2017-2018 of Portfolio Committee No. 5—Transport and Infrastructure. Before I commence I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to elders past and present of the Eora nation and extend that respect to other Aborigines present today or listening via the parliamentary webcast. I welcome Minister Constance and accompanying officials to this hearing. The Committee will examine the proposed expenditure for the portfolio of Transport and Infrastructure.

Today's hearing is open to the public and is being broadcast live via the parliamentary website. In accordance with the Legislative Council's Guidelines for the Broadcast of Proceedings, while members of the media may film Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. In reporting the proceedings of this Committee, the media must take responsibility for what it publishes. The guidelines are available from the secretariat and on the table at the back of the room.

There may be some questions that a witness could answer only if they had more time or with certain documents to hand. In those circumstances witnesses are advised that they can take the question on notice and provide an answer within 21 days. Any messages from advisers or the members of staff seated in the public gallery should be delivered through the secretariat. Minister, you and the officers accompanying you at the table are free to pass notes and to refer to your advisers seated directly behind you. The transcript of this hearing will be available on the parliamentary website tomorrow morning. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath to your office as a member of Parliament.

TIM REARDON, Secretary, Transport for NSW, sworn and examined

STEPHEN TROUGHTON, Deputy Secretary, Infrastructure and Services, Transport for NSW, affirmed and examined

RODD STAPLES, Program Director, Sydney Metro Delivery Office, Transport for NSW, sworn and examined

MARG PRENDERGAST, Coordinator General, Transport Coordination, Transport for NSW, sworn and examined

HOWARD COLLINS, Chief Executive, Sydney Trains, sworn and examined

JIM BETTS, Chief Executive Officer, Infrastructure NSW, affirmed and examined

ANDREW SUMMERS, Project Director, Sydney Light Rail Delivery Office, sworn and examined

CLARE GARDINER-BARNES, Deputy Secretary, Freight, Strategy and Planning, Transport for NSW, sworn and examined

STEFFEN FAURBY, Chief Executive, State Transit Authority, sworn and examined

The DEPUTY CHAIR: I declare the proposed expenditure for the portfolio of Transport and Infrastructure open for examination. Questions on the portfolio will run from 2 p.m. to 4.40 p.m. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will now begin with questions from the Opposition.

The Hon. PENNY SHARPE: Minister, in 2006 you made the following statement to *Media Watch*: "I hope *Media Watch* understands that I did not leak material in an underhanded way. What I was doing was providing material so the community would understand what was happening behind closed doors." Do you still believe that it is important for the community to understand what is happening behind closed doors in your portfolio area?

Mr ANDREW CONSTANCE: That is an interesting question. I thank Mr Mookhey for emailing to the Government the Opposition's estimates committee hearing attack strategy for this afternoon. I am happy to reflect on matters that relate to transport.

The Hon. PENNY SHARPE: That is fine. So you believe it is important to be transparent in your portfolio area?

Mr ANDREW CONSTANCE: We do, and that is why I am sitting here this afternoon and why I am happy to take questions about transport and infrastructure.

The Hon. PENNY SHARPE: Terrific. We have discovered in the past month or so more of what is happening in your department as a result of departmental whistleblowing. Have you engaged a private investigator or any sort of security consultant to find the source of the information that has been leaked?

Mr ANDREW CONSTANCE: Before I refer the question to the secretary of the department, I note that the Labor Opposition has been in receipt of Cabinet-in-confidence documents. I am sure you are aware of the legal requirements in relation to those documents. Offences have occurred and that is why the secretary engaged the NSW Police Force. I hope the Labor Party will act responsibly and provide to the police any information it has about the leaking of Cabinet-in-confidence documents. I do not know whether the secretary has anything further to add.

The Hon. PENNY SHARPE: Beyond referral to the police, can you answer the question about whether private investigators or security consultants have been involved?

Mr REARDON: We take the confidentiality of our information incredibly seriously. Investigations, including, as the Minister said, by the NSW Police Force, are underway into the source or sources of the leaked documents from Transport for NSW. It is appropriate that that occurs to ensure the integrity of and confidence in our organisation and its processes. The documents you referred to may be many months old or out of date and may include commercial information that would disadvantage both commercial settings and the New South Wales taxpayers in our dealings with—

The Hon. PENNY SHARPE: I am happy with that answer, but I—

Mr REARDON: I am coming to the point of the question. I do not propose to discuss confidential material in this hearing. If you ask me about a document that may be the source of a leak, I am happy to take that question—

The Hon. PENNY SHARPE: That is not my question; my question is whether you have private investigators—

Mr REARDON: I understand. I will give it to the investigators and take your question on notice. In terms of the question, we have a range of investigations underway at the moment. As I said, we refer these matters to the police and to the Independent Commission Against Corruption. We certainly use other external bodies to assist us. You used the term "private investigator". I would not suggest that it fits within that category. We certainly engage people who can examine our information forensically from end to end to see whether we have any privacy or security gaps in our processes. As you might understand, when we have such investigations underway and we do make findings about them, we take all reasonable steps to ensure that information leaking ceases.

The Hon. PENNY SHARPE: Would that investigation include computer forensics?

Mr REARDON: A range of investigations are undertaken. That might involve paper documentation and information and communications technology. Various forms of investigations are undertaken using information and communications security technology techniques. I am not sure that I am at liberty to go into that much further.

The Hon. PENNY SHARPE: How much has this investigation cost so far?

Mr REARDON: I can take that question on notice, but I do not know what it has cost us for that investigation.

The Hon. PENNY SHARPE: Can you provide a breakdown of the cost for the Committee?

Mr REARDON: I may be able to, but we will publish that in our annual report, as we do with regard to any other external party.

Mr ANDREW CONSTANCE: Is the Labor Party willing to go to the police?

The Hon. PENNY SHARPE: This is a budget estimates hearing and you are required to answer questions asked by members of the Committee. Minister, are you saying that you will provide that information?

Mr ANDREW CONSTANCE: Is the Labor Party prepared to go to the police? You are asking about documents—

The Hon. PENNY SHARPE: No, I am asking about what you are doing about the leaking of documents.

Mr ANDREW CONSTANCE: That is a more interesting question for the Leader of the Opposition.

The Hon. PENNY SHARPE: I am asking how much it has cost.

Mr ANDREW CONSTANCE: It is a more interesting question for the Leader of the Opposition. You are in receipt of documents—

The Hon. PENNY SHARPE: When you are in opposition you will be able to ask him some questions. Until then, you need to answer our questions.

Mr ANDREW CONSTANCE: You are in receipt of stolen documents.

The Hon. PENNY SHARPE: Minister, can you confirm that you called in all of your executives and abused them because of the leaks?

Mr ANDREW CONSTANCE: That is an outrageous slur and I ask the Chair to ask that that question and the inference behind it be withdrawn.

The Hon. PENNY SHARPE: That is fine. I will recast it. Mr Reardon, were you called to the Minister's office to discuss the issue of the leaks?

Mr REARDON: No, I was not. I have not been called to the Minister's office to talk about leaks. We have taken it very seriously in terms of investigations into the leaks. It is up to the agency and all of the agencies within the portfolio to ensure that we have security of our information. Clearly the leaks of documentation cannot continue and therefore we have put in steps to ensure that it does not. So it covers all of the transport cluster. But they are matters for our executive ourselves. That is what we are doing. We are taking the action within the agency and the agencies ourselves.

The Hon. PENNY SHARPE: Mr Collins, what discussions have you had with the Minister in relation to the leaks of this material?

Mr COLLINS: Nothing whatsoever.

The Hon. PENNY SHARPE: Minister, can you confirm that the Sydney Metro will cost \$13 billion, not the \$11.5 billion to \$12.5 billion that was previously disclosed?

Mr ANDREW CONSTANCE: Can I confirm?

The Hon. PENNY SHARPE: Yes.

Mr ANDREW CONSTANCE: I can confirm that the budget for the Sydney Metro project is between \$11.5 billion and \$12.5 billion.

The Hon. PENNY SHARPE: Not \$13 billion?

Mr ANDREW CONSTANCE: If you net out the property, that is the budget.

The Hon. PENNY SHARPE: You are qualifying that.

Mr ANDREW CONSTANCE: No. You obviously fail to understand accounting for infrastructure because you did not build any when you were in office.

The Hon. PENNY SHARPE: I understand it just perfectly, Minister, because originally it was \$9.5 billion. You have then said it is \$11.5 billion to \$12.5 billion. It is my understanding that the Sydney Metro is now expected to cost \$13 billion—are you denying that?

Mr ANDREW CONSTANCE: The premise of your question is wrong and speculative.

The Hon. PENNY SHARPE: Minister, what is the cost of the Newcastle Light Rail?

Mr ANDREW CONSTANCE: Again it is a matter of very clear public record in relation to that project. It is an exciting revitalisation of the city—

The Hon. PENNY SHARPE: Yes—what is the cost?

The Hon. DANIEL MOOKHEY: Surely it is not that hard a question.

Mr ANDREW CONSTANCE: No—I am actually going to—

The Hon. PENNY SHARPE: You have been a bit reluctant to put it on the public record, but I am hoping you do actually know what it is.

Mr ANDREW CONSTANCE: Yes, I do.

The Hon. GREG PEARCE: The Minister is going to give you the accurate figure rather than speculate, as you do.

Mr ANDREW CONSTANCE: I am going to get you the accurate figure of the entire revitalisation project.

The Hon. PENNY SHARPE: No, I do not want that. I want the cost of the Newcastle Light Rail.

Mr ANDREW CONSTANCE: Of course you wouldn't.

The Hon. DANIEL MOOKHEY: Minister, I encourage you to use the microphone as well.

The Hon. RICK COLLESS: You are not the chairman.

The Hon. DANIEL MOOKHEY: I cannot hear him.

The Hon. GREG PEARCE: If you stopped speaking over him, you would be able to hear him.

The Hon. DANIEL MOOKHEY: If he actually did some speaking.

The Hon. PENNY SHARPE: If you do not know, you can take it on notice.

Mr ANDREW CONSTANCE: I am happy to indicate to the Committee we are investing \$650 million in the revitalisation program—

The Hon. PENNY SHARPE: No, that is the revitalisation program. That is not my question.

Mr ANDREW CONSTANCE: I am just going to get you the exact answer so that there is no problem to assist you in relation to the Newcastle Light Rail. The point is that we are investing \$660 million. Last week we announced an additional \$150 million, including an additional \$35 million for the light rail project

to assist with providing wire-free light rail, which has been very well welcomed by the community. I am happy to provide you with a breakdown of the \$650 million that we are spending in relation to this project.

The Hon. PENNY SHARPE: No. I am asking about the light rail project. I think that you understand what I am asking about. I am happy for you to provide us a breakdown of the entire project on notice, but my question is: Was the Newcastle Light Rail originally \$260 million and are you now confirming that it is \$295 million?

Mr ANDREW CONSTANCE: I am confirming that the light rail project has now had an additional \$35 million to deliver wire-free access to provide an open amenity around that project in the city.

The Hon. PENNY SHARPE: What is the figure?

Mr ANDREW CONSTANCE: I have not had one person, including—I particularly want to acknowledge the—

The Hon. PENNY SHARPE: This is not my question, Minister. Can you confirm that the figure is \$290 million?

The Hon. RICK COLLESS: Point of order: I am sure you understand what my point of order is about to be—

The DEPUTY CHAIR: No. You had better tell me.

The Hon. RICK COLLESS: It is that the member continually interrupts the Minister while he is attempting to respond to the questions. I suggest that you ask the member to refrain from interrupting to allow the Minister to express his answer clearly without interruption.

The Hon. PENNY SHARPE: To the point of order: I have a very specific question. We have a very limited amount of time. The Minister keeps obfuscating in relation to his answer.

The Hon. GREG PEARCE: You have plenty of time.

The DEPUTY CHAIR: Everyone just needs to take a chill pill here. Budget estimates is a very robust process. There is a lot of argy bargy between the questioner and the Minister answering the question. I would say to the people asking the questions to be succinct and get your question across. I would say the same thing to the Minister: be concise and respond to the questions.

The Hon. PENNY SHARPE: Is Newcastle Light Rail going to cost \$290 million—yes or no?

Mr ANDREW CONSTANCE: No.

The Hon. PENNY SHARPE: How much is it going to cost then?

Mr ANDREW CONSTANCE: As I indicated—and hopefully I will be able to answer you—we announced \$260 million for the light rail project, but last week I announced an additional \$35 million which is going to go into providing both wire-free light rail and much-needed footpath upgrades at key locations in Hunter Street and Scott Street. I note that the Labor mayor has welcomed my announcement. I am very grateful for her endorsement.

The Hon. PENNY SHARPE: You should endorse her for next Saturday then. Can you confirm that the Circular Quay upgrade has tripled in cost from \$200 million to \$600 million?

Mr ANDREW CONSTANCE: It has not tripled in cost because we have not gone to market to get a final contract value on that project.

The Hon. DANIEL MOOKHEY: What is the current estimated total cost?

Mr ANDREW CONSTANCE: I know what you are alluding to, but the Government, as with all of our infrastructure payments, fully funds those projects. We are a government with zero net debt on the general government sector. A surplus across the forward estimates was very healthy—a \$73 billion program—

The Hon. PENNY SHARPE: Thanks, Minister. You are not the Treasurer anymore. You are the transport Minister. We want to know about Circular Quay.

Mr ANDREW CONSTANCE: I can assure you that in terms of—

The Hon. PENNY SHARPE: I know you are upset about not being the Treasurer anymore, but can you just tell us about the Circular Quay upgrade?

Mr ANDREW CONSTANCE: I am actually very happy being the Minister for Transport and Infrastructure.

The Hon. PENNY SHARPE: Terrific. Tell us about the Circular Quay upgrade. How much is it going to cost?

Mr ANDREW CONSTANCE: We have not gone to market to get a final contract price. Once we do that, I will be able to tell you.

The Hon. DANIEL MOOKHEY: Has Transport for NSW prepared an estimated total cost of that project, and what is it?

The Hon. PENNY SHARPE: Mr Reardon?

Mr ANDREW CONSTANCE: I will take it on notice but I think you need to know the difference between—

The Hon. PENNY SHARPE: Maybe Mr Reardon can answer it.

Mr ANDREW CONSTANCE: —what an estimated total cost is and going to the private sector and getting a final contract value.

The Hon. DANIEL MOOKHEY: Hence I am asking you whether Transport for NSW has prepared an estimated total cost, and what is it?

Mr ANDREW CONSTANCE: I am happy to take your question on notice, but the observation I would make is that we will know a final contract value when we go to market.

The Hon. PENNY SHARPE: How much will the Parramatta Light Rail cost, including stage 1 and stage 2.

Mr ANDREW CONSTANCE: Again, thank you. And I want to thank Mr Mookhey for his email to the agency to give us the heads up on this matter this afternoon. This has been the subject of a *Sydney Morning Herald* article which was referenced in his email. I stand by the statements that were in that article.

The Hon. PENNY SHARPE: That it is \$3.5 billion?

Mr ANDREW CONSTANCE: That number is not correct.

The Hon. PENNY SHARPE: It has been reported that it is \$3.5 billion. Are you prepared to let us know how much you think it is going to be?

Mr ANDREW CONSTANCE: Reported where?

The Hon. PENNY SHARPE: In the *Sydney Morning Herald*, if you seem to know so much about it.

Mr ANDREW CONSTANCE: That might not be accurate.

The Hon. DANIEL MOOKHEY: Minister, as you have just said, you have had plenty of warning, that I apparently provided. What is it going to cost?

Mr ANDREW CONSTANCE: I stand by my statements. I am happy to put it on the record again. Ultimately the Government, as everybody knows, has injected \$1 billion of public equity into the project. We are in the midst of going to market and we will know the final cost of that project once we have completed that market engagement and those contracts have been signed.

The Hon. PENNY SHARPE: Can you confirm whether Restart NSW has put aside \$1 billion for this project?

Mr ANDREW CONSTANCE: I think I just did that.

The Hon. PENNY SHARPE: Can you confirm how much the value capture is? Is it expected to be \$1.3 billion?

Mr ANDREW CONSTANCE: Again the point that I would make is that we are in the midst of finalising the planning on this project. I am not aware that the good member realises—

The Hon. PENNY SHARPE: Minister, your predecessor used to spend a lot of time lecturing everyone about how you were doing your homework, that the costs of these things would be clear and that it would be transparent to the community. You are not prepared to provide anything to this Committee so far today. Are we going to get any information on costings in relation to these large projects this afternoon?

Mr ANDREW CONSTANCE: I will take your speculative question as a statement.

The Hon. PENNY SHARPE: Just tell us no and that will actually make things a lot easier if you are not prepared to provide the information that is reasonable for this Committee and the community of New South Wales to understand in relation to your transport projects.

Mr ANDREW CONSTANCE: I do not want to point out that you are confused, but we issued an environmental impact statement on stage 1 of the project only last week. That will give the community an ability to inform the scope of the project.

The Hon. PENNY SHARPE: We want to know how much it is going to cost.

Mr ANDREW CONSTANCE: We will not know until we finalise the contract with the private sector, good member.

The Hon. PENNY SHARPE: Have you asked the Commonwealth for any money for this project?

Mr ANDREW CONSTANCE: Again, we have the capacity and ability to—

The Hon. PENNY SHARPE: This is very straightforward: Have you or have you not gone to your mates in the Commonwealth and asked them for funding for this project? If so, how much?

Mr ANDREW CONSTANCE: Not yet, because we are trying to finalise the cost of the project.

The Hon. PENNY SHARPE: Which you will not tell us.

Mr ANDREW CONSTANCE: I note that the Labor Party did not include it in its infrastructure strategy at the last election. So I do not think you are on strong ground to be asking me about that.

The Hon. PENNY SHARPE: Two years in it is a bit late to be going back there. Have you received any indication from the Commonwealth that you will receive funding for this project?

Mr ANDREW CONSTANCE: We are working with the Commonwealth across a raft of infrastructure projects. Infrastructure NSW [INSW] and Infrastructure Australia work closely, but ours is a Government that fully funds its projects. We are in the midst of doing our homework on this project. That is why there is an EIS out there for the community to give input. The community might recommend some scope changes in terms of the alignment of the project, and we will—

The Hon. PENNY SHARPE: Which would cause cost blowouts. Mr Betts, have you had any conversations with the Commonwealth in relation to funding for—

Mr ANDREW CONSTANCE: Could you please allow me to finish my answer.

The Hon. PENNY SHARPE: No, I have had enough from you, Minister. Mr Betts, what conversations have you had with the Commonwealth in relation to the Parramatta light rail project?

Mr BETTS: None in relation to funding but we have had conversations with the Commonwealth about the strategic importance of the project, including Parramatta and the overall land use plan of Sydney.

The Hon. PENNY SHARPE: So the answer is yes, sort of, maybe.

Mr ANDREW CONSTANCE: I think your questions are struggling.

The Hon. DANIEL MOOKHEY: Has Transport for NSW ever advised you that a Federal contribution is required in order to facilitate the roll-out of the Parramatta light rail project?

Mr ANDREW CONSTANCE: Just to assist you—

The Hon. DANIEL MOOKHEY: I do not need any assistance. I have just asked a pretty straightforward question.

Mr ANDREW CONSTANCE: We are yet to finalise the cost of the project because we are at the EIS stage. We will go to market to finalise the cost.

The Hon. DANIEL MOOKHEY: The answer to that question as to whether Transport for NSW has ever provided you advice about whether a Federal contribution is needed is—

Mr ANDREW CONSTANCE: I will finalise the cost and I will make a determination but we have the ability, because of the good financial management of this Government—

The Hon. PENNY SHARPE: So you do not know how much it is going to cost and you do not know where the money is coming from to fund it.

Mr ANDREW CONSTANCE: As emailed by the good member next to you earlier today, we will fully finance this project.

The Hon. PENNY SHARPE: How?

The Hon. GREG PEARCE: Point of order: Just a few moments ago the honourable member crankily said that she had heard enough from the Minister. Is she going to ask him more questions or has she heard enough?

The Hon. PENNY SHARPE: Are you trying to save him, now? Good luck with that! He cannot tell us how much it is going to cost. He cannot tell us where the money is coming from.

The DEPUTY CHAIR: Order! There is no point of order. The Minister is going fine. I think the robust nature of the questioning is quite entertaining. Let us continue.

The Hon. PENNY SHARPE: Is the special infrastructure contribution the only form of value capture that will be used for the Parramatta light rail?

Mr ANDREW CONSTANCE: Correct.

The Hon. PENNY SHARPE: So you do know where some of it is coming from.

Mr ANDREW CONSTANCE: Just to help you out, it is a bit hard to know the final costing until we go to market and complete the planning. That is what is underway.

The Hon. DANIEL MOOKHEY: That is not true.

The Hon. PENNY SHARPE: That is not true. Every project has a budget—an estimated cost. You are just not prepared to share it with the community.

Mr ANDREW CONSTANCE: I can assure you that there is enough headroom in the way that we are managing the finances to be able to fund a lot of infrastructure, including this project.

The Hon. DANIEL MOOKHEY: What funding model is contained in the business case that you have not publicly released?

Mr ANDREW CONSTANCE: I am not going to go into commercial sensitivities around this project because we are—

The Hon. DANIEL MOOKHEY: It is a total nonsense when you say that that work has not been done because you know—and as Mr Betts will tell you—under your own infrastructure assurance framework, you cannot go to market unless you have this in place. Unless you are telling us that you have not done this work, what is the funding model that is contained in the business case? Minister do not shrug; Hansard cannot note that. You had better answer verbally.

The Hon. PENNY SHARPE: We are happy for Mr Reardon to tell us. I am sure that he knows the answer.

Mr ANDREW CONSTANCE: I will take that as a statement.

The Hon. PENNY SHARPE: Terrific! Are you going to drop stage 2 of the Parramatta light rail project?

Mr ANDREW CONSTANCE: No.

The Hon. PENNY SHARPE: How much is it going to cost?

Mr ANDREW CONSTANCE: As with the first stage, we will go to market and realise a final value and final cost when we sign up contractors to do the work.

The Hon. PENNY SHARPE: What is the time frame for stage 2?

Mr ANDREW CONSTANCE: The point that I would make is that we announced stage 1. We are in the midst of finalising the route alignment for stage 2. It is a matter of public record that the Government has indicated to industry and the community that we want to engage on the Metro West project. For this reason we want to make sure that the interface between stage 2 of the light rail and the Metro West project maximises the value from a transport perspective and from a taxpayer perspective. Unfortunately for you that is work that is currently under way. Ultimately we will endeavour to come back to the community with a stage 2 alignment by the end of the year.

The Hon. PENNY SHARPE: So you are guaranteeing that stage 2 is going ahead.

Mr ANDREW CONSTANCE: I just said that the Government is going to build stage 2.

The Hon. DANIEL MOOKHEY: Are you going to seek to raise \$2.4 billion in value capture from Western Sydney residents? Why aren't you imposing a value capture model on the CBD and South East Light Rail. If it is good enough for the western suburbs, why is it not good enough for the east?

Mr ANDREW CONSTANCE: I publicly want to acknowledge Chris Brown—who I think it is fair to say, is not on our side of politics—for his advocacy in relation to financing infrastructure in Western Sydney. He has made it clear that the application of Special Infrastructure Contributions [SIC] is a way forward to assist in the financing of infrastructure in the west. I am talking specifically about the net uplifts associated with infrastructure development along some of these precincts. At the same time, I am very pleased that this Government has the ability to put \$1 billion of public equity towards it. I note that the Labor Party opposed the way in which we raised that \$1 billion of public equity, given its opposition to the poles and wires, the ports transaction and the desalination refinancing.

Dr MEHREEN FARUQI: Minister, no doubt you have seen today's *Sydney Morning Herald*. A report in it is about State Transit Authority's on-time running report for 2016-17. That reveals quite a bit that is happening with the bus debacle. It is clear from that report that you knew that additional resources were desperately needed and were being asked for by the State Transit Authority [STA] to improve on-time running and to improve timetabling. Yet your department repeatedly refused to provide those resources. Basically that meant that customers suffered for years. Could you tell us why those requests were refused, and why those resources were not provided to improve timetabling and running times?

Mr ANDREW CONSTANCE: I think you are referencing a 2015 allocation of \$7.5 million. The funding was allocated.

Dr MEHREEN FARUQI: Where was the funding spent? Do you know how much of that money has been spent and what was done?

Mr ANDREW CONSTANCE: The funding was allocated at that time.

Dr MEHREEN FARUQI: I am not talking about allocation. Firstly, that funding had been asked for since 2012. If it was allocated in 2015, your Government still let customers suffer for three or four long years. Can you tell me where that funding was put?

Mr ANDREW CONSTANCE: The observation that I make in relation to customer satisfaction is that it has improved under our Government, so I cannot say that the inference in your question is accurate. We made available an allocation in 2015. I note that this is budget estimates for this year, but I am happy for the secretary to respond further to any inquiries in relation to that period.

Mr REARDON: There are 26 metro bus system contracts across the greater metropolitan area. We—Transport for NSW—have ongoing discussions with each of those operators. There are several State transit regions—six, seven, eight, nine in the Sydney area—and then 26 covering all the way out to Newcastle, Wollongong and the Blue Mountains. Each one of those contracts under the Metropolitan Bus Service Contracts [MBSC] contract regime have fairly robust conversations with us about what their needs are on an annual basis—whether it is service kilometres, growth buses or replacement buses. Each one of those regions puts forward what it believes it needs. We go through network planning with them as well as customer satisfaction and punctuality, and we have a robust outcome on delivering services.

The result of that is not always to put more buses into a congested area. The very nature of that was borne out with the CBD bus plan only a couple of years ago. Putting more of the same—spare capacity—into the same congested area is not always the response that will get an outcome. STA, as I said, is no different in having that negotiation with us. STA, as is their wont, under the Metropolitan Bus Service Contract, can robustly put forward what it believes it needs. We have a discussion with 26 bus system contracts about whether we agree, on an annual basis.

Dr MEHREEN FARUQI: Sure, but when you knew that this was a system that could be used to improve on-time running, and Transport for NSW and the Government allocated those resources in 2012 for the North Shore and the Northern Beaches—which also have very congested roads—but refused to do that for other regions, what is the explanation? I would like a pretty specific answer.

Mr REARDON: I will be clear. I will not repeat everything. We go through robust discussions with each operator, whether it is private or government. There are more private than government buses in those robust discussions. There is a multitude of them. Putting more of the same resource in an area is not necessarily going to achieve the customer satisfaction or punctuality outcome. On these, the premise of your question was that you knew, therefore why did you not? We clearly did not reach an agreement with the State Transit Portfolio Committee No. 5

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Authority [STA] on its premise that more buses alone, put into the same congested area, would achieve the outcome. It is as simple as that.

Dr MEHREEN FARUQI: It is not necessarily just more buses. It is also using the actual time to look at timetabling and other things as well. Minister, if that was the case, how do you think a private operator will be able to improve these services?

Mr ANDREW CONSTANCE: As demonstrated in the 11 of 15 contract regions here in Sydney, their performance is significantly better than the STA both in customer satisfaction and on-time running. One of the reasons that that is the case is that whilst the Government will still be able to retain public ownership of the buses, and the depots, and regulate through the Opal fare structure the fares as well as at the same time the timetabling, better management can deliver a far more successful outcome in maintenance and of course the delivery of the vehicles to the city streets. There are very clear benchmarking differences between the private operators and the government operation. For this reason, if it is good enough for the people of Western Sydney it should be good enough for the people of the inner-west.

Dr MEHREEN FARUQI: You are inaccurate in saying that private operators have better outcomes because bus region No. 1, which is outer-west and is privately run, has a higher rate of complaints per thousand monthly trips compared to bus region No. 6, which you now want to privatise. It is inaccurate to say that there are fewer complaints when buses are privately run.

Mr ANDREW CONSTANCE: What is accurate is that region No. 6 is the most complained about region over a four-year period. I also indicate to the Committee that it has the highest number of complaints this financial year. It is unacceptable.

Dr MEHREEN FARUQI: It also has a very high number of customers and if you do it per customer that is not really the case. You are not comparing apples with apples, Minister.

Mr ANDREW CONSTANCE: Unlike The Greens, I am not prepared to ignore the significant body of customer complaints about this operator. And, I am sorry, there is no excuse for around 43,000 complaints over a four-year period in relation to one contract region alone. There is no excuse for 10,216 complaints this financial year in this contract region.

Dr MEHREEN FARUQI: Minister, you are putting up with a higher number of complaints per thousand monthly complaints for a privately run operator, but you are not willing to take a lower number of complaints from a publicly run service, which your department has refused to help to improve services. Was the only reason you did not put resources into it so that you could later on make that excuse and privatise them?

Mr ANDREW CONSTANCE: I think the main reason for the poor performance relates to the union featherbedding and the behaviour of union bosses around this operation. The reality is that we expect far better for our customers, who are our number one priority. If you think it is acceptable to have 43,000 complaints over a four-year period in one contract region, that is very disappointing—a very disappointing attitude by The Greens.

Dr MEHREEN FARUQI: Minister, you keep using misleading data.

Mr ANDREW CONSTANCE: Oh no. I am not using misleading data.

Dr MEHREEN FARUQI: You keep blaming the issue on drivers and unions rather than taking responsibility for it yourself. You are, after all, the Minister for Transport.

Mr ANDREW CONSTANCE: That is exactly right, and I will take that as a statement.

The Hon. PENNY SHARPE: Thanks, Tony.

Dr MEHREEN FARUQI: Yes, that is right. Minister, just coming back to the question of leaks, I understand that Transport for NSW recently fired up to 10 transport planners. Is that correct?

Mr ANDREW CONSTANCE: I will refer all staffing matters, as I should, to the secretary of the department.

Dr MEHREEN FARUQI: Sure.

Mr REARDON: The agency and its governance and its structure is a matter that basically evolves constantly. The reason it does is that we have an infrastructure pipeline at the moment, a planning pipeline and a service delivery like we have never had before. With that we are constantly evolving, whether that is developing new delivery offices for Newcastle or B-Line or whether it is changing how we do things in our long-term planning.

Dr MEHREEN FARUQI: Mr Reardon, could you specifically answer my question: Has Transport for NSW recently fired up to 10 transport planners in the past three months, let us say?

Mr SCOT MacDONALD: Point of order: I think the witness is answering the question. The more that Dr Mehreen Faruqi interrupts, the longer this will take.

Mr ANDREW CONSTANCE: I have to also add that I think it is inappropriate for a question to be suggesting or inferring that any change in staff structure relates directly to leaks.

Dr MEHREEN FARUQI: That was not my question.

Mr ANDREW CONSTANCE: That was your implied question. You opened your question by saying "in relation to the leaks".

The Hon. PENNY SHARPE: There is no point of order. Minister, you do not get to take points of order. I know it is a shock to you.

Mr ANDREW CONSTANCE: I am actually going to—

The DEPUTY CHAIR: Order!

The Hon. PENNY SHARPE: It is not up to you.

Mr ANDREW CONSTANCE: I will protect the professional integrity of the public sector, which is what you people are seeking to trash here this afternoon.

The DEPUTY CHAIR: Order! I will rule on the point of order. Minister, before you continue, in relation to the point of order taken by Mr Scot MacDonald, I rule that there is no point of order. The robust nature of questions and answers is fine, but let us in a civil manner all engage in the proper way. Dr Mehreen Faruqi has the call.

Dr MEHREEN FARUQI: My question was pretty simple and clear. Has Transport for NSW recently fired up to 10 transport planners?

Mr REARDON: Thank you. I will continue to answer with the fact that we recruit and we remove probably a number of people on an annual basis. We are moving quite fast at the moment to deliver on the priorities of the Government. With reference to your question about specifics on planners, I will take that on notice.

The DEPUTY CHAIR: That concludes questions by Dr Mehreen Faruqi. The Hon. Mark Pearson represents the Animal Justice Party.

The Hon. MARK PEARSON: Good afternoon, Minister.

Mr SCOT MacDONALD: Why did the chicken cross the road?

Mr ANDREW CONSTANCE: Because it could not catch the train.

The DEPUTY CHAIR: Order!

The Hon. MARK PEARSON: I ask these questions on behalf of Reverend the Hon. Fred Nile. Does the Government have an estimate of losses suffered by Sydney central business district [CBD] small businesses as a result of the works currently underway in George Street?

Mr ANDREW CONSTANCE: Thank you for this important question. We are very sensitive, as a government—

The Hon. DANIEL MOOKHEY: No, you are not.

Mr ANDREW CONSTANCE: —to some of the challenges besetting a number of businesses along the light rail route and it is not just George Street. It is also Kensington and Devonshire Street in Surry Hills. For this reason at the moment we have engaged Ernst and Young and I have appointed Tim Spencer, the former deputy secretary of Treasury, to liaise with small business and collect an evidence base to determine what is happening there. The Government is happy to consider some financial assistance for rent if a stand-alone small business—for instance, a mum and dad operator—is able to bring forward and prove financial loss. I would stipulate that as part of that we are not looking at profitable big chains here. We are talking about those stand-alone mums and dads businesses obviously within proximity of some of the construction zones where there have been utilities undiscovered—or that we were not expecting to discover—through the construction phase. We are working through that process at this very time.

The Hon. MARK PEARSON: Would that compensation be in full or in part?
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CORRECTED

Mr ANDREW CONSTANCE: Let us collect the evidence first and foremost in relation to that. I think the key point is that we need to look at each business individually because obviously there are varying circumstances around each business, and that is what our intention is. We have made it clear that this has to be an engaging process. It is not an "us versus them" type of process. That is why Tim Spencer is engaged with Ernst and Young to work with those businesses and their accounting firms.

The Hon. MARK PEARSON: Has the Government entered into, or does it plan to enter into, any private-public partnerships concerning the development of rail transport?

Mr ANDREW CONSTANCE: Again it is assessed on a case-by-case basis. Obviously a number of our projects are in the form of public-private partnerships. We are very grateful to the strong relationships we have with the private sector to deliver the largest investment in infrastructure this State has ever seen. In essence, it is done on a case-by-case basis, depending on the project and the business case outcome.

The Hon. MARK PEARSON: This question is from me as the parliamentary representative of the Animal Justice Party and relates to animals on public transport.

The Hon. DANIEL MOOKHEY: Why not?

The Hon. MARK PEARSON: In the United Kingdom [UK] pets are accepted on trains operated by National Rail. Dogs and cats with owners can travel by train in the UK with no seating restrictions and usually free of charge and dogs and cats can also travel on buses, subject to a fare being paid. In Europe, animals weighing less than five kilograms can travel for free, with no reservation required. In Germany there are many situations in most public transport where animals can travel as well.

In Spain you can take dogs, cats, ferrets and birds but not chickens. They are welcomed. In France you can take dogs, cats, rabbits, rodents, birds, reptiles and amphibians under six kilograms, but they must travel in a carrier. Small pets can travel for free. Most European countries, including Britain, allow passengers to travel on public transport. There are a lot of people on low incomes who have companion animals as their main support in many situations—if they live alone, are disabled or are mentally ill. Countries in Europe and Britain allow passengers in many situations to travel on public transport with companion animals with sensible provisions of supervision and control measures. It is considered uncontroversial and normal for people to travel with companion animals. Given that more than 60 per cent of Australian households own a companion animal—one of the highest percentages in the world—and we have a strong culture of treating companion animals as members of the family, why does your department prohibit people from travelling with their companion animals on public transport unless it is a seeing eye dog?

Mr ANDREW CONSTANCE: That is a tremendous question.

The Hon. PENNY SHARPE: Ask Mr Collins. He might have some experience in that.

Mr ANDREW CONSTANCE: First of all, approved assistance animals are already allowed on public transport. It is important to note that.

The Hon. MARK PEARSON: Yes, as I said.

Mr ANDREW CONSTANCE: We are conducting a review, so I am sure the input you have just given will form part of the deputy secretary's review into this process. There is no reason why we must not consider this, but we must make sure we do it well and do not disrupt passengers. The idea of Scot MacDonald on a New South Wales train with 20 chickens is not a particularly attractive one for other customers. It is about finding a way forward that strikes a balance with community comfort.

The Hon. MARK PEARSON: That field has been covered, obviously.

Mr ANDREW CONSTANCE: Importantly, I want to send a clear message as a former disabilities Minister that assistance animals are already allowed onto the transport network. We are currently conducting a review and it would be great to get your feedback.

The Hon. MARK PEARSON: A perfect example is many disabled people or those with lower incomes who do not have their own vehicle and need to get their animals to veterinarians for normal check-ups, et cetera. This would be a very important change.

Mr ANDREW CONSTANCE: Yes. We need to be able to manage all of the associated issues with travelling animals and do that well. I do not know whether Mr Collins wants to speak.

Mr COLLINS: I have taken a dog on the train. I am very proud of the fact that my wife trains assistance dogs in Australia. We have had two pups so far. The difficulty is, as I experienced in the United Kingdom where we do allow animals on trains, the terrible experience that I had of picking up an animal that

had been killed by a train because it somehow slipped its lead, and then seeing the distraught owner. It is a very difficult decision. Before we make that decision, we should understand the benefits. On the tube, hundreds of delays were caused by animals in the corridor that for one moment were thought to be under control and then in the next moment had slipped the lead and gone. That is something we should debate before we open that up to everybody.

The Hon. MARK PEARSON: I accept that. My last question is from the Hon. Fred Nile. Can the Government confirm whether or not any planned rail development in the State will be privately owned?

Mr ANDREW CONSTANCE: In the first quarter of next year we will release our future transport strategy. I am not quite sure what the reverend is alluding to in that question. We will continue to provide public transport services. Quite often through a public-private partnership we will engage the private sector to provide the service. The model that has been used for Metro, for instance, is a good example of that. The model that is currently used for the inner west light rail is another good example of that. We might have public ownership and private sector delivery, and I think that is ultimately where I hope to respond to the question from Fred Nile. He is not here.

The DEPUTY CHAIR: For the sake of accuracy, you could always take it on notice.

Mr ANDREW CONSTANCE: I am happy to take on notice. It seems that there might be something more specific to his question.

The Hon. MARK PEARSON: Unfortunately, I cannot flesh that out for you.

The Hon. DANIEL MOOKHEY: I apologise. I should have thanked you and your officials earlier for your appearance today. Minister, I recall vividly seeing you on Channel 9 news spruiking the Central Station east-west concourse. Are you as excited about that project today as you were then?

Mr ANDREW CONSTANCE: I am excited about what I am doing in transport everywhere. We are going to see a transformation of central, courtesy of the metro stop that is being built there and also as part of that, Central Walk. It is an incredibly exciting project and there is a real opportunity as a result of Government investment to see a transformation of central station.

The Hon. DANIEL MOOKHEY: A transformation?

Mr ANDREW CONSTANCE: Retention of that incredibly beautiful heritage building and at the same time the provision of light rail courtesy of the central business district [CBD] light rail and the Metro, which the Labor Party is opposed to. Ultimately, we will continue to have a precinct that over the next 10 years will have 450,000 people travel through it every day. We also want to make it a precinct that people will travel to and not just travel through.

The Hon. DANIEL MOOKHEY: Excellent news. When will this transformation start?

Mr ANDREW CONSTANCE: Interestingly, we have already started. We have already started with the CBD light rail project out the front in Eddy Avenue. Mr Staples is already in the business of commencing the central station works, which will incorporate both the Metro box and Central Walk.

The Hon. DANIEL MOOKHEY: Fantastic. When will it finish?

Mr ANDREW CONSTANCE: We have announced specifically where we intend to end and complete some of those projects that will be part of the transformation. We also will go to market to take soundings on what else we can do with the 20 hectare precinct. Ultimately our intention is to minimise disruption for commuters, given it is such an important interchange point. It is the largest interchange point on the network. I think people will be very excited about what is about to happen at central.

The Hon. DANIEL MOOKHEY: I am excited. Have there been any scope changes that have required the attention of Transport for NSW, Infrastructure NSW or anyone like that?

Mr ANDREW CONSTANCE: For what?

The Hon. DANIEL MOOKHEY: For the central station east-west concourse?

Mr ANDREW CONSTANCE: I do not understand your question.

The Hon. DANIEL MOOKHEY: Has there been any variation? Is it still going as planned?

Mr ANDREW CONSTANCE: The Government has announced a metro station. The Government has announced Central Walk.

The Hon. DANIEL MOOKHEY: Fantastic.

Mr ANDREW CONSTANCE: It is fantastic. Thank you for endorsing the fantastic work.

The Hon. DANIEL MOOKHEY: I am very excited. How much will it cost?

Mr ANDREW CONSTANCE: Again, we are in the midst of commercial sensitivities around the Metro project as we engage the private sector with contracts.

The Hon. DANIEL MOOKHEY: I was reading the budget papers, as I am sure you were ahead of budget estimates. I hope you have brought them this year. I could not see a figure or allocation for this. It might be that I have missed it. Is it contained in the budget paper at all what the cost is? Is there a reservation in Restart NSW? Is it flagged in Rebuilding NSW?

Mr ANDREW CONSTANCE: In terms of the Sydney Metro?

The Hon. DANIEL MOOKHEY: No, the central station east-west concourse?

Mr ANDREW CONSTANCE: Again, could you give me the particular page to which you refer?

The Hon. DANIEL MOOKHEY: I think it is 2 to 3.5. There are two wonderful charts in Budget Paper No. 2. I am sure you have them.

The Hon. RICK COLLESS: Why have you not got them?

The Hon. DANIEL MOOKHEY: I have them. I am asking the question. Minister, you have got the budget estimate papers with you at budget estimates?

Mr ANDREW CONSTANCE: From memory, I think the budget has about 900 pages. I am happy to take it on notice. Are you talking about the allocation for this year? Do you want me to help you out with the allocations for this year?

The Hon. DANIEL MOOKHEY: Yes.

Mr ANDREW CONSTANCE: It is \$48 million.

The Hon. DANIEL MOOKHEY: That is the \$48 million allocation for this year?

Mr ANDREW CONSTANCE: There is \$48 million in the 2017-2018 budget allocated for Central walk. That is going to be an incredible new concourse for the Central station precinct.

The Hon. DANIEL MOOKHEY: You can sense my excitement. Has Transport for NSW ever prepared a costing for the Central station east-west concourse?

Mr ANDREW CONSTANCE: What do you mean by that?

The Hon. DANIEL MOOKHEY: Have you prepared an estimated total final cost?

Mr ANDREW CONSTANCE: Again, the final cost will be known once we complete the commercially sensitive engagement we have contracted.

The Hon. DANIEL MOOKHEY: That was not my question. I do not want my excitement to lead to any ambiguity in the question.

Mr ANDREW CONSTANCE: I would hate for it to wane.

The Hon. DANIEL MOOKHEY: I am not asking what it is, I am just asking whether Transport for NSW has prepared a cost.

Mr ANDREW CONSTANCE: It was in the budget.

The Hon. PENNY SHARPE: So, that is a yes?

Mr ANDREW CONSTANCE: I think this is the problem for the Labor Party, you do not understand that we need to go to market to engage with the private sector to understand the final cost.

The Hon. PENNY SHARPE: We understand just fine, thank you, Minister.

The Hon. DANIEL MOOKHEY: Have you ever received a briefing from Transport for NSW on the estimated cost of the Central station east-west concourse?

Mr ANDREW CONSTANCE: I am not going to go into commercially sensitive or Cabinet-in-confidence briefings in this Committee.

The Hon. DANIEL MOOKHEY: Did you by any chance manage to ever write a letter to the Treasurer outlining the cost of the Central station east-west concourse?

Mr ANDREW CONSTANCE: I am happy to take your question on notice. The matter is commercially sensitive and Cabinet-in-confidence, for your benefit.

The Hon. DANIEL MOOKHEY: Of course. Has the cost ever been revised by Transport for NSW in the last 12 months?

Mr ANDREW CONSTANCE: I am happy to take your question on notice.

The Hon. DANIEL MOOKHEY: Excellent. Minister, I am sure you will remember the very spirited exchange we had two years ago about central business district light rail in which I asked you why the cost rose from \$1.6 billion to \$2.1 billion and then after a few reflections on my character, you then said it was because of scope changes. Was that an accurate statement?

Mr ANDREW CONSTANCE: I do not recall a colourful exchange—maybe that is just a reflection of my thinking on you, I have no idea.

The Hon. DANIEL MOOKHEY: There are very few colourful exchanges you are involved in.

Mr ANDREW CONSTANCE: The point that I would make is that—

The Hon. DANIEL MOOKHEY: Sorry for accusing you of having colour.

Mr ANDREW CONSTANCE: Sorry?

The Hon. DANIEL MOOKHEY: I am sorry for accusing you of having colour.

Mr ANDREW CONSTANCE: I am happy to reflect on that period and what was said, just to help to remind you.

The Hon. DANIEL MOOKHEY: Actually no, I am asking a pretty straightforward question. Was the evidence you gave under oath in 2015, when you said that the variation was due to scope changes, an accurate statement? Would that explain the \$500 million rise in cost? It is a straightforward question.

Mr ANDREW CONSTANCE: To help you out, you asked me, "Do you know the scope changes?" I indicated to you at that time, and I am happy to again refer to the answer that I gave you in the colourful exchange which I cannot remember, but you obviously continue to be obsessed about.

The Hon. DANIEL MOOKHEY: Indeed.

Mr ANDREW CONSTANCE: That I said—

The Hon. PENNY SHARPE: You are continuing to pretend it did not happen.

Mr ANDREW CONSTANCE: I said, "Yes, some of them include the ability to put increased capacity on the trains." That was specifically in relation to your question about the scope changes.

The Hon. DANIEL MOOKHEY: Wonderful. Why did the cost of the Sydney central business district light rail rise from \$1.6 billion to \$2.1 billion?

Mr ANDREW CONSTANCE: I think the point that you are making relates to an Auditor-General's report. I refer you to my public statement on 30 November 2016.

The Hon. DANIEL MOOKHEY: It is not a point, it is a question. Do you agree with the Auditor-General when he says it was not due to scope changes and in fact \$516 million of the \$549 variation was because Transport for NSW, under then then Minister for Transport, Gladys Berejiklian, bungled the mispricings and omissions in the business case was the exact phrase. Do you accept that finding by the Auditor-General?

Mr ANDREW CONSTANCE: I refer you to the public statement I made on 30 November 2016.

The Hon. DANIEL MOOKHEY: I am sure you recall the now Premier's infamous press release of 17 December 2014 when she said, "The contract will result in increased project cost due to customer improvements to the original scope." You then submitted this statement as an answer to a question on notice I asked you about why the cost exploded. What steps did you take to verify the accuracy of this statement before you submitted it to Parliament under your parliamentary oath?

Mr ANDREW CONSTANCE: The final contract value on light rail is \$2.1 billion. That was the determination made after the Government went to the private sector to contract them to build the project and there is no cost blowout associated with that \$2.1 billion price tag.

The Hon. DANIEL MOOKHEY: Are you sitting here, after an Auditor-General has said that there was a blowout and it was because of mispricing and omission to the business case, when you stood up at a press conference with the now Premier and accepted the findings and, as she said, took responsibility, saying there has not been a blowout?

Mr ANDREW CONSTANCE: I said that the final contract value was \$2.1 billion after we went to the private sector.

The Hon. DANIEL MOOKHEY: And I asked you what steps you took to verify the accuracy of the Premier's statement before you submitted it under your oath. I appreciate that little detour, but it is a straightforward question: what steps did you take before you put it forward under your oath?

Mr ANDREW CONSTANCE: Again, I do not like the inference that you are making and I reject it out of hand.

The Hon. DANIEL MOOKHEY: It is not an inference.

Mr ANDREW CONSTANCE: It seems to be.

The Hon. DANIEL MOOKHEY: It is a direct accusation. What steps did you take before you submitted that statement under oath?

Mr ANDREW CONSTANCE: You are supposed to be asking questions, not making direct accusations actually.

The Hon. DANIEL MOOKHEY: That is one of them.

The Hon. PENNY SHARPE: He just asked one.

The Hon. DANIEL MOOKHEY: That is one of the, what did you do?

Mr ANDREW CONSTANCE: Are you making an accusation or asking me a question?

The Hon. PENNY SHARPE: He is asking you what action you took.

The Hon. DANIEL MOOKHEY: I am asking you a question: what steps did you take before you signed the piece of paper and sent it to Parliament under oath that that statement was accurate?

Mr ANDREW CONSTANCE: I refer you to my press statement of 30 November.

The Hon. DANIEL MOOKHEY: The press release is all the more stunning because as the Auditor-General makes clear—

Mr ANDREW CONSTANCE: Sorry, which press release are you asking about?

The Hon. DANIEL MOOKHEY: I am talking about the press release the now Premier issued when she said the contracts will result in increased project costs due to customer improvements to the original scope, which she issued on 17 December 2014, which you then referred to and submitted under your parliamentary oath in an answer to a question on notice; just to be very clear.

It is all the more stunning, because the Auditor-General said in October 2014, two months before the statement, "Transport for NSW informs the New South Wales Government that the \$500 million explained is because of errors and omissions in the business case." Minister, either to you or to Mr Reardon, in October 2014, who did Transport for NSW inform in the New South Wales Government?

Mr ANDREW CONSTANCE: Just to help you out—

The Hon. DANIEL MOOKHEY: I am clearly the one who needs help.

Mr ANDREW CONSTANCE: I am beginning to think you do, given your direct accusations and your bizarre questioning. There was a statement issued in November 2016 in relation to this matter, in which the Government made clear, in response to the Auditor-General, which you have now referred to, that we would take very seriously her recommendations. We have responded to those. I also draw your attention to the fact that in that report she welcomed the rigorous approach the Government takes in assessing infrastructure projects.

The Hon. PENNY SHARPE: She does her homework.

The Hon. DANIEL MOOKHEY: I am sure she did, but that was not my question. My question was pretty straightforward.

Mr ANDREW CONSTANCE: I do not think it was, because you babbled for about two minutes and made a whole bunch of accusations.

The Hon. DANIEL MOOKHEY: Let me put it in more straightforward terms. Mr Reardon, who did Transport for NSW inform in October 2014 that the rising cost was because of errors and omissions in the business case? Did you inform the then Minister for Transport of that?

Mr REARDON: I think I went over this last time when we discussed this as well. A couple of things: I was asked about what were the changes from \$1.6 billion to \$2.1 billion and I think I indicated there were a range of factors to be considered when coming to a final budget.

The Hon. DANIEL MOOKHEY: I am not accusing you of making any errors in your previous statements, I am just asking you a very straightforward new question, which we have not covered before because we did not have the Auditor-General's report, and that is, who did you tell? Did you tell the Minister for Transport? Did you tell the Treasurer at the time? Did you tell the Premier?

Mr REARDON: I was responding to your question. I stand by the previous statement that I said. When I kicked off in my role, I basically got on with the project, on delivering it. It had a budget of \$2.1 billion. It was a public-private partnership and we went about setting up a Central Business District and South East Light Rail delivery office. We went about setting up a Sydney Coordination Office and we have proceeded with delivering the project.

The Hon. DANIEL MOOKHEY: Just going back to that wonderful Central station east-west concourse that we are all very excited about, is the estimated cost of that \$1.2 billion and has that costing been prepared by Transport for NSW?

Mr ANDREW CONSTANCE: I am happy to take your question on notice.

The Hon. DANIEL MOOKHEY: Do you know?

Mr ANDREW CONSTANCE: I just said I am taking it on notice to come back to you.

The Hon. DANIEL MOOKHEY: Have you ever been provided a document by Transport for NSW that says that the cost of the Central station east-west concourse is \$1.2 billion?

Mr ANDREW CONSTANCE: Again, ultimately just to assist the Labor Party—

The Hon. PENNY SHARPE: What would assist us is if you would answer the question. Mr Reardon, have you ever provided information to a Minister in relation to this project?

The Hon. DANIEL MOOKHEY: There is no need to hide, Minister, you are very proud of this project.

Mr ANDREW CONSTANCE: I am very proud.

The CHAIR: One speaker at a time, please.

Mr ANDREW CONSTANCE: Will you let me answer the question? You have left your manners at home, so let me just answer your question. I have now got two questions to answer.

The Hon. PENNY SHARPE: My question is to Mr Reardon.

Mr ANDREW CONSTANCE: Let us come to your learned colleague next to you. First and foremost, with any project we will look at a range of costings, but what we do very successfully as a Government is go out to market, having worked through the planning approval processes in the engagement with the community, and we will then go to contract with the private sector and that becomes the final cost. If there is a variation on that final cost, that is when you can go about accusing people of cost blowouts. The Labor Party seems to muck up that understanding all the time. That is because you did not build any infrastructure when you were in government. I said that I would take on notice your question about Central Walk, but it is a project this Government is very proud to be delivering as part of the Metro project.

The Hon. DANIEL MOOKHEY: Mr Reardon, has Transport for NSW ever prepared a document that says that the cost of the central station east-west concourse or Central Walk project is \$1.2 million?

Mr REARDON: We produce a lot of briefings for government and, when they come to the major infrastructure proposals, they are going to be cabinet and commercial-in-confidence.

The Hon. DANIEL MOOKHEY: Transport for NSW in October 2014 apparently warns then somebody in the New South Wales Government—we do not know who it is. Presumably you then saw the Minister for Transport and now Premier issue that press release. By the way, was that press release of 17 December 2014 authored by anyone in Transport for NSW?

Mr ANDREW CONSTANCE: You are an investigator. There is no doubt you have really got the Government here this afternoon! If you are going back asking about press releases from 2014 in a budget hearing that is supposed to be on this financial year—

The Hon. PENNY SHARPE: This is about holding you to account, Minister.

Mr ANDREW CONSTANCE: Put your questions on notice, because they are silly questions.

The Hon. DANIEL MOOKHEY: If you have blown out a budget by \$600 million, you have to expect questions.

Mr ANDREW CONSTANCE: You are asking about someone who might have drafted a press release in 2014.

The Hon. DANIEL MOOKHEY: Was that press release seen by anybody in Transport for NSW before the now Premier issued it?

Mr REARDON: I will repeat what I said: When I took over as secretary in early 2015, we got on with delivering the project. If you are asking me about something in late 2014 when I was not secretary, I am happy to take it on notice.

The Hon. DANIEL MOOKHEY: After the press statement was issued—

Mr ANDREW CONSTANCE: Is this the best you have? Seriously!

The Hon. DANIEL MOOKHEY: After the press statement was issued, Mr Reardon, what steps did you take to inform the Minister for Transport, now Premier, that she had issued incorrect information to the public?

Mr REARDON: I think I just indicated that, when I took over as secretary, I got on with delivering the project. That was in 2015.

The Hon. DANIEL MOOKHEY: I am asking you on behalf of Transport for NSW. I am asking you what Transport for NSW did.

Mr REARDON: I indicated previously that if it is about 2014 I will take it on notice.

The Hon. DANIEL MOOKHEY: Mr Reardon, do you accept that Transport for NSW is under obligation to tell a Minister when it makes an incorrect public statement?

Mr ANDREW CONSTANCE: Are you here to make accusations? What are you doing?

The Hon. DANIEL MOOKHEY: I am asking a question.

Mr ANDREW CONSTANCE: You are very, very silly. We have a major infrastructure program of \$73 billion and you are asking questions about press releases in 2014. For goodness sake!

Mr REARDON: I am happy to answer the question in relation to our obligations. We have statutory obligations and we fulfil them.

Mr ANDREW CONSTANCE: Have you run out of questions?

The Hon. PENNY SHARPE: Absolutely not. I want to talk about the privatisation of buses in Newcastle.

Mr ANDREW CONSTANCE: Get your TWU mate next door to ask me. He seems to be very quiet on it. The TWU seems to be very happy about what we are doing.

The Hon. PENNY SHARPE: I have refrained from taking a point of order in relation to you debating every question we ask. You are completely out of order.

The DEPUTY CHAIR: Order! It is engaging and entertaining, but let us keep it civil.

The Hon. DANIEL MOOKHEY: Every year you just want a membership form.

The DEPUTY CHAIR: Order!

Mr ANDREW CONSTANCE: Send me one and I will consider it.

The DEPUTY CHAIR: Minister!

Mr ANDREW CONSTANCE: Sorry, Deputy Chair.

The Hon. PENNY SHARPE: You may realise privatisation of buses in Newcastle has been a big issue. There have been allegations of underpayment of workers and the cancellation of 170 services. What penalties are there for the operator for these failures?

Mr ANDREW CONSTANCE: Again, the premise of your question is wrong because you have said that we have privatised. We have actually franchised.

The Hon. PENNY SHARPE: Point of order: I have had enough of this now. The standing orders are very clear about this, and this Minister knows it. We have been very polite. He is not allowed to debate the question. I know he does not like it but he is not allowed to debate, and he is continually doing that and taking up our time. He is completely out of order.

Mr SCOT MacDONALD: To the point of order: The Minister was trying to answer the question.

The Hon. PENNY SHARPE: He is not. He is debating the question every single time.

The DEPUTY CHAIR: Order! With regard to the point of order, people need to calm down. The Minister might not like the questions but people who get the time to ask the questions get to ask the questions. Questioners may not like the answers but people who are asked a question get the opportunity to answer the question. I ask the Minister to try to be generally relevant in his response to the questions.

The Hon. PENNY SHARPE: What are the failures of the privatisation of Newcastle buses?

Mr ANDREW CONSTANCE: We have not privatised Newcastle buses.

The Hon. PENNY SHARPE: How do you describe what has happened in Newcastle?

Mr ANDREW CONSTANCE: It is called franchising.

The Hon. PENNY SHARPE: The operators of the franchise have underpaid workers and cancelled 170 services. What penalties have been issued for this poor service?

Mr ANDREW CONSTANCE: I am aware of the issue that you speak of and I have a very clear expectation that Keolis Downer needs to fix its payroll issue immediately.

The Hon. PENNY SHARPE: Your empathy towards those workers who cannot pay their rent is overwhelming. Is this what Sydney bus commuters can expect under the rest of your franchising/privatisation plans?

Mr ANDREW CONSTANCE: That is an outrageous slur against the wonderful private operators that operate across the city.

The Hon. PENNY SHARPE: Underpayment of workers, 170 services cancelled and you think that is okay with no penalty.

Mr ANDREW CONSTANCE: You have made that accusation. You did not even know whether it was a privatisation or a franchise. I do not think you are on strong ground.

The Hon. PENNY SHARPE: We used different words. We know exactly the difference and exactly the same.

Mr ANDREW CONSTANCE: We still own the buses and the depots.

The DEPUTY CHAIR: Order! Have you finished, Minister?

Mr ANDREW CONSTANCE: To put everything into context, we are providing 26,000 services there. The key point I would make is that ultimately the Labor Party has received \$206,000 in donations from the RTBU. I have no doubt this is more an example of the questions for donations scandal, which the Labor Party—

The Hon. DANIEL MOOKHEY: Do you want to go down that path?

The Hon. PENNY SHARPE: Do you want to talk about some of the donations the National Party and some of your colleagues in the National Party have taken? If you want to go there, Minister, let us get into it.

The DEPUTY CHAIR: Order! Time has expired for the Opposition. We now move to Dr Faruqi.

Dr MEHREEN FARUQI: Minister, I put it to you that moving the light rail alignment from the south side of Alison Road to the north side of Alison Road meant that a massive reinforced concrete embankment with sheet piling and all that goes along with it had to be built that actually had to be declared a dam. Did you know that this would happen when the alignment was moved from the south to the north?

Mr ANDREW CONSTANCE: One of the challenges of the alignment was the interface with the racecourse and the movement of thousands of people in and out of that entry, so a decision was made to have light rail on the other side of the road to allow the movement of thousands of people during events. The reason for that levee bank being put in was to obviously mitigate against flooding—

Dr MEHREEN FARUQI: It is not a levee bank; it is a dam. It is a huge reinforced concrete wall. It is not a levee bank.

Mr ANDREW CONSTANCE: Whatever description you want to use—

Dr MEHREEN FARUQI: It is called a dam. It was actually declared a dam by the Dam Safety Committee.

Mr ANDREW CONSTANCE: I will take that as a statement.

Dr MEHREEN FARUQI: No, I am asking you if you knew that that had to be done when the alignment was moved.

Mr ANDREW CONSTANCE: Correct.

Dr MEHREEN FARUQI: You did know that.

Mr ANDREW CONSTANCE: We had to mitigate against flooding of residents.

Dr MEHREEN FARUQI: But the environmental impacts statement modifications report that was done after the alignment was moved from the south to the north side does not talk about a dam being built at all. It just says that the earth embankment would have to be raised by 300 millimetres. Obviously you did not know that that was a rebuild. This is another indication of the incompetence shown by this Government. Could you tell me how much the design and building of this dam has cost?

Mr ANDREW CONSTANCE: It is a commercial-in-confidence matter that is—

Dr MEHREEN FARUQI: The public should not know how much the cost of this incompetence is.

Mr ANDREW CONSTANCE: It is part of the \$2.1 billion construction bill.

Dr MEHREEN FARUQI: It is part of the \$2.1 billion construction bill. How much contingency is in this \$2.1 billion construction bill? Mr Reardon just gave us an explanation of what blowout in the cost from \$1.5 billion to \$2.1 billion was, and that did not include this dam.

Mr ANDREW CONSTANCE: As an engineer you would understand that on occasions when you start to build projects you have to undertake some modifications—

Dr MEHREEN FARUQI: No, Minister: I do not understand incompetence at all. This is not to do with engineering.

The Hon. DANIEL MOOKHEY: She has never been guilty of it.

Dr MEHREEN FARUQI: Yes, that is absolutely right.

Mr ANDREW CONSTANCE: Given your knowledge on this I presume you know that the increase in height is about 30 centimetres.

Dr MEHREEN FARUQI: I am not talking about the increase in height; I am talking about this whole reinforced concrete wall that had to be built and then a dam declared—and safety constraints with a dam are much higher than just raising a levee. You would know that it would have cost a lot more than just raising a levee bank would have cost. Why don't you be honest and transparent for once and tell the public what it wants to know? How much of this public money is going into this dam?

It is almost complete. Surely you know how much it cost to design and build it, just let us know.

Mr ANDREW CONSTANCE: Just to help you out—

Dr MEHREEN FARUQI: It would be great if you could help me out, because you are not giving us any help at this point in time.

The Hon. DANIEL MOOKHEY: Or the public.

Dr MEHREEN FARUQI: Or the public.

Mr ANDREW CONSTANCE: When you embark on the building of projects sometimes there are things called modifications, and with modifications you engage commercially in confidence with the contractor

around those. This is a Government that has a \$2.1 billion construction build. We factored in contingencies to allow for these types of modifications. The matter is commercial in confidence and that is all I have to say in relation to you.

Dr MEHREEN FARUQI: Could you guarantee that this whole project will cost no more than \$2.1 billion once it is completed?

Mr ANDREW CONSTANCE: Again, we are halfway through the construction build. We have 10 kilometres of track down. We have light rail vehicles that have arrived. We are getting on with building what will be a transformative project for the city. I do thank The Greens for their support of the project, unlike the Labor Party. Again, we want to make sure the project is built well and the advice that we continue to get from the contractor, through the project team, is that we are still tracking to time and to budget.

Dr MEHREEN FARUQI: You will not guarantee that this project will not go over cost more than \$2.1 billion?

Mr ANDREW CONSTANCE: I am not going to sit here and guarantee anything to you.

Dr MEHREEN FARUQI: Sorry?

Mr ANDREW CONSTANCE: I am not going to sit here and guarantee anything to you.

Dr MEHREEN FARUQI: I am asking for the public, not for my sake.

Mr ANDREW CONSTANCE: Are you?

Dr MEHREEN FARUQI: Yes.

Mr ANDREW CONSTANCE: Let us stop playing games then.

Dr MEHREEN FARUQI: I am not playing any games.

Mr ANDREW CONSTANCE: You have asked me a question about a modification to the project. It is commercially sensitive because when you see those modifications you need to, under a contract, deal directly with the contractor. And that is exactly what we have done.

Dr MEHREEN FARUQI: Minister, has Acciona or the old track consortium put in contract variations with Transport for NSW for the South East Light Rail [SELR] Project?

Mr ANDREW CONSTANCE: It is completely commercially in confidence. It is an out-of-line question.

Dr MEHREEN FARUQI: What do you mean it is an out-of-line question? This is public money we are dealing with. Have they put in any contract variations?

Mr ANDREW CONSTANCE: Again, you have just asked me about a modification to the contract.

Dr MEHREEN FARUQI: So?

Mr ANDREW CONSTANCE: Does that not answer your question?

Dr MEHREEN FARUQI: No, because you said it was already including the \$2.1 billion.

Mr ANDREW CONSTANCE: You told me that there was a modification.

Dr MEHREEN FARUQI: You did not answer my question at all.

Mr ANDREW CONSTANCE: If there is a modification to the contract, then obviously there is going to be some commercial-in-confidence discussions between the contractor and the Government.

Dr MEHREEN FARUQI: If it is a modification, will that take the price over and above \$2.1 billion?

Mr ANDREW CONSTANCE: We have contingency.

Dr MEHREEN FARUQI: How much contingency was in this project? Can you give me a percentage figure?

Mr ANDREW CONSTANCE: It is commercially sensitive.

Dr MEHREEN FARUQI: Contingency is commercially sensitive?

Mr ANDREW CONSTANCE: Correct, of course it is. We are a Government that has a record. South West Rail Link, we delivered 300 metres—

Dr MEHREEN FARUQI: I think that you are a Government that does not want to tell the public anything. It is secrecy and hiding. No wonder that people are leaking information, because people want projects to be run for the good of the public, not to push an agenda—a political agenda—that you are running.

Mr ANDREW CONSTANCE: I will take that as a statement.

Dr MEHREEN FARUQI: Minister, you recently said, "Into the future government will no longer be providing services when it comes to transport. There is no need." Is your objective to privatise all public transport?

Mr ANDREW CONSTANCE: Is that my objective?

Dr MEHREEN FARUQI: You are not even interested in listening to the question, Minister. Would you like me to repeat it?

Mr ANDREW CONSTANCE: Philosophically—

Dr MEHREEN FARUQI: This is not a philosophical debate we are having here, I am sorry.

The Hon. GREG PEARCE: If you keep interrupting the Minister before he gets a chance to answer—

The DEPUTY CHAIR: Is that a point of order?

The Hon. GREG PEARCE: Yes, it is. Could you perhaps be a bit more polite? You have questioned his honesty. You are now suggesting other things. If you expect to get answers you cannot keep talking over the top of him, and you have to be—

Dr MEHREEN FARUQI: I am sorry, I am being really polite, and the Minister was not even listening to my question.

The Hon. GREG PEARCE: There you go again.

The DEPUTY CHAIR: Order! Thank you for the point of order. To be honest, I thought the Minister was pretty keen to continue the way he was going.

Mr ANDREW CONSTANCE: I was happy to talk about the philosophical.

The DEPUTY CHAIR: An untimely intervention really. I say to everyone: Take a breath, calm down. There is no point of order. The Minister was responding.

Mr ANDREW CONSTANCE: I think that the references to which you make in many of the addresses that I have given have very much related to the way in which on-demand transport and technology is changing the way in which people are using transport services. The reality is that the Government engages the private sector to deliver services, whilst we still own the assets. I have noted the completely dishonest campaign in relation to the inner west, where we will continue to own the buses, the depots and it will be provided by a private sector operator. That is just the way of the world. It was the way of the world under the Labor Party, who signed off 80 per cent of the bus contracts in this State to the private sector. It is the way of the world under this Government.

Ultimately, we are all about customer satisfaction; that is our number one priority. As we see the autonomous vehicles on the road and all the technology change we are experiencing now or are going to experience at a faster pace, we will see a very different delivery of transport services and transport planning.

Dr MEHREEN FARUQI: You are not intent on privatising all public transport?

Mr ANDREW CONSTANCE: Again, look at our record.

Dr MEHREEN FARUQI: The record shows that you are.

Mr ANDREW CONSTANCE: We are a public transport government. We have the largest urban road and rail project in the nation's history being built at the moment.

Dr MEHREEN FARUQI: And handing over to the private sector for operation.

Mr ANDREW CONSTANCE: So what?

Dr MEHREEN FARUQI: I guess so what. My problem is we have seen in Victoria—

Mr ANDREW CONSTANCE: So what? Let us go and nationalise everything, shall we? Bring back communism. For goodness sake. The point is that—

The Hon. DANIEL MOOKHEY: You are sounding like your Federal colleagues.

Mr ANDREW CONSTANCE: Interesting from you, from the Transport Workers Union [TWU].

The Hon. PENNY SHARPE: Are you going to talk about reds under the beds soon, Minister?

Mr ANDREW CONSTANCE: The TWU are very happy with franchising, given the transfer of union memberships from the Rail, Tram and Bus Union [RTBU] to the TWU.

Dr MEHREEN FARUQI: I am sorry, Mr Mookhey, this is my time. Minister, the problem is that in Victoria when the metro was privatised we know that the promises of higher quality and cost efficiency did not materialise.

Mr ANDREW CONSTANCE: The Government has no plans to privatise Sydney Trains. What are you suggesting?

Dr MEHREEN FARUQI: What you are saying is that privatisation improves quality and improves service. That is not the case. The track record in many places across the world shows that that is not the case. Maybe you should look at the evidence.

Mr ANDREW CONSTANCE: I will take that as a statement.

The DEPUTY CHAIR: That ends The Greens' time. Does the Animal Justice Party want 10 minutes to ask questions?

The Hon. MARK PEARSON: No.

The DEPUTY CHAIR: The Animal Justice Party forgoes its time. We will return to Dr Faruqi for the remainder of crossbench question time.

Dr MEHREEN FARUQI: Minister, can you guarantee that if bus region six is privatised routes will not be cut and that the frequency of bus services will not be negatively affected on any bus routes that currently operate?

Mr ANDREW CONSTANCE: We are a Government that is about to deliver 176 growth buses onto the road as a result of this year's budget. We are a Government that is delivering 24,000 new transport services on a weekly basis since we have come to office, and we are growing buses in the same way that we are growing the rest of the transport network. What I can assure the good people of the inner west is that we will continue to regulate fares through Opal, we continue to set the timetables, we continue to set the routes, we continue to own the buses and the depots. But what we want to do is bring in a new form of management to deliver a far better outcome, given the high volume of customer complaints in this contract region.

Dr MEHREEN FARUQI: Bus routes will not be cut, you can guarantee that?

Mr ANDREW CONSTANCE: We are going to enhance them. And we are going to enhance them also with on-demand transport, which is very exciting.

Dr MEHREEN FARUQI: Will the contract for the private operator be the same as the one used with the State Transit Authority [STA] for this region currently?

Mr ANDREW CONSTANCE: Again, we took a market sounding and we have had some industry engagement, which has been incredibly successful. I think, from memory, I addressed an industry forum. There were more than 100 people in the room. Ultimately, the beauty of having a contract in place is that we can incentivise and penalise a private operator in relation to performance. We can also remove some of the union featherbedding, which is absolutely disgraceful in terms of the cost to the taxpayer, where people are able to in essence treat the workplace with contempt. The union bosses who have been running this disingenuous campaign I think are a prime example of why we do not have the best bus service for the people of the inner west. That is why we will work through a process with the franchising of this service to get the best outcome.

Dr MEHREEN FARUQI: You were not able to incentivise the STA at all on these bus contracts?

Mr ANDREW CONSTANCE: One of the things I have observed is that through history—everything from the industrial arrangements to the maintenance arrangements—we want to bring a discipline that gets the uplift for the community. And ultimately we have benchmarked the private sector across the 11 contract regions which they provide versus the four contract regions which the STA provides. There is a clear difference.

Dr MEHREEN FARUQI: You were not able to change the STA contract to incentivise them. I give you one example, which is that Transport for NSW refused to spend \$5 million that was actually saved by the STA from the central business district [CBD] bus plan. That money was not put back into the STA when they

were requesting that money to improve their services. You have taken money away from the STA so they are not able to improve these services, but you are happy to incentivise private operators.

Mr ANDREW CONSTANCE: I am not sure about the exact dollars. The Secretary can respond.

Mr REARDON: I think we went over this previously with regard to the dollars you are talking about. I make the point again that hundreds of millions of dollars go into bus contracts. We benchmark all of the 26 metro bus system contracts to ensure that we get the best customer satisfaction, the best punctuality and the best value for money in terms of cost efficiency. That is how we go about it. Whether there is a variation of \$5 million or another amount, we have that same discussion and negotiation with the 26 metro bus system contracts annually.

Dr MEHREEN FARUQI: I heard that response before. What sort of incentives are you providing to private operators in this new bus contract?

Mr ANDREW CONSTANCE: I will not go into that while we are in the midst of industry engagement. Any contract that is signed will be commercial-in-confidence.

Dr MEHREEN FARUQI: So the current tender does not include any incentives?

Mr ANDREW CONSTANCE: There will be incentives.

Dr MEHREEN FARUQI: What sort of incentives are you looking at?

Mr ANDREW CONSTANCE: Things like on-time running.

Dr MEHREEN FARUQI: Are there any incentives in terms of the number of passengers travelling on those private buses?

Mr ANDREW CONSTANCE: It is still being finalised.

Dr MEHREEN FARUQI: What is being finalised—the tender?

Mr ANDREW CONSTANCE: It is still being finalised.

Dr MEHREEN FARUQI: What is being finalised—the incentives?

Mr ANDREW CONSTANCE: The tender.

Dr MEHREEN FARUQI: So it has not been released? I thought it had been released.

Mr REARDON: The process is underway. It is the same as we did for Newcastle. We will look at the most contemporary arrangements for incentives and penalties under a contract. We do that for all of our contracts, whether it is for trains, buses, ferries or light rail. We are working through that at the moment. We will take the lessons we have learnt from the current MBSC contracts and look for the best arrangements in terms of incentivising the operator to provide, as the Minister said, the network coverage and also incentives to bring in things like on-demand services to augment the current arrangements.

Dr MEHREEN FARUQI: I now move on to the metro, and specifically the Sydenham to Bankstown line. I think you or the department recently allocated \$49 million for replacement transport during the seven-month closure of the Epping to Chatswood line, where 14,000 commuters will be affected each day. I understand that when the Bankstown to Sydenham line is closed about 36,000 passengers will be affected each day. How much has been allocated for replacement services for that section?

Mr ANDREW CONSTANCE: Again, we will work through a process whereby an environmental impact statement will be issued to the community, and we will get feedback. Ultimately, we will allocate resources in the same way that we have with the Epping to Chatswood line. There will be a great outcome for the people of south Bankstown.

Dr MEHREEN FARUQI: So there have been no calculations to determine how much needs to be allocated?

Mr ANDREW CONSTANCE: Not as yet, but you are talking about—

Dr MEHREEN FARUQI: How do we know that the project will cost \$11.5 billion to \$12.5 billion when no calculations have been done?

Mr ANDREW CONSTANCE: Again, we will work through the relevant transport planning over the next six to seven years before this happens.

Dr MEHREEN FARUQI: When will that project be completed?

Mr ANDREW CONSTANCE: In 2023-24.

Dr MEHREEN FARUQI: You will work out the details in the next six years to seven years. The project is supposed to be completed in the next six years.

Mr ANDREW CONSTANCE: That is how it works.

Dr MEHREEN FARUQI: You make it up as you go along, given this Government's track record.

Mr ANDREW CONSTANCE: I will take that as a comment.

Dr MEHREEN FARUQI: That would be great. Page 71 of the "Sydney Metro City and Southwest Final Business Case Summary" states that the "dis-benefit of Bankstown line customers travelling on replacement bus services during the upgrade of the line from heavy rail to metro" is \$14 million. Minister, could you or someone from the department explain what that disbenefit includes?

Mr STAPLES: What was the reference and the page number?

Dr MEHREEN FARUQI: It is on page 71 of the "Sydney Metro City and Southwest Final Business Case Summary". I want to know what is that disbenefit and what does that \$14 million imply?

Mr STAPLES: That is a summary of a theoretical economic calculation that feeds into the overall benefit-cost analysis so that we capture changes in travel times, operating costs and so forth that are associated with managing that disruption during the construction work. That feeds in as a net cost in the analysis, but overall, as you see in the summary, the net benefit to the project is in excess of \$1.5 billion.

Dr MEHREEN FARUQI: I assume that that \$14 million is not the cost of replacement buses.

Mr STAPLES: No, it is a theoretical calculation done by the economists. It is done in accordance with Treasury guidelines to ensure that we consider all major costs associated with the project, not only the physical construction costs.

Dr MEHREEN FARUQI: It is the trouble that passengers will experience.

Mr STAPLES: It is a theoretical calculation based on a number of inputs.

Dr MEHREEN FARUQI: I did a back-of-the-envelope calculation and that equates to 1.2¢ per day per passenger. I think that is very low for the trouble people will experience.

Mr STAPLES: The business case was prepared by an independent consultant and it was put through the gateway review process by government. It has also been reviewed by Infrastructure Australia. It has been prepared in accordance with those guidelines, and I think it has been through the validation process.

Dr MEHREEN FARUQI: Has any calculation been done on the number of buses that will be needed when the Bankstown to Sydenham line is closed?

Mr STAPLES: We will provide further information on the temporary transport strategy for managing disruptions on the Bankstown line as part of the environmental impact statement that will go out. We will get feedback.

Dr MEHREEN FARUQI: When will that come out?

Mr STAPLES: That will be out in coming months.

Dr MEHREEN FARUQI: This year?

Mr STAPLES: Yes. We will get feedback from the stakeholder community about that and we will refine the strategy. We will progressively plan to move to implement and it will be the responsibility of the Transport Coordinator. In due course we will refine it and go to tender for services around that, as we have with the Epping to Chatswood line. We will then firm up on the costs associated with that and manage it within the overall project budget of \$11.5 billion to \$12.5 billion.

The Hon. PENNY SHARPE: How much has been budgeted for all of the infrastructure upgrades and modifications to allow the new intercity fleet to reach Lithgow?

Mr ANDREW CONSTANCE: We are in the midst of contracting the work. We want to be able to provide a standardised line to the people of Lithgow and the Blue Mountains so they can enjoy for centuries to come the same services enjoyed across the rest of the network. It is a great shame that the previous Government did not do this work when it should have.

The Hon. PENNY SHARPE: Can you guarantee that the funding is there to ensure that these infrastructure upgrades will allow the intercity fleet to get to Lithgow?

Mr ANDREW CONSTANCE: It is not only the intercity fleet. We will be able to run other trains there into the future. This is a wise investment for centuries to come. It is a pity that it was not made under the last Government.

The Hon. PENNY SHARPE: But you are not going to tell the Committee how much it will cost.

Mr ANDREW CONSTANCE: Not when we are going to market.

The Hon. PENNY SHARPE: You are not going to tell us anything. When did the Government first become aware that these works would be necessary to carry the new trains?

Mr ANDREW CONSTANCE: I think it was known all along.

The Hon. PENNY SHARPE: So you ordered trains that you knew would not fit the line?

Mr ANDREW CONSTANCE: Why should the people of the Blue Mountains be denied a train service because they are not part of a standardised network? The Labor Party bought trains that did not fit. This Government has decided to do the work now so that for centuries to come we can deliver great services to those communities. I do not understand why you would not want to see those trains servicing those communities. There are about six different train sets that cannot travel the line because no-one standardised it with the rest of the network. That is exactly what we are doing.

The Hon. PENNY SHARPE: What is the budgeted estimated cost of the Springwood to Lithgow rail corridor modifications currently being exhibited?

Mr ANDREW CONSTANCE: I have already answered that question.

The Hon. PENNY SHARPE: So you are not going to answer that question.

Mr ANDREW CONSTANCE: I have already answered it.

The Hon. PENNY SHARPE: You are not going to tell the Committee the budgeted cost of the foreshadowed Mount Victoria stabling yards upgrade either?

Mr ANDREW CONSTANCE: Those figures are all commercially sensitive because we are getting on with the contracting at the moment.

The Hon. PENNY SHARPE: Minister, are you prepared to tell us when the Springwood to Lithgow rail corridor will begin and finish and how long it will take?

Mr ANDREW CONSTANCE: Again, my expectation is we will get on, get in and get out as quickly as we can. That is the case with being the Minister for Transport and Infrastructure—you want to see things built quickly. Again, ultimately—

The Hon. PENNY SHARPE: Yes. Thank you very much. I actually asked for the start date and the finish date so you can actually tell the community who you say you care so much about, because they want to know. They are a bit perplexed about this decision. They want to know when it is going to start and when it is going to finish.

Mr ANDREW CONSTANCE: We start to get the trains in 2019, so obviously we are going to crack on with the work.

The Hon. PENNY SHARPE: Will the work all be done before the trains arrive?

Mr ANDREW CONSTANCE: I am happy to take the question on notice, but the point that I would make is—

The Hon. PENNY SHARPE: Mr Reardon, do you know this? Surely you have a time frame in relation to these projects.

Mr REARDON: For most of the projects we have very detailed time lines.

The Hon. PENNY SHARPE: Do you think you could provide them to the Committee?

Mr REARDON: No. The question you are asking is—I repeat what the Minister said. We are going through a whole range of design on that project in particular. There are a bunch of non-standardised parts of the rail network that we do need to standardise. Therefore those Mount Victoria tunnels do need to be standardised.

They should probably have been done a long time ago. There are modern rail fleets that are out there that we want to purchase for this city so we can actually run them on the appropriate lines, so we have to do that work.

The Hon. PENNY SHARPE: Can I just clarify? You have a time line. I am now not asking about the cost of that. I am asking you whether you would be prepared to provide to this Committee the time line for this.

Mr REARDON: I think we have responded that the time line for the trains to start arriving is 2019—

The Hon. PENNY SHARPE: No—for the works.

Mr REARDON: No. I have got your question. Our annual report outlines the program of work. It outlines the budget for the work. That means the total work including the trains. But as the Minister indicated, we are going through commercial-in-confidence discussions right now to deliver—

The Hon. PENNY SHARPE: Sure. That is fine, but my question is, if you have got a time line—just say yes or no. If you are not prepared to provide it, just say no.

Mr REARDON: I think I have indicated it is commercial-in-confidence.

Mr ANDREW CONSTANCE: One of the great things with going to industry is they can sometimes give you an accurate time line as to how long things might take.

The Hon. PENNY SHARPE: Are you saying you do not know? On one hand your department is saying that you know what the time frame is but you are not prepared to share it. On the other hand you say, "Industry might know, which is why we cannot tell you." Sounds like rubbish, Minister.

Mr ANDREW CONSTANCE: I have told you when the trains are arriving. Ultimately we want to try to get the network standardised for the benefit of those communities.

The Hon. DANIEL MOOKHEY: Mr Reardon, you referred to designs. Have you had to revise any of those designs for these projects once you learnt that the trains do not fit the track?

Mr REARDON: How do you mean? I do not understand—

The Hon. DANIEL MOOKHEY: Did you have to go back and redo the design work, the engineering work or the modelling?

Mr REARDON: I understand that. When do you mean? Do you mean now?

The Hon. DANIEL MOOKHEY: Once you learnt that the trains do not fit the track, did you have to repeat the design work?

Mr REARDON: Let us be clear. I will go through the steps. We went to an expression of interest [EOI]. We looked around the world at the best trains we could find off the shelf or to be manufactured. We then went to a request for tender [RFT], as you normally would. There are a whole range of train heights and widths. We wanted the best train for the inter city customers. We put a lot of work into that in terms of customer satisfaction.

The Hon. PENNY SHARPE: To clarify, does that mean—

Mr ANDREW CONSTANCE: Do you want to deny good trains to the Illawarra and the Hunter?

The Hon. PENNY SHARPE: No. I just want to clarify something. Are you proposing that some suburban trains will use the Blue Mountains line in lieu of long distance trains?

Mr REARDON: No, I am not at all.

The Hon. PENNY SHARPE: Okay. Good. Just checking.

Mr REARDON: Where we actually put our trains is a matter for our timetabling that we do on a frequent basis. The point is there are a range of augmentations to the network whenever we get a new train fleet. It does not matter whether it is a suburban fleet or metros, as you would be aware, or the inter city fleet. The regional will probably be no different. There are a range of augmentations to the network that will be required, whether that is power supply upgrades or tunnels. Once the preferred contractor was known and that was the preferred train, we had done a range of planning, development and design to that point in time. But then we have obviously secured the contractor and both gotten on with train procurement, design, manufacture et cetera, and also gotten on with the further detailed development of plans to do the enabling works. That would be the normal thing that we would do in developing a project of that type. I just wanted to go to the point you were raising about redesign—no, that is not the case.

The Hon. PENNY SHARPE: I just want to confirm that there will not be suburban trains running to the Blue Mountains after this work has been done.

Mr ANDREW CONSTANCE: The Oscar will not be running to the Blue Mountains.

The Hon. PENNY SHARPE: I am asking about all suburban trains in lieu of the inner city fleet.

Mr ANDREW CONSTANCE: We will let Mr Collins answer.

The Hon. PENNY SHARPE: Because you sort of said no, but it is sounding to me like you are not really saying no.

Mr COLLINS: I can give you some facts here. As you know, the Oscar fleet, which is an intercity fleet, gets up to Hamilton and goes down to Kiama, but it cannot get to the top of the Blue Mountains because it is too wide. That is an intercity train and there has been that restriction for some time, so we have had to run the V sets up to the Blue Mountains. The thing we are doing here is actually making sure those tunnels can take all the widest of our fleets.

The Hon. PENNY SHARPE: On the tunnels issue, is the plan to widen the Ten Tunnels Deviation between Bell and Lithgow or bypass it altogether?

Mr COLLINS: I believe we are looking at some engineering solutions.

Mr ANDREW CONSTANCE: I might refer you to the deputy secretary, Stephen Troughton, in relation to that.

Mr TROUGHTON: We are looking at widening. The only trains that can go up there at the moment are the V sets because they are super narrow. All of our other fleet cannot. As Mr Collins said, the Oscars cannot go up there. The work we are doing really should resolve years of issues to put those tunnels right for the future.

The Hon. PENNY SHARPE: Not a bypass—widening for all of it.

Mr ANDREW CONSTANCE: The Labor Party bought trains that could not go there. We are not.

The Hon. PENNY SHARPE: Again I am going to ask you—I think I probably know what the answer is—are you able to provide the budgeted cost for the Ten Tunnels widening?

Mr ANDREW CONSTANCE: Again, we are in the market seeking a contract that is commercially sensitive at this time. Again, the final contract value will be the final price of the project. Ultimately once that is done we are happy to reveal that number.

The Hon. PENNY SHARPE: This year's budget paper said that there is \$20 million attached to these projects. Can you tell us how that money is being spent?

Mr ANDREW CONSTANCE: Sorry?

The Hon. PENNY SHARPE: The budget papers in relation to the Blue Mountains changes suggest that there is \$20 million attached to those projects this year. Are you able to tell us how that is being spent and by whom?

Mr ANDREW CONSTANCE: The deputy secretary can answer that.

Mr TROUGHTON: It is really design development.

The Hon. PENNY SHARPE: Is that being done in-house? Who do you have working on it? I am happy for you to take it on notice if you cannot give us a list.

Mr TROUGHTON: We do all design development in-house. We bring in consultants where required to assist us with that design.

The Hon. PENNY SHARPE: Could you provide us a list of those consultants and how much they are being paid for this work?

Mr ANDREW CONSTANCE: They are listed in the annual report.

Mr REARDON: The annual report will cover our consultants.

The Hon. PENNY SHARPE: That is fine. I do understand how the annual report works. But, Minister, this is budget estimates. We are entitled to ask questions and there is no reason why you cannot provide that to the Committee in the next 21 days as you will for the other questions that were put on notice.

Mr ANDREW CONSTANCE: We are entitled to answer.

The Hon. DANIEL MOOKHEY: The Auditor-General in his performance audit of the central business district [CBD] light rail says—

Mr ANDREW CONSTANCE: It is a she, not a he.

The Hon. DANIEL MOOKHEY: She says that Infrastructure NSW delegated its responsibility to do project assurance to Transport for NSW, meaning Transport for NSW had the opportunity to essentially check how well it was doing on a project it was delivering itself. Was that a decision that was made by the Minister for Transport at the time?

Mr ANDREW CONSTANCE: As per my statement of 30 November, we have taken on board the recommendations of the Auditor-General. Very importantly, Infrastructure NSW provides the assurance functions across government.

The Hon. DANIEL MOOKHEY: Are there any other projects that Infrastructure NSW has delegated authority to do assurance to Transport for NSW?

Mr ANDREW CONSTANCE: As infrastructure Minister I can assure you that Infrastructure NSW continues to assure projects right across government.

The Hon. DANIEL MOOKHEY: The Auditor-General says that Transport for NSW was then exempted from doing a preliminary business case or a strategic gateway review. That exemption was provided by the New South Wales Government. Was it the Minister for Transport at the time who provided that exemption?

Mr ANDREW CONSTANCE: There were some recommendations made by the Auditor-General. The Government assessed those recommendations and followed them.

The Hon. DANIEL MOOKHEY: The Auditor-General then says that Transport for NSW commissioned a peer review of the capital cost—and, in fact, they did that in 2013. That came back saying that the estimates in the business case were on the low end. Was that report provided to the Minister for Transport at the time?

Mr REARDON: I will take it on notice. I have indicated previously that I do not know what may have been provided at that time, so I will take it on notice.

The Hon. DANIEL MOOKHEY: Thank you. The Auditor-General then says that Transport for NSW did a rapid economic appraisal. That was towards the end of 2014. That rapid economic appraisal advised that the benefit-cost ratio [BCR] was lower than the original business case. Was that shared with the Minister for Transport at the time?

Mr ANDREW CONSTANCE: I might remind you that the project still enjoys a fantastic BCR.

The Hon. DANIEL MOOKHEY: That is great.

Mr ANDREW CONSTANCE: It is a good project.

The Hon. DANIEL MOOKHEY: Wonderful. Was it provided to the Minister for Transport at the time?

Mr ANDREW CONSTANCE: Again, you are asking about stuff back in 2014. Which document are you referring to? I mean, seriously.

The Hon. DANIEL MOOKHEY: It is called the Auditor-General's report. You may have seen it. Would you like me to give you a page reference?

Mr ANDREW CONSTANCE: I will give you a press release you should refer to. It is dated 30 November 2016.

The Hon. DANIEL MOOKHEY: Thank you. If that is your answer I welcome your answer. The Auditor-General then says that at the time the public private partnership [PPP] contract was let out, 12 agreements with 12 key stakeholders were not in place. Why was the contract issued before those agreements were in place? The Auditor-General says that the absence of concluding those agreements was the reason the costs blew out.

Mr ANDREW CONSTANCE: The third party agreements are in place.

The Hon. DANIEL MOOKHEY: Are all third party agreements currently in place?

Mr ANDREW CONSTANCE: We have followed the recommendations of the Auditor-General.

The Hon. DANIEL MOOKHEY: Yes, so I am asking you about that. The Auditor-General said that at the time of the publication of her report one agreement was not in place. Is it in place? Who is it with?

Mr ANDREW CONSTANCE: All the third party agreements are part of a very robust project delivery. Everything is in place as per the recommendations of the Auditor-General.

The Hon. DANIEL MOOKHEY: The Auditor-General says in her report that as of February 2016 there were 25 contractor penalties pending. Were they paid?

Mr ANDREW CONSTANCE: That is a completely commercially sensitive question. It is commercial-in-confidence.

The Hon. DANIEL MOOKHEY: What was the cost?

Mr ANDREW CONSTANCE: I have just answered your question.

The Hon. DANIEL MOOKHEY: What was the cost of the claims, not whether they have been paid.

Mr ANDREW CONSTANCE: That is commercially sensitive. You know that.

The Hon. DANIEL MOOKHEY: How many claims are currently pending?

Mr ANDREW CONSTANCE: That is commercially sensitive.

The Hon. DANIEL MOOKHEY: Has the project exhausted its contingency allowance budget to meet those penalties?

Mr ANDREW CONSTANCE: The very clear advice from the project team, and my very clear expectation as Minister, is that this is a project that will be delivered on time and on budget. It is a \$2.1 billion construction build which is going to transform the city.

The Hon. DANIEL MOOKHEY: I was reading the *Sydney Morning Herald* earlier this year. It says that those claims were worth \$300 million and that you have exceeded your contingency allowance budget. Can you assure us today that the contingency allowance has not been exceeded?

Mr ANDREW CONSTANCE: Are you seriously asking me a question of commercial sensitivities on the basis of something you read in the newspaper earlier this year?

The Hon. DANIEL MOOKHEY: Yes.

Mr ANDREW CONSTANCE: Seriously?

The Hon. DANIEL MOOKHEY: Yes, go.

Mr ANDREW CONSTANCE: Contingency is commercially sensitive.

The Hon. DANIEL MOOKHEY: Wonderful! Who is on the advisory board?

Mr ANDREW CONSTANCE: I can provide you with a list of names.

The Hon. DANIEL MOOKHEY: How many times has it met in the last 12 months?

Mr ANDREW CONSTANCE: Regularly.

The Hon. DANIEL MOOKHEY: How many times?

Mr ANDREW CONSTANCE: I will take that on notice.

The Hon. DANIEL MOOKHEY: Does it meet monthly?

Mr ANDREW CONSTANCE: I will take it on notice.

The Hon. DANIEL MOOKHEY: Someone here has to know. We have the project director here. How often do they go to the advisory board?

Ms PRENDERGAST: It meets monthly.

The Hon. DANIEL MOOKHEY: The Auditor-General says that at the time of the publication of her report the advisory board was 91 per cent confident that the project would be delivered on time and on budget. What is their current level of confidence?

Mr ANDREW CONSTANCE: We have responded to the Auditor-General, as you would expect. We will continue to work around the clock to deliver this project. I urge you to get your skates on and have a look at what is going on in the eastern suburbs. You will find some work happening.

The Hon. DANIEL MOOKHEY: I am looking forward to it. The Auditor-General says that in September 2014 the advisory board noted that there was going to be a rise by \$549 million in reported costs, and that that was because of mispricings and omissions in the business case. Who did they tell? Did they tell the Minister for Transport at the time?

Mr ANDREW CONSTANCE: I refer you to my statement of 30 November 2016.

The Hon. DANIEL MOOKHEY: What is the current expected journey time from Circular Quay to Randwick and Kingsford?

Mr ANDREW CONSTANCE: We will answer all the specifics in relation to journey times. I am happy to take them on notice.

The Hon. DANIEL MOOKHEY: You do not know the journey time? Ms Prendergast seems to know

Mr ANDREW CONSTANCE: I will take every specific question you have in relation to journey times up and down the project on notice.

The Hon. DANIEL MOOKHEY: Ms Prendergast looks as if she wishes to answer. Can I ask her? It is a pretty straightforward question. How long is it going to take to travel?

Mr ANDREW CONSTANCE: I indicated to you that we will take your questions on notice.

The Hon. DANIEL MOOKHEY: Are you telling me that you are not going to allow the officials here to assist you to try to answer that question?

Mr ANDREW CONSTANCE: No, I am happy for the officials to take your questions.

The Hon. PENNY SHARPE: He is going to let them write it down so he can put a pen through it.

The Hon. DANIEL MOOKHEY: Fair enough! I turn to the decision to go with a 67-metre vehicle. I think that is what it is called but I will stand to be corrected. Was the effect of that on the benefit-cost ratio ever modelled by another government agency?

Mr ANDREW CONSTANCE: I was not the Minister at the time so I am happy to take the question on notice but I note that the capacity of these light rail vehicles will transform the city. They will remove nine standard buses from the city streets. It is a project that you opposed. I hope never to see you on them, given your opposition. Don't ever catch one.

The Hon. DANIEL MOOKHEY: I am the only person who is barred from using it?

The Hon. PENNY SHARPE: Are you discouraging people from using public transport, Minister?

Mr ANDREW CONSTANCE: Just members of the Labor Party.

The Hon. DANIEL MOOKHEY: I am desperate to give you my money. Has Transport for NSW ever been told by another government agency that in scenarios they modelled the impact of the 67 metres was negative and would result in a negative BCR?

Mr ANDREW CONSTANCE: I refer you to my previous answer.

The Hon. DANIEL MOOKHEY: What was that?

Mr ANDREW CONSTANCE: I refer you to my previous answer.

The Hon. DANIEL MOOKHEY: What was that previous answer? Was it that you would take it on notice and that you will therefore take this on notice, as well?

Mr ANDREW CONSTANCE: Didn't you hear me?

The Hon. DANIEL MOOKHEY: I did not.

Mr ANDREW CONSTANCE: I said that the light rail vehicles are going to be able to carry around 450 passengers. That is a great outcome in getting people around the city.

The Hon. DANIEL MOOKHEY: The Auditor-General says that two members of the pre-tender assurance review panel had conflicts of interest. One of them declared them; one of them did not. Who were the

two people who had those conflicts of interests? What were the conflicts of interest? Why was one not declared? Was that person removed, and what did Transport for NSW do about it?

Mr ANDREW CONSTANCE: I refer you to my statement of 30 November in relation to this. You might do well to read it.

The Hon. DANIEL MOOKHEY: Has the Government accepted all recommendations of the Auditor-General?

Mr ANDREW CONSTANCE: Mate, you need to go and read the statement.

The Hon. DANIEL MOOKHEY: I did, it is where you said you note her reports. I also read the letter that was provided by Mr Reardon to the Auditor-General in which he said, "We note the report." So my question is, one year later: have you accepted the recommendations?

Mr ANDREW CONSTANCE: I made it crystal clear in my 30 November statement that we would be following the recommendations of the Auditor-General.

The Hon. DANIEL MOOKHEY: Have they been implemented?

Mr ANDREW CONSTANCE: Yes. We take very seriously any recommendation of the Auditor-General. We do that across the board.

The Hon. DANIEL MOOKHEY: Wonderful.

The Hon. PENNY SHARPE: Minister, are you planning on upping Opal fares in 2008?

Mr ANDREW CONSTANCE: In 2008?

The Hon. PENNY SHARPE: In 2018.

Mr ANDREW CONSTANCE: I can tell you what was going on in 2008; Labor was upping fares by 65 per cent.

The Hon. PENNY SHARPE: That is very funny! Are you planning to increasing Opal fares in 2018? It has been a long afternoon.

Mr ANDREW CONSTANCE: The Government this year has increased Opal fares in line with inflation. We are yet to make any determination in relation to the next financial year.

The DEPUTY CHAIR: Dr Faruqi, because of the Hon. Mark Pearson's gracious exit you now get the full 20 minutes.

Dr MEHREEN FARUQI: You can see that the Minister is not happy with that.

Mr ANDREW CONSTANCE: I am happy. You should ask about bicycle riding; Greens love that.

The Hon. PENNY SHARPE: We all like bicycles.

Dr MEHREEN FARUQI: We all love bicycles except the Liberal Party.

Mr ANDREW CONSTANCE: I have a bike.

Dr MEHREEN FARUQI: Which stations from Sydenham to Bankstown have been earmarked for over-station development?

Mr ANDREW CONSTANCE: Ultimately we will take an EIS to the community in relation to that project.

Dr MEHREEN FARUQI: You have not thought about which stations might be—

Mr ANDREW CONSTANCE: I am yet to release that information in terms of the EIS.

Dr MEHREEN FARUQI: Have you been in any discussions with MPR or any other prospective developers in relation to this over-station development?

Mr ANDREW CONSTANCE: No.

Dr MEHREEN FARUQI: Is the Government relying on this over-station development as the means to offset the cost of the metro project, or gain some of the money back?

Mr ANDREW CONSTANCE: No, we have funded this project out of the poles and wires transaction, which was opposed by the Greens and the Labor Party.

Dr MEHREEN FARUQI: Yes, and rightly so.

Mr ANDREW CONSTANCE: Wrongly so. We are investing in public transport. We are congestion busting.

Dr MEHREEN FARUQI: Yes, by selling off one public asset, investing in transport and selling that off. That is the way the cycle goes.

Mr ANDREW CONSTANCE: We did not sell anything. We leased the infrastructure to raise the capital to recycle it into new projects to get this State moving. Otherwise we would still be stuck in Labor land. I do not want to be there.

Dr MEHREEN FARUQI: I might have to agree with that! Do you know how many properties have been earmarked for compulsory acquisition for the City and Southwest Metro?

Mr ANDREW CONSTANCE: We are trying to minimise the degree of property acquisitions around the project because, as with any infrastructure build, we are very sensitive to property owners. Unfortunately when you have a \$73 billion program and you are building a \$20 billion metro there will need to be some acquisition.

Dr MEHREEN FARUQI: Do you know how many?

Mr ANDREW CONSTANCE: For specifics, I am happy to hand over to Mr Staples to give you an answer.

Dr MEHREEN FARUQI: Sure.

Mr STAPLES: For the entire project between Chatswood through to Sydenham and out to Bankstown, the majority of the acquisition occurs between Chatswood and Sydenham. There is only very limited acquisition required. As you would appreciate, there is some freehold and there is a number of leasehold. Freehold would be a building and leasehold would be office space within a building. All up there are approximately 200 freehold buildings or ownerships to be acquired. We are well advanced on that and we have nearly completed the acquisition, particularly for the section between Chatswood and Sydenham where we have awarded the tunnel contract. Most of those sites are now completely in our ownership and have been vacated, with businesses relocated to other locations.

Dr MEHREEN FARUQI: How many properties are there between Chatswood and Sydenham? Would you have a number for that?

Mr STAPLES: There are about 60 sites and about 200 freehold.

Dr MEHREEN FARUQI: Between Chatswood and Sydenham?

Mr STAPLES: Between Chatswood and Sydenham. For the majority of those, I have to take on notice the specifics but, as I said, the majority of those are between Chatswood and Sydenham. There is very little freehold acquisition required between Sydenham and Bankstown because it is mostly—

Dr MEHREEN FARUQI: If you could take that on notice, that would be great. You said you have started negotiation with all of those property owners?

Mr STAPLES: Every property owner affected by this project already has been notified. In fact, for most of them we have completed the transaction process and completed the sale. For those that are leaseholders, we have completed the relocations. There are only a very limited number of sites where that has not occurred.

Dr MEHREEN FARUQI: Sure. Minister, you might be aware that the express passenger train [XPT] service centre is at the Sydenham station. What is the plan? How will XPT and Explorer trains access that centre once the Metro is built?

Mr ANDREW CONSTANCE: They will not be in the future because we are moving it to country New South Wales. Both are country jobs. We are very pleased to be reinvesting in a new XPT fleet. We will be shifting the maintenance and servicing of those vehicles out of the city.

Dr MEHREEN FARUQI: When is that happening?

Mr ANDREW CONSTANCE: It is happening now. We have started the industry engagement and we are very proud to be delivering the new trains to the bush.

Dr MEHREEN FARUQI: When will it be completed?

Mr ANDREW CONSTANCE: Again, we will be in procurement over the next year or two and again we will hopefully have the trains on track as quickly as possible after we get the project underway in terms of that procurement. But ultimately it will require the building of a new service centre and we have made recent announcements in relation to Dubbo. We are very keen to get these trains on the tracks because it is an ageing fleet and as part of that we are going to work with local communities to make sure that we get people back onto country trains.

Dr MEHREEN FARUQI: Sure. But is there a time line to this project?

Mr ANDREW CONSTANCE: Yes.

Dr MEHREEN FARUQI: When will it be completed? Can you give me a year?

Mr ANDREW CONSTANCE: Yes. We made a commitment that we would start to deliver trains in the next term of government, but we would obviously start the procurement now.

Dr MEHREEN FARUQI: A year? Is it possible to get a year?

Mr ANDREW CONSTANCE: You cannot deliver a train inside 12 months.

Dr MEHREEN FARUQI: And for the service centre, when will that be completed?

Mr ANDREW CONSTANCE: As I said, we are engaging with industry at the moment. But the beauty with having full-time maintenance jobs off the back of this investment is that it creates jobs for regional New South Wales. Ultimately, when you start to deliver the trains in the next term of government, you also will have the maintenance and service facility built as well.

Dr MEHREEN FARUQI: So there is no time line.

Mr ANDREW CONSTANCE: Sorry?

Dr MEHREEN FARUQI: There is no time line.

Mr ANDREW CONSTANCE: I would say you will certainly start to see by the middle of next term obviously the provision of a maintenance and service facility and hopefully some trains starting to arrive.

Dr MEHREEN FARUQI: Minister, with the new intercity train fleet, are any of those tilt trains at all?

Mr ANDREW CONSTANCE: Tilt trains?

Dr MEHREEN FARUQI: Yes.

Mr ANDREW CONSTANCE: No.

Dr MEHREEN FARUQI: Why not?

Mr ANDREW CONSTANCE: Because we are running a train service between the Hunter and the Illawarra and the Blue Mountains on tracks which also then interface with a suburban network. Again we have gone for value for money in terms of delivering more than 500 carriages and trains which are designed to meet the needs of our community. We went to the community to ask them what they wanted to see in these trains both in terms of seat configuration but also providing modern-day facilities, particularly for people with disabilities where there is no disabled access to toilet facilities on the existing V sets. We have procured these trains. I recall the top speeds are up there, but ultimately we are trying to wrestle with a legacy network that does have constraints. We are investing in this way, which is why we have one and a half billion dollars in More Trains, More Services to free up capacity across a suburban network.

Dr MEHREEN FARUQI: Yes, but these trains will not reduce the time for travel, which is what really the community wants. I guess that is the problem we have.

Mr ANDREW CONSTANCE: Well, that is very much what Mr Collins is working towards.

Mr COLLINS: Just having done a regular journey to and from Hamilton—in fact, I am up to Cardiff tomorrow—on an old V set, which is beautifully kept. I am very proud of my team who have kept those trains going at Flemington, but they are slower. Being an ex-person who has driven a train in another country, they are slow but steady. The new and modern trains—Waratahs and then we are hoping, certainly, with this new intercity fleet—will have much better acceleration and braking profiles and will be more reliable. Therefore we will work with our infrastructure to ensure that we can optimise the journey times between those locations.

Dr MEHREEN FARUQI: What do you think with the new train will be the journey time from Central to Hamilton?

Mr COLLINS: At this stage, that is speculation; but we are certainly confident that the performance differences that will be seen between the Outer Suburban CAR [OSCAR] fleet and those of the V set will allow us to work with Transport for NSW on understanding what benefits we can deliver back to our customers.

Dr MEHREEN FARUQI: You do not have a specific reduction in time?

Mr COLLINS: I do not have specific information. Obviously, I may refer that to my colleagues in Transport for NSW.

Mr REARDON: I will happily add to that. We have timetables that we are developing for the next couple of years, including when the Metro begins. As the next timetables after that are produced based on population growth that we will have, balancing out suburban trains, inter-city trains and freight, we will look to see what we can do in terms of path allocation and therefore speed on every part of the network—for the Illawarra, the Hunter and for the Blue Mountains. But that is a lot to throw in the mix, and we do that every time we do another timetable upgrade. Sitting here today and talking about or speculating on train speeds between Sydney and Newcastle, no we cannot; but we will put it into the mix and we will always try to minimise as much as we can.

Dr MEHREEN FARUQI: I would rather we would not speculate on that, and hopefully you would have done your numbers because that is the one thing the community wants. But I will move on.

Mr COLLINS: One thing I can say in fact is that obviously, as part of our announcement yesterday of More Trains, More Services, not only will there be 1,500 more journeys out there weekly but also we have examined a number of inner-city journeys and we are certainly looking at providing a better, more speedy and direct service to and from the Newcastle interchange. There are a number of other pieces of information which were released yesterday as part of our briefing.

Mr REARDON: And we will continue it. The More Trains, More Services that was released yesterday has been our focus. As I said, the next timetables after that we will always look to optimise as best we can.

Dr MEHREEN FARUQI: Minister, you obviously know that to really improve the times of these journeys we need to upgrade the tracks and train lines as well. You previously described building the tunnel between Thirroul and Waterfall as—and I am quoting you from the media article—"pixies at the bottom of the garden stuff" and you have also said it is not possible. Why is it not possible, Minister?

Mr ANDREW CONSTANCE: Again, we are about to deliver our future transport plan. It is designed to look at the entire network, including the sections to which you refer. But if you think that I have billions upon billions upon billions of dollars to go and spend on every curve on the network, I do not. Ultimately, we are a government that has been providing a significant uplift in services to the people of the Illawarra. As part of this, we are forever, in an ongoing assessment, looking at that South Coast line and working out ways to improve it. There are things that can be done certainly through that corridor which we are happy to consider, and that is what we are looking at.

Yesterday we announced a one and a half billion dollar investment in infrastructure across the network, and I will give you an example. The trains have to slow down through Hornsby. We are doing some major infrastructure work in terms of the alignment of the tracks through that station so that we can continue to improve the train speeds through some of the bottlenecks. That is the type of work that we are doing. That is what we will continue to do. Ultimately we are seeing the uplift in services that you would expect and people getting back onto trains and out of their cars.

Dr MEHREEN FARUQI: Sure, Minister, but we know of reports which the Government was trying to hide and which suggest that with \$3.9 billion we could reduce the commuting time from Wollongong to Sydney to around an hour from one hour and 30 minutes. But your Government is pushing for the \$18 billion F6 extension. They have put in money to explore that. It will either go through the Royal National Park or through hundreds of homes. As Transport Minister, have you advocated with the Government to be sensible and invest \$3.9 billion in improving the train line and commuters' lives rather than wasting \$18 billion on the road extension?

Mr ANDREW CONSTANCE: I must take issue with the fact that you are trying to present this Government as being pro road over being pro public transport. If you look at the budget and look at the projects, we have a \$20 billion metro train and the WestConnex project—the largest urban road and rail projects in the nation's history—being built at the same time. We have a \$41.5 billion program over the next four years and it is pretty evenly split between transport and roads. I would point out the biggest investment we are making is actually in public transport.

The Hon. PENNY SHARPE: The rest of it is being paid for by tolls on the people of Western Sydney.

Mr ANDREW CONSTANCE: I know that The Greens are dining out on this, but—

Dr MEHREEN FARUQI: I refute that, because this \$18 billion F6 extension is being considered by the Government. A \$16 billion northern beaches link is also being considered by Government, so there is a lot of consideration of toll roads.

Mr ANDREW CONSTANCE: You are an engineer and you know full well we cannot get a supply of goods around the city unless we have trucks. We cannot just turn up to a suburban passenger rail station with goods on people's backs. We need trucks on our roads to get the city moving. It is about balance. We are investing in public transport at record levels. I know that the Opposition parties do not like that but it is the reality. We are doing it because we have been managing our assets properly on the balance sheet.

The Hon. PENNY SHARPE: You mean flogging everything off?

Mr ANDREW CONSTANCE: We have not flogged anything off; we have leased assets.

The Hon. PENNY SHARPE: You have flogged off \$50 billion worth of assets.

Mr ANDREW CONSTANCE: Since we are talking about budget papers you should have a look at how much the State's asset base has grown under this Government, from 2011 to now. You will see that you have just been made to look foolish.

Dr MEHREEN FARUQI: Minister, regarding the Thirroul tunnel, I questioned Minister Harwin not long ago about whether the Government had completed a strategic assessment on the Thirroul rail tunnel and I was told no. We know there is a report on the Sydney to Wollongong rail corridor strategy. Why was the Minister asked to say no when there was obviously a report on this strategy?

Mr ANDREW CONSTANCE: To which report are you referring?

Dr MEHREEN FARUQI: It is called "The Sydney to Wollongong Rail Corridor Strategy".

Mr ANDREW CONSTANCE: Right. That is a strategy.

Dr MEHREEN FARUQI: Does Transport for NSW have that strategy?

Mr ANDREW CONSTANCE: Right. And where do the projects to which you refer feature in that document?

Dr MEHREEN FARUQI: Does this document talk about the Thirroul to Waterfall tunnel?

Mr ANDREW CONSTANCE: I think it makes reference to it buried somewhere in the document. A proper strategic assessment on a project in terms of what we are prepared to do as a Government—and I have said this to the community down there—is something that we will look at on an ongoing basis because of the growth patterns and changes that are happening in the Illawarra. We are about to release a major 40-year blueprint for transport for the State. The Illawarra will feature in that blueprint.

Dr MEHREEN FARUQI: Officials in your department were being directed by the Government to not consider public transport alternatives for the Illawarra. How do you feel about that?

Mr ANDREW CONSTANCE: You have just made an allegation that is unsubstantiated. What are you talking about?

Dr MEHREEN FARUQI: It was reported that the New South Wales Government had instructed transport officials to ignore public transport alternatives to motorway projects.

Mr ANDREW CONSTANCE: Reported where?

The Hon. GREG PEARCE: Are you using the *Daily Telegraph* for your research?

Dr MEHREEN FARUQI: That was reported through internal documents received by Fairfax media.

Mr ANDREW CONSTANCE: I do not know what internal documents you are referring to. You are now talking about internal documents that may or may not be in the possession of a media agency.

Dr MEHREEN FARUQI: Could you clarify whether your department was ever directed by Government not to consider public transport alternatives for the Illawarra?

Mr ANDREW CONSTANCE: We have been investing at record levels in transport everywhere.

Dr MEHREEN FARUQI: What have you invested in public transport in the Illawarra in the last five years?

Mr ANDREW CONSTANCE: I can get you the list, but I can tell you the uplift in terms of—

Dr MEHREEN FARUQI: Give me a general idea of what you have invested in to improve public transport from Wollongong to Sydney.

Mr ANDREW CONSTANCE: Take a trip down there and look at Shellharbour Junction. Look at the additional uplift in weekly services to and from the Illawarra as a result of this Government. Need I say more?

Dr MEHREEN FARUQI: How much money have you invested?

Mr ANDREW CONSTANCE: How long is a piece of string? What are you asking me? Are you asking me to go away and see what we have invested in the Illawarra on an operational basis, a capital basis?

Dr MEHREEN FARUQI: I do not want you to go away. I would like you to give me an idea now of how many millions of dollars have been invested?

Mr ANDREW CONSTANCE: Substantial.

Dr MEHREEN FARUQI: Is Transport for NSW considering adding more rolling stock to the Illawarra line?

Mr ANDREW CONSTANCE: It is called the Intercity Fleet.

Dr MEHREEN FARUQI: How much?

Mr ANDREW CONSTANCE: You asked me questions about it before. It is a \$2.3 billion program that we are running to invest in new Intercity trains, which will service the Illawarra.

Dr MEHREEN FARUQI: For the Illawarra? How much of that will happen in the Illawarra?

Mr ANDREW CONSTANCE: The Illawarra, Blue Mountains, Central Coast, Hunter. You name it, we are there.

Dr MEHREEN FARUQI: At a recent engineers' luncheon that I attended, the deputy secretary for strategy for Transport for NSW, Ms Clare Gardiner-Barnes, talked about the Government's focus on ensuring that you deliver "no regrets infrastructure".

Mr ANDREW CONSTANCE: No regrets infrastructure?

Dr MEHREEN FARUQI: Right. I would like to highlight that this Government is downgrading the Epping to Chatswood line—

Mr ANDREW CONSTANCE: Downgrading? We are sticking a metro train on it. Come on.

Dr MEHREEN FARUQI: —the Bankstown to Sydenham line and the Carlingford line.

Mr ANDREW CONSTANCE: With a light rail?

Dr MEHREEN FARUQI: Do you know that the capacity of these lines when you compare apples with apples is less than what could go on the train line now? Do you think this is "no regrets infrastructure"? Will you regret it later on or will the commuters regret it?

Mr ANDREW CONSTANCE: On this basis The Greens would put steam engines back on these train lines. For goodness' sake!

Dr MEHREEN FARUQI: That is not true, Minister. You know that.

Mr ANDREW CONSTANCE: You are making a silly statement.

The Hon. RICK COLLESS: The Greens do not like coal.

The Hon. GREG PEARCE: They do not like coal, so they would not use steam trains.

Mr ANDREW CONSTANCE: That is right. Sorry about that. Maybe you would convert them into bike paths. I have no idea.

Dr MEHREEN FARUQI: Obviously you have no idea. We all know that. I am glad that you have admitted that as well. I am glad that you have finally admitted that you have no idea.

Mr ANDREW CONSTANCE: The Epping to Chatswood line is getting a \$20 billion train in the metro and the other line is getting light rail.

The Hon. DANIEL MOOKHEY: In March of this year Infrastructure NSW conducted a mini health check on the CBD light rail in which they awarded a red light status to time delivery and an amber status to cost. What is the current status warning for that project according to Infrastructure NSW?

Mr ANDREW CONSTANCE: I do not know which document you are talking about.

The Hon. DANIEL MOOKHEY: I am referring to the Infrastructure NSW mini health check which is required under the infrastructure investment assurance framework.

Mr ANDREW CONSTANCE: I think you will find that that is a cabinet-in-confidence document which you should go to the police about.

The Hon. DANIEL MOOKHEY: I am not asking you about the document. I am asking you: What is the current status that Infrastructure NSW is maintaining? Mr Betts is here. He can answer the question if you cannot.

The Hon. GREG PEARCE: It is called receiving stolen goods.

Mr ANDREW CONSTANCE: You are referring to cabinet-in-conference documents. I swore an oath when I became a Minister in relation to cabinet in confidence and I will continue to uphold that oath.

The Hon. DANIEL MOOKHEY: When will the CBD light rail open?

Mr ANDREW CONSTANCE: The first half of 2019.

The Hon. DANIEL MOOKHEY: Wonderful. How much will it cost?

Mr ANDREW CONSTANCE: That is a matter of public record.

The Hon. DANIEL MOOKHEY: How much is it?

Mr ANDREW CONSTANCE: We have made it clear that the construction cost is \$2.1 billion.

The Hon. DANIEL MOOKHEY: So the total cost is still \$2.1 billion?

The Hon. PENNY SHARPE: Construction plus what?

Mr ANDREW CONSTANCE: The very clear advice from the project team to me—and they engage with contractors—is that we are still tracking the \$2.1 billion budget.

The Hon. DANIEL MOOKHEY: Does that \$2.1 billion include ancillary works to any other street in the CBD or along the route? Are all of the integration works that will be required covered by the \$2.1 billion?

Mr ANDREW CONSTANCE: If you want to give me the intersections to which you are referring, I am happy to take it on notice.

The Hon. DANIEL MOOKHEY: It is a pretty simple question: Does that \$2.1 billion cover the integration works which are required?

Mr ANDREW CONSTANCE: If you go and stand on Market Street you will find that it does.

The Hon. DANIEL MOOKHEY: Wonderful. What is the estimated total cost of the western metro?

Mr ANDREW CONSTANCE: Again, you are confusing estimated total cost with what the cost of a project is actually valued at.

The Hon. DANIEL MOOKHEY: Actually, I was not. I was not asking what the cost was valued at, I was asking you what is the estimated total cost of the Western Metro?

Mr ANDREW CONSTANCE: I do not know; you tell me. Again, we are going to go to industry and community and we will find out and at some point in the future we will—

The Hon. DANIEL MOOKHEY: You have had two press conferences that I have seen where you have touted this project. The former Premier touted it as well. Are you seriously suggesting to me that you have been announcing projects without having an estimated total cost?

Mr ANDREW CONSTANCE: No, I have been building projects.

The Hon. DANIEL MOOKHEY: What then is the estimated total cost of the Western Metro?

Mr ANDREW CONSTANCE: I am happy to take it on notice, but ultimately I do not know where you are getting your information from.

The Hon. DANIEL MOOKHEY: From your media appearances, believe it or not.
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Transport and Infrastructure

CORRECTED

Mr ANDREW CONSTANCE: You will find that I have not actually put any cost out there.

The Hon. DANIEL MOOKHEY: Yes, that is true.

Mr ANDREW CONSTANCE: If you are such an obsessed viewer of what I am doing and saying, you will find that I have not put a cost out there.

The Hon. DANIEL MOOKHEY: Has Transport for NSW prepared a cost estimate for the Western Metro?

Mr ANDREW CONSTANCE: Sorry?

The Hon. DANIEL MOOKHEY: Has Transport for NSW prepared an estimated total cost for the Western Metro?

Mr ANDREW CONSTANCE: I know where you are trying to head, you are trying to create some big story around estimated total cost.

The Hon. DANIEL MOOKHEY: If I were, I would be doing it earlier.

Mr ANDREW CONSTANCE: The reality is that we do not know what the final cost of the Western Metro is likely to be until we go to market and we also engage with industry and we do the necessary homework. We have indicated we are starting to do that. We do not, prior to press conferences, jot numbers down on the back of envelopes like the previous Labor Premier did in relation to the metro; we actually are building the metro.

The Hon. DANIEL MOOKHEY: But you still had the press conferences, two of them.

Mr ANDREW CONSTANCE: I think if you look at Northwest you will find that it is going to turn into a great project and be great value for money for the taxpayer.

The Hon. PENNY SHARPE: New XPTs, are they going to have the same number of seats as they currently have?

Mr ANDREW CONSTANCE: One thing that we will do, as we did with the inner-city fleet, is we will go to market, go to the community and take on board the input in terms of the seating configuration for the fleet.

The Hon. PENNY SHARPE: That is a maybe.

Mr ANDREW CONSTANCE: You should know this as a former shadow transport Minister, one of the things that is not on the V sets, which is on the new inner-city fleet, is accessible toilets for people with disabilities. That has affected the design and the seating capacity of the carriage obviously.

The Hon. PENNY SHARPE: That is great, but I am asking about the XPTs and the capacity.

Mr ANDREW CONSTANCE: If you are now telling me that I should not be providing disabled toilets on new trains—

The Hon. PENNY SHARPE: I am not actually, Minister. Only you are suggesting that. Are there going to be sleeping compartments?

Mr ANDREW CONSTANCE: Sleeping compartments on the XPT?

The Hon. PENNY SHARPE: On the new XPTs. They go from Melbourne to Sydney, Sydney to Brisbane, it is quite a long trip.

Mr ANDREW CONSTANCE: To assist your answer, we will go to the community—

The Hon. PENNY SHARPE: Have you ever been on one?

Mr ANDREW CONSTANCE: We will go to the community and get their input.

The Hon. PENNY SHARPE: When is the last time you hopped on an XPT, Minister?

Mr ANDREW CONSTANCE: XPT, probably a few years I would say. Again, I will have to reflect on it.

The Hon. PENNY SHARPE: Can you take it on notice and provide it to us?

Mr ANDREW CONSTANCE: Ironically, between Bega and the city we do not have rail, so I have to rely either on a Rex plane or drive to get to the city.

The Hon. PENNY SHARPE: As Minister I would have thought you would be interested in the XPT fleet and its comfort to passengers and actually travel on one, but if you have not travelled on one, that is fine, I will not make you tell us that you have. Parramatta stage 2, is it going to go to Strathfield?

Mr ANDREW CONSTANCE: Sorry?

The Hon. PENNY SHARPE: Parramatta stage 2.

Mr ANDREW CONSTANCE: I answered that question by making it crystal clear that—

The Hon. PENNY SHARPE: No you did not. You were not specific. You said the Parramatta stage is definitely going ahead but you were not clear about whether it is going to Strathfield?

Mr ANDREW CONSTANCE: It will not be going outside Jodi McKay's house. What we will do is we will be announcing stage 2 route realignment later on this year.

The Hon. PENNY SHARPE: That is a maybe again.

Mr ANDREW CONSTANCE: I have answered your question.

The Hon. PENNY SHARPE: That will be a maybe. Minister, rail heritage, something you pay much attention to?

Mr ANDREW CONSTANCE: Yes, we have fantastic volunteers across the State doing great work when it comes to the management of heritage and I am very glad and proud to have appointed Rob Mason to now be heading it up.

The Hon. PENNY SHARPE: In 2013 there was a commitment to use the heritage listed Broadmeadow railway locomotive depot to possibly become a museum and a place that would attract tourists to the Hunter. Is that program now dead?

Mr ANDREW CONSTANCE: I am very glad that you have asked this question because only recently I visited. We are very proactively and actively engaging with the local community to find—

The Hon. PENNY SHARPE: What are you doing with the rolling stock. Is it going to Chullora?

Mr ANDREW CONSTANCE: If you want to talk about the way in which the last government left those assets to rot in the weather?

The Hon. PENNY SHARPE: No, I want to talk about the commitment that your government made in 2013 to look after this depot and to look after the rolling stock. Is the rolling stock going to Chullora, yes or no, and how is it going to get there?

Mr ANDREW CONSTANCE: Let me be crystal clear.

The Hon. PENNY SHARPE: That would be a first.

Mr ANDREW CONSTANCE: It is pretty sad to think that the last Labor Government left all sorts of things like Sir Henry Parkes carriage to just rot in the weather. We are actually proactively investing and—

The Hon. PENNY SHARPE: Is the rolling stock leaving Newcastle and going to Chullora?

Mr ANDREW CONSTANCE: You have now opened this can of worms. You do not like the answer.

The Hon. PENNY SHARPE: No, not at all.

Mr ANDREW CONSTANCE: We are engaging with the local community there. I want to pay tribute to the volunteers and we will find the best outcome to make sure that we look after our heritage assets, because I can assure you, the last government did not.

The Hon. PENNY SHARPE: This is a heritage listed site, the rolling stock is being taken to Chullora and you are going to flog off the site to the Hunter Development Corporation, is that correct?

Mr ANDREW CONSTANCE: That is an absolutely outrageous inference.

The Hon. PENNY SHARPE: I do not think it is an inference, I think you have actually indicated that that is exactly what is going to happen. In 2016, you said that the Broadmeadow locomotive depot is now considered surplus to operations.

Mr ANDREW CONSTANCE: I am happy for the board member next to me to actually start to give you some specifics, if that is what you would like, instead of making allegations.

Mr COLLINS: At this point I declare obviously—
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Transport and Infrastructure

CORRECTED

The Hon. PENNY SHARPE: I am not making allegations. Can we just get to the bottom of this. In 2013 the Government committed to upgrading and looking at the Broadmeadow depot to become a site for rail heritage.

Mr ANDREW CONSTANCE: I will take this as a statement.

The Hon. PENNY SHARPE: They committed to doing that.

Mr ANDREW CONSTANCE: Have you seen the round houses? Have you been there?

The Hon. PENNY SHARPE: I have been in Newcastle plenty of times. In 2016, they are saying they are surplus to requirements and the site is going to be flogged off. I am interested in (a) that broken promise and (b) what is going to happen to that rolling stock. Is it going to be lost from the Hunter and is it going to be put at Chullora? That is my understanding of what is happening.

Mr ANDREW CONSTANCE: The premise of your question that we are flogging it off, I reject.

The Hon. PENNY SHARPE: Flogging off the site, it is surplus to requirements.

Mr ANDREW CONSTANCE: If you would let Howard Collins answer the question, the point that he will make is that we are doing everything we can to protect these incredibly valuable heritage assets.

The Hon. PENNY SHARPE: There are two things, there is the site and there is the asset. Sorry, Mr Collins, I would like to hear from you.

Mr COLLINS: Obviously there is Transport for NSW, I am really happy to answer detailed questions because I know every inch of that place, but I will refer to Mr Reardon first.

The Hon. PENNY SHARPE: I really wanted you Mr Collins. Mr Reardon, please tell me.

Mr REARDON: Transport for NSW has the agreement with Transport Heritage NSW, which was established a couple of years ago.

The Hon. PENNY SHARPE: With great fanfare, yes.

Mr REARDON: Transport Heritage NSW is accountable for maintaining and managing the heritage assets of the State, the rail heritage assets. They have a multi-year agreement with us, with funding associated with it. I had been on the board with Mr Collins for a couple of years. Rob Mason is now the chair of that board and Mr Collins is still on it. We have both visited the Broadmeadow site several times. In terms of where they move rolling stock around to, how they protect the assets and the decisions they make, are now for Transport Heritage to do, but ultimately the assets remain in Transport for NSW's keep.

The Hon. PENNY SHARPE: I am asking about the location.

Mr REARDON: I understand.

The Hon. PENNY SHARPE: I understand there are problems with the turntables in relation to actually moving them.

Mr REARDON: I am giving you context to make sure it is clear that we had a review, as you are probably aware, of rail heritage in New South Wales. We consolidated a lot. We gave accountability to Transport for Heritage NSW to prioritise where they put their assets and where they put the collection across the State.

The Hon. PENNY SHARPE: That is terrific and let us be clear here that the Minister has walked away from those original commitments. Can I also confirm that the plans for Eveleigh are also to move to Chullora?

Mr COLLINS: Just to clarify the Broadmeadow situation, there were two round houses, one was knocked down more than 20 years ago. The physical problem is that there is very little space to accommodate what are probably 70-, 80-, or 60-foot long pieces of heritage infrastructure and we cannot squeeze anymore in to the existing covered round house. The trains and carriages that are left out in the open are deteriorating very quickly and as a heritage member I am absolutely committed to ensure that we get these things under cover from the sun and the rain and everything else that is causing them damage.

The Hon. PENNY SHARPE: That is terrific, but my concern is that in 2013 there was a commitment to do that in the Hunter and that appears to be gone.

Mr ANDREW CONSTANCE: We will take that as a statement and note your concern.

The Hon. PENNY SHARPE: Great. That would be terrific. Minister, I want to ask you about the infrastructure modifications that are required for the Blue Mountains and whether the 25 per cent saving of having those trains built overseas is covered in relation to how much it will cost to fix the Blue Mountains line.

Mr ANDREW CONSTANCE: As I said, the people of the Blue Mountains deserve to be part of a standardised network and enjoy the same train services that the people of the Illawarra and the Hunter do.

The Hon. PENNY SHARPE: Terrific, but will the 25 per cent cost saving be enough or is the blowout for this project likely to absorb that 25 per cent cost saving and therefore bring a lack of ability to have jobs in New South Wales to build these trains?

Mr ANDREW CONSTANCE: There is no cost blowout.

The Hon. PENNY SHARPE: We will come back to that; we will see. I return to Opal. The Independent Pricing and Regulatory Tribunal said that you can hike fares by 13 per cent over the next three years and that is its recommendation. There was a freeze until July this year. In the last section we were getting into whether you plan to raise fares in 2018. Can you inform the Committee and the public of whether you plan to do that?

Mr ANDREW CONSTANCE: In the last two years our record speaks for itself. Labor said it was going to increase fares by 1,000 bucks across Western Sydney and I did not. So the Labor Party has lost all credibility on this.

The Hon. PENNY SHARPE: The tolls have done that. It is \$2,000 for them.

Mr ANDREW CONSTANCE: You have lost credibility.

The Hon. PENNY SHARPE: That is not my question. My question is: What are you planning on doing to Opal fares in 2018?

Mr ANDREW CONSTANCE: I will work through the same process that I followed in 2017.

The Hon. PENNY SHARPE: Which is?

Mr ANDREW CONSTANCE: I will make a determination closer to the time.

The Hon. PENNY SHARPE: You are not ruling out a hike in fares.

Mr ANDREW CONSTANCE: I am happy to compare our record in cost of living to yours. The point that I would make is that this year we kept it in line with inflation, so there was a slight increase in fares obviously matching the rate of inflation. But generally—

The Hon. PENNY SHARPE: What about increases above inflation? Are you willing to rule those out today, Minister?

Mr ANDREW CONSTANCE: We have had a couple of years of fare freezes. I know you are in really weak territory here, but the point is that we will assess it—

The Hon. PENNY SHARPE: I will take that as a comment, Minister.

Mr ANDREW CONSTANCE: You should take it as a comment. It is a good one.

The Hon. DANIEL MOOKHEY: In respect of the privatisation or franchising of operations in region 6, did State Transit seek to be included in the tender?

Mr ANDREW CONSTANCE: I am surprised it has taken you this long to ask a question, because as a lifelong member of the Transport Workers Union [TWU] you know there is a vested interest in the membership of the TWU if we franchise.

The Hon. DANIEL MOOKHEY: I am asking you this very straightforward question—and the Chief Executive Officer is here, so you can ask him: Did State Transit Authority ask to tender for these contracts and did you bar it from the right to seek that tender?

Mr ANDREW CONSTANCE: Again, the State Transit Authority [STA] will not be competing for that tender.

The Hon. DANIEL MOOKHEY: Did the State Transit Authority, ahead of your decision to refuse it entry to the tender, offer any concessions, cost savings plans or an improvement plan that would have addressed the planks that you were referring to before?

Mr ANDREW CONSTANCE: Let me be clear: The Government is going to franchise the inner west.

The Hon. DANIEL MOOKHEY: Are you planning to bar it from tendering in any other contract region that it currently holds?

Mr ANDREW CONSTANCE: Again, you do not seem to understand how this process works. The Government reserves its right to franchise any of the regions at any time and ultimately we run this State, not the union bosses at the Rail, Tram and Bus Union [RTBU]. Your mates at the TWU are obviously going to welcome a whole bunch of new members, so you should be quite happy.

The DEPUTY CHAIR: That ends Opposition questions. We will move to the crossbench.

Dr MEHREEN FARUQI: Minister, I am a little concerned about the safety aspects of Sydney Metro, so I have a few questions along those lines. Has the National Rail Safety Regulator issued a safety compliance operating certificate for the Sydney Metro stage one? I am referring to the North West Rail Link, or whatever it is called now—the Sydney Metro Northwest.

Mr ANDREW CONSTANCE: We will comply with the national safety regulator on this project, as we do with all.

Dr MEHREEN FARUQI: Has it issued a safety compliance certificate yet?

Mr ANDREW CONSTANCE: I am happy to hand over to Mr Staples to answer your question.

Mr STAPLES: We have been working with the national safety regulator from the very conception of the project in 2011 and its former agency because it was originally a State-based organisation. We have worked through the accreditation regime which leads ultimately to the accreditation for the operation of the Metro with North-west Rapid Transit, which is accredited, and there is a progressive accreditation during the construction phase leading up to operation. We are working through that with the regulator and—

Dr MEHREEN FARUQI: The compliance certificate has not yet been issued.

Mr STAPLES: No, but the national regulator is involved and has been involved in construction phases as well.

Dr MEHREEN FARUQI: When do you think you will get a compliance certificate from it? Surely you will need it before it is open.

Mr STAPLES: Yes, but that will only happen immediately before it goes into operation.

Mr REARDON: Just to clarify that, that is how it is for every one of our projects.

Mr STAPLES: That is right.

Dr MEHREEN FARUQI: Has the regulator expressed any concerns about the ability of people to evacuate through the small tunnels?

Mr STAPLES: Not to my knowledge in terms of any specific questions around that. The process for evacuation of tunnels is the subject of a very detailed design and emergency assessment process that is done during design. The configuration is actually very similar in terms of infrastructure to the Epping-Chatswood line in terms of two tunnels with cross-passages at standard spacings. That is a world-class configuration because it always provides a point of safety for both emergency services as well as passengers if there is an incident of any sort, so that is a fantastic foundation for managing that. We do not see any issue with the configuration. Ultimately the operator will work with emergency services in the lead-up to operation to test a number of scenarios in that space. It is part of its safety management system. It will present all of that to the National Rail Safety Regulator in advance of going into operation. We are very confident about that process that is in place.

Dr MEHREEN FARUQI: I have some specific questions about those tunnels and crossing between tunnels, as you said. As I understand it, the tunnel between Cherrybrook and Epping is about six kilometres long. Would I be right?

Mr STAPLES: It would be a distance of that amount, yes.

Dr MEHREEN FARUQI: Are there any exits in that tunnel?

Mr STAPLES: No, but there are a number of cross-passages, which goes to my point about point of safety. The critical thing in an emergency event is to have a point of safety. By world standards, six kilometres is very short. There are substantially longer tunnels around the world where there is no access. A notable example would be the Channel Tunnel. The whole configuration for that is that obviously you cannot access it while it is under the water, but there are cross-passages and separate tunnels. We have a very similar concept for that section.

Dr MEHREEN FARUQI: With the cross-passages, let us say in case of a power failure or whatever, what is the maximum distance people would have to walk before they can be evacuated from the tunnel?

Mr STAPLES: You need to understand that there is a level of hierarchy in an event and generally the preference is if there is some sort of incident in the tunnel—and let us not speculate on the specifics of that because there are too many to speculate on—the first objective is to get the train to the nearest station. In most scenarios that will be possible to do. That is the fastest and safest way to remove people. In the small number of events where people need to be removed, it will depend on what is actually happening in that location and how that is done. There are trains available, potentially, in the other tunnel to move people out, depending on the nature of the event that is going on. The scenario where a train full of people actually had to walk out would be a very rare event.

Dr MEHREEN FARUQI: How wide is the walkway in that part of the tunnel?

Mr STAPLES: There are two means for passengers to walk out. They can walk along the walkway. If they exit the train to the side they can walk along the walkway. I could not tell you the exact width. I am happy to take that on notice. It is a similar width to what is in the Epping-Chatswood walkway at this time.

Dr MEHREEN FARUQI: If you could take that on notice, that would be great.

Mr STAPLES: It is certainly wide enough to manage the scenarios we think about in terms of volume of passengers and also people with disabilities.

Dr MEHREEN FARUQI: Would people evacuate through the front and the back of the tunnel or out the side doors?

Mr STAPLES: The other point I was going to make is we also have the option in some scenarios to allow people to exit the train from the front and the rear. That is the benefit of the automated train, where people have unfettered access to the front of the train where they can step off and down. That gives them free access through the tunnel as well.

Dr MEHREEN FARUQI: And through the side doors as well?

Mr STAPLES: Yes. We have both scenarios covered. The specifics that I think have to be really clear are that it is the ultimate responsibility of the operator to determine those scenarios. It will work through that as part of its safety management and it has an obligation to do that, and it puts its overall safety case to the national regulator.

Dr MEHREEN FARUQI: Minister, I understand that this budget has \$200 million allocated to improve accessibility to public transport. I understand also that it is at the Minister's discretion and not the department's to decide which stations are made accessible, is that correct?

Mr ANDREW CONSTANCE: Ultimately any government is going to reserve the right to be able to prioritise its projects. In response to some of the technical assessments of the Transport Access Program I would like to hand it over to the deputy secretary, Mr Troughton, who has responsibility for this area. We are investing \$1 billion in transport access. As a former Minister for Disability Services I am very conscious of transport access being a major barrier to people with disabilities in terms of access to the network. From memory I think there are about 38 lifts that we have now put in since coming to government. We will continue to address that. I do not know whether Mr Troughton wants to talk through the way in which the agencies—

Dr MEHREEN FARUQI: That is all right.

Mr ANDREW CONSTANCE: I am happy to take it on notice and give you more information.

Dr MEHREEN FARUQI: That will be fine, thank you. I have a few questions because I am trying to understand this project capital expenditure and if the money is borrowed from Treasury the interest that is accrued and then paid on that money. For instance, the \$2.1 billion for the light rail, is part of it borrowed? Is there an interest part of that? Is there a loan component associated with that?

Mr ANDREW CONSTANCE: In terms of the management of money across infrastructure it is better to direct the question to the Treasurer.

Dr MEHREEN FARUQI: You are responsible for that money.

Mr ANDREW CONSTANCE: Yes.

Dr MEHREEN FARUQI: And you have been Treasurer, so you should know. You have the expertise, Minister.

Mr ANDREW CONSTANCE: We receive an allocation of funding across the life of a project from Treasury. Typically what you will see is the Government has established an infrastructure fund, which does accrue interest. But the point that I would make is in terms of the allocation of money to transport, it comes through to us, we are assigned in a budget sense the allocations per project on an annual basis that is identified through the budget papers. The allocation is made and we get on with the work.

Dr MEHREEN FARUQI: I understand that. With the \$2.1 billion—I am taking that as an example for the light rail—how much interest is accrued on that over the life of the capital expenditure? What is the interest rate, for instance?

Mr ANDREW CONSTANCE: I do not understand your question.

Dr MEHREEN FARUQI: \$2.1 billion is all that project will cost?

Mr ANDREW CONSTANCE: Yes.

Dr MEHREEN FARUQI: Is part of that borrowed from Treasury?

Mr ANDREW CONSTANCE: We do not borrow money from Treasury; we are given an allocation.

Dr MEHREEN FARUQI: For example, there is a loan component of WestConnex. Is there any loan component in this project, or not?

Mr ANDREW CONSTANCE: No, because it is not structured like WestConnex as a project. It is a public-private partnership project.

Dr MEHREEN FARUQI: No infrastructure projects that are under you have a similar component of loan that may accrue interest over time?

Mr ANDREW CONSTANCE: I do not understand what you mean.

Mr REARDON: We can take it on notice.

Dr MEHREEN FARUQI: I can probably put it on notice, that is fine.

Mr REARDON: On the accrued interest?

Dr MEHREEN FARUQI: Yes, on the accrued interest.

Mr REARDON: We are just not clear; interest to whom?

Mr ANDREW CONSTANCE: Are you suggesting that Treasury gives us \$2.1 billion and we go and earn interest off the back of it and then pay the contractor, or pay it back?

Dr MEHREEN FARUQI: No, not you. The New South Wales Government sometimes lends money, or the Federal Government might lend money for a particular project, which you will have to pay back with interest.

Mr ANDREW CONSTANCE: You are talking about, for instance, the loan facility on WestConnex?

Dr MEHREEN FARUQI: Yes. Is there any transport project under you that has that sort of facility?

Mr ANDREW CONSTANCE: I would direct your question to the Minister in relation to that loan facility, but we do not have a loan facility of that nature with the light rail project.

Dr MEHREEN FARUQI: I can put some questions on notice for other projects. I understand for the Newcastle buses contract with Keolis Downer that they will be paid an additional amount on top of the contract value if they increase patronage, is that correct?

Mr ANDREW CONSTANCE: Again, it is commercial in nature that contract. We are out to incentivise the private sector to get people out of their cars and onto their public transport network. That is one of the great advantages of franchising and that is what I would expect us to try to achieve. We have seen a significant drop of patronage on buses in Newcastle. We are very keen to make sure that we get people back on those buses. We will be seeking to incentivise the new Newcastle transport operator to achieve that.

Dr MEHREEN FARUQI: That contract has started, it is in place. Is there an amount that you are paying to incentivise Keolis Downer and what is that additional amount, per passenger for instance?

Mr ANDREW CONSTANCE: Again, I am not going to go into the commercial sensitivities of it. The point I would make is that we have a contract to improve patronage on public transport. We have a new product offering, such as on-demand bus services, which can be brought in to be able to respond with a more

personalised service across Newcastle. They are the types of innovations we are very encouraged to see through the private sector, which delivers a much better customer outcome.

Dr MEHREEN FARUQI: These sorts of incentives are also part of the contract for the ferry services as well?

Mr REARDON: All of the contracts for ferries—and there are multiple, it is not just Harbour City Ferries—have certain incentive arrangements or contractual arrangements associated with service delivery and customer satisfaction. But, as the Minister said, most of those are commercial in confidence, particularly the funding amounts that might be associated with them.

Dr MEHREEN FARUQI: I am talking specifically about Newcastle now. Is there a financial penalty in that contract if patronage drops? Are there penalties as well?

Mr REARDON: The same comment would be. Most of those things are commercial in confidence.

Dr MEHREEN FARUQI: In June 2014 the then Minister for Transport, Gladys Berejiklian, now the Premier, announced the 10 stops for the Parramatta light rail and promised to get cracking on that project. Three years later there are no shovels in the ground, not much has happened. When can we expect things to start happening on that light rail project?

Mr ANDREW CONSTANCE: You will be very pleased to know that we had a very healthy industry engagement only a couple of days ago; hundreds in the room. We have worked to refine that project. We have issued an environment impact statement [EIS] to enable the community to input into that project. You will be pleased to know that stage one has around 16 stops. It is a 12-kilometre project that extends from Westmead to North Parramatta, through the heart of the central business district [CBD] in Parramatta, through to Camellia, and then out through Telopea and the Carlingford line. What we will see there is a project that the community will now be able to engage in through the EIS, an ability to input into the scope of the works. We have given an undertaking to Government that we would start construction on the project in this term of government, and we are on track to do that. It will take about five years to have the project complete.

Dr MEHREEN FARUQI: Construction will start next year?

Mr REARDON: The contract structure that was outlined at the industry briefing was made clear. We are happy to furnish the Committee with that because it is publicly available now. There are four contracts. The time that they will commence going to the next step of request for proposal [RFP], et cetera, is pretty clear and certainly our expectation is we will be getting into construction in the initial stages pretty quickly.

The Hon. DANIEL MOOKHEY: When will the levy on taxis and ridesharing operators commence?

Mr ANDREW CONSTANCE: This is obviously being done to assist with the hardship of licence plate owners as a result of the regulatory reform.

The Hon. DANIEL MOOKHEY: Hence they would like to know.

Mr ANDREW CONSTANCE: I will take that as a statement.

The Hon. DANIEL MOOKHEY: When was it going to commence and how much money do you forecast it raising in the first year?

Mr ANDREW CONSTANCE: Again, we are engaging with industry to firm up a start date of February 2018.

The Hon. DANIEL MOOKHEY: How many ridesharing operators have applied for a licence to operate in New South Wales that have not yet been determined?

Mr ANDREW CONSTANCE: I have to take that on notice.

The Hon. DANIEL MOOKHEY: Uber has, I presume London Taxis has. Are there any others? Has Lyft?

Mr ANDREW CONSTANCE: You can presume as much as you like. I said I would take it on notice.

The DEPUTY CHAIR: That brings to an end the budget estimates hearing for today. I thank Minister Constance for his attendance today and those supporting him.

(The witness withdrew)

The Committee proceeded to deliberate.