

# GENERAL PURPOSE STANDING COMMITTEE No. 4

Monday 6 November 2006

Examination of proposed expenditure for the portfolio area

## TRANSPORT

The Committee met at 10.00 a.m.

### MEMBERS

The Hon. J. A. Gardiner (Chair)

The Hon. J. C. Burnswoods  
The Hon. G. J. Donnelly

The Hon. K. F. Griffin  
The Hon. C. J. S. Lynn

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### PRESENT

#### Ministry of Transport

Mr J. Glasson, *Director General*

#### State Transit Authority

Mr J. Lee, *Chief Executive Officer*

#### RailCorp

Mr V. Graham, *Chief Executive Officer*

#### Sydney Ferries Corporation

Mr G. Smith, *Chief Executive Officer*

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**CHAIR:** I declare this hearing open to the public. The Committee will examine the proposed expenditure for the portfolio of Transport. In accordance with the Legislative Council guidelines for broadcast of the proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door.

Any messages from attendees in the public gallery should be delivered through the chamber and support staff or the committee clerks. Witnesses are reminded that they are free to pass notes and refer directly to their advisers while at the table. Please turn off mobile phones. I advise that the Committee has resolved to request that answers to questions on notice be provided by five o'clock on 22 November. The short time frame is necessary due to the Committee's reporting deadline of 23 November. Given that short time frame, I request that witnesses answer as many questions as possible during the hearing, rather than take them on notice. All of the witnesses have been sworn in previously.

**The Hon. CHARLIE LYNN:** My question is to Mr Graham. I refer to rolling stock and a promise that outer suburban carriages would be on track by 2005. Why are commuters still waiting for these?

**Mr GRAHAM:** In previous public commentary I have indicated the extensive testing procedure that we are undertaking for both the OSCAR trains and the new Hunter Valley trains, both of which are being built by United Goninan in Newcastle. My previous public comments have suggested that I anticipated both of these trains commencing passenger services by the end of this calendar year, but added to that we do not intend to bring either train into passenger service until we are satisfied that train is ready for passenger service. If I could deal with both the Hunter Valley and OSCAR trains, the Hunter Valley cars, the 14 new diesel cars being produced by United Goninan, we are well advanced with the testing regime. Indeed, we have covered some 22,000 kilometres in testing of these new trains. We are resolving matters with the contractor that inevitably arise during the commissioning trials, and my expectation for the Hunter cars is that we will be in a position to enter initial passenger service later this month. The practical completion of the first Hunter train will allow us then to undertake the extensive crew training program that is necessary to bring all of those cars into service.

I anticipate, subject to contractor performance, that all of those cars will be in passenger service in the first half of next year. We will have some remaining warranty issues on the Hunter cars, in particular the side panels of the Hunter cars, because of a laminated construction of the exterior side panels. They have shown, in service, some waviness in the external finish. Clearly, it is not an issue that will affect their in-service performance, but it affects the overall image and impression of those cars. We have agreed with the contractors that they will progressively replace all side panels on those Hunter cars, but that will not prevent the introduction of passenger service. The OSCAR cars, again being manufactured by United Goninan, we have undertaken almost 30,000 kilometres of testing of these vehicles over some 1,100 operating hours. Again, a range of issues has developed, as we would expect in the testing and commissioning trials of the OSCAR cars, as with the Hunter Valley cars. The majority of those issues are being resolved, and at this point in time I believe that, consistent with my earlier statements, we should see the initial passenger service operation of OSCARs by the end of this calendar year.

Again, with the OSCAR cars there is a range of issues. Again there is a warranty issue that we would expect to be dealt with post-commissioning, and that is ride quality in the upper deck of OSCAR cars, which are showing a vibration above around 90 to 100 kilometres per hour and, again, a matter the contractor will deal with, but a matter that is not safety related and a matter that should not prevent the introduction to passenger service. Both of these trains will not only require a practical completion certificate by RailCorp to the contractor, they require a sign-off by the independent transport safety regulator. Discussions with the regulator on both trains are well advanced. Again, for the OSCAR the availability of the first set will enable us to undertake the intensive crew training program. While we have done some crew training, the bulk of the training will need the availability of the trains. But I expect to be able to initiate the initial customer service runs of the OSCARs by the end of the year.

**The Hon. CHARLIE LYNN:** I understand there has been a \$37 million budget blow-out as a result of a technical problem. Is the problem related to the two issues you mentioned with the Hunter Valley trains and the OSCAR trains, the panels and the upper deck?

**Mr GRAHAM:** No. My understanding is that for both projects the anticipated expenditure is consistent with the budget papers published last financial year and this financial year. I am not aware of any

blow-out in the budget, and I am certainly not aware of any \$37 million blow-out. Quite the contrary, my understanding is that both projects are on budget.

**The Hon. CHARLIE LYNN:** You are saying there is no blow-out?

**Mr GRAHAM:** That is right.

**The Hon. CHARLIE LYNN:** Who designed the carriages?

**Mr GRAHAM:** Both the Hunter Valley and the OSCAR cars are Australia designed and Australian built by United Goninan in Newcastle. I publicly pay credit to the men and women in the Hunter Valley who have designed and built these trains. Obviously, they are a very modern train—the customer amenity of these trains—and, having been on a couple of test runs over recent months, I am extraordinarily impressed with the passenger design of these vehicles. They will be a very welcome addition to our fleet. Could I add a concern I have at a recent section 52 request from the Legislative Council to provide details of papers associated with the OSCAR train? While recognising the right of the Legislative Council to call for those papers—let me say up front our intention to provide those papers—I am concerned that the way the questions have been raised have led to a very extensive allocation of resources in our organisation. I anticipate that in responding to the Legislative Council's request we will expend some \$210,000 in costs because of the time frames that are imposed. More importantly, I have had to divert 12 employees on both projects for a period of some three weeks to go through the vast range of papers associated with these projects. I anticipate the photocopying bill alone will be some \$25,000 in abiding by the request. I express my disappointment—

**CHAIR:** I do not think it is useful to reflect upon the decision of the Parliament.

**Mr GRAHAM:** In terms of—

**The Hon. JAN BURNSWOODS:** There is nothing in the standing orders to prevent Mr Graham. We are prevented from reflecting on a vote in our House, but Mr Graham is not.

**Mr GRAHAM:** I am concerned that in a budget expenditure committee you would, indeed, be grateful for the information of the cost associated with the request the Council is making, and I provide that information in that context.

**The Hon. CHARLIE LYNN:** We are talking about a couple of projects worth in excess of \$200 million?

**Mr GRAHAM:** That is correct.

**The Hon. CHARLIE LYNN:** Have you worked out what the percentage is?

**Mr GRAHAM:** No, but I am sure you are probably as capable of doing the maths as I am, given that it is \$210,000 in that amount. We are on budget for this project. I have no budget for \$210,000. That will be an additional demand on taxpayer resources.

**The Hon. CHARLIE LYNN:** It is a very small percentage.

**The Hon. JAN BURNSWOODS:** That is your opinion. It is not everyone's opinion.

**The Hon. CHARLIE LYNN:** You would agree it is a very good opinion.

**The Hon. JAN BURNSWOODS:** No, I would not agree with that at all. Like most of your opinions, it is not worth the paper it is not written on.

**The Hon. CHARLIE LYNN:** Has RailCorp commissioned any independent audits of the design and construction of the OSCARs?

**Mr GRAHAM:** I am sorry, I do not understand the question.

**The Hon. CHARLIE LYNN:** Were any checks conducted during the design phase of the project and, if so, who conducted the checks?

**Mr GRAHAM:** Obviously the checks associated with these trains, both the OSCAR and the Hunter, prior to the trains coming into service are the extensive testing that I have already quantified for you and the fact that we need to satisfy the Independent Transport Safety and Reliability Regulator that these trains are fit to enter service. We also require as part of our internal processes the necessary engineering sign-offs from the competent engineers in the rolling stock area prior to these trains being allowed to enter service.

**The Hon. CHARLIE LYNN:** Do you have independent audits conducted?

**Mr GRAHAM:** I am not aware of any independent audits conducted. These trains have been designed by United Goninan. Our engineers have worked closely with them. In terms of independent audits, I will take your question on notice.

**The Hon. CHARLIE LYNN:** Thank you. According to the budget papers the project for the Hunter cars commenced in 2000 and the other in 2001. Why has it taken so long to discover the problems?

**Mr GRAHAM:** Again, the process of introducing a new motor vehicle, a new aircraft into operational service does require a train to be available from the manufacturer to commence the commissioning. The commissioning has been undertaken on both trains throughout the course of this year. Many of the issues that arise in the commissioning of the new vehicle are not obvious at design phase of the vehicle. The two in particular that I have mentioned—the external side wall on the Hunter car and the waviness and vibration occurring in the top deck of the OSCAR cars—are obviously matters that can only be identified during extensive commissioning testing.

**The Hon. CHARLIE LYNN:** I think you said you are confident they will be in service within the first half of next year.

**Mr GRAHAM:** As I said in my answer, for the Hunter cars I expect we will be able to initiate passenger service during this month and for the OSCARS, consistent with what I have said previously, we will be able to initiate passenger service by the end of the year. There are ongoing warranty issues beyond those dates that are the responsibility of the contractor that will not affect their safe performance in operation. I repeat: Neither of these trains will come into passenger service until we are satisfied that they are ready.

**The Hon. CHARLIE LYNN:** According to our records, the Hunter rail cars are \$41 million or 60 per cent over budget and a year overdue. You said before that is not the case.

**Mr GRAHAM:** No, I think I mentioned before that the estimated budget completion of both projects is consistent with last year's and this year's budget paper amounts.

**The Hon. CHARLIE LYNN:** Can you advise whether the Government or RailCorp is currently in discussion with tenderers for the 730 new carriages by 2012? If so, will the trains be built and assembled in New South Wales? If not, why?

**Mr GRAHAM:** Yes, I can provide some information on the status of the tendering process. The New South Wales Government has previously announced the successful short list of bidders for carriages to replace our 498 double-deck, non-airconditioned cars and has also announced an intention to buy 13 additional eight-car sets to add to that order. The contract, the subject of your question, will deliver 72 available eight-car sets for traffic under an arrangement where the contractor is responsible for the design, construction, financing and maintenance of those cars and is also responsible over and above the 72 available trains for providing sufficient spare trains to ensure we always have available 72 eight-car trains. My expectation is that the total contract or number of trains to be constructed will be somewhere between 78 and 80 eight-car trains, depending on the manufacturer's or proponent's decision as to how many they will build to cover the maintenance spares.

As to the contract for two short-listed tenderers, the two short-listed tenderers already announced are United Goninan and EDI. Those tenders have closed and that contract is currently subject to evaluation. Both tenderers operate out of the Hunter Valley and a mandatory condition in the contracts is that 20 per cent of the trains must be local content. Both of the proponents as a mandatory condition need to ensure that they meet as a minimum that requirement. Clearly, both of these proponents have built trains in the Hunter Valley previously. EDI has built the Millennium train and Goninan has built the Tangara, the OSCAR and the Hunter trains in Hunter Valley. The Committee should be aware that there are parts of trains that cannot be local content. Stainless steel, for example, from which the body of the chassis of a modern train is made,

is not manufactured in Australia. All of the major traction gear and motors are not manufactured in Australia. There will be substantial components of any train that is designed and assembled in Australia that will inevitably have overseas content.

**CHAIR:** Mr Graham, you mentioned a range of issues have arisen in the testing of the OSCARs. You referred specifically to the vibration in the upper deck. Could you tell the Committee what the other issues were?

**Mr GRAHAM:** Inevitably as we go through the testing and tuning of any train there is a range of issues. Some of those issues relate to tuning the suspension in the bogies, passenger amenity or the on-board systems that both visually and audibly announce the next stopping station of the trains. A range of issues inevitably arise in the testing program.

**CHAIR:** With respect to Hunter rail, will commuters be able to catch a train from Sydney to Newcastle without disembarking or changing transport modes?

**Mr GRAHAM:** Could you explain that further?

**CHAIR:** Will commuters be able to catch a train from Sydney to Newcastle without disembarking or changing transport modes?

**Mr GRAHAM:** Yes.

**CHAIR:** Is the Government considering light rail for the bottom end, the central business district [CBD] end of Newcastle? Are you considering light rail for that part of the network?

**Mr GRAHAM:** No. My understanding is, and indeed I think the Premier has already announced, in looking at the Broadmeadow to Newcastle line that we would also look at modifying the braking system on the diesel services that operate in the Hunter Valley with a view to modifying their braking system to give them the braking characteristics of light rail.

**CHAIR:** Has the Government been in discussion with the manufacturers of the Hunter rail cars to assess whether rolling stock can be modified for light rail usage so that carriages can run at light rail speeds at the bottom end of the corridor?

**Mr GRAHAM:** That is the same issue I have previously referred to.

**CHAIR:** What expense is involved in making such arrangements?

**Mr GRAHAM:** I am not aware as yet that the contractor has come forward with the detailed costings, nor do we have at this stage the potential impact from modification of the braking system. Clearly the issue there is, given the number of level crossings that operate on the Newcastle branch line, any modification that can be safely implemented that ensures that we can reduce the time that road boom gates are closed will be of benefit to the local community. Those discussions and investigations are currently under way and have not been concluded.

**CHAIR:** Are those discussions in any way relevant to the delay in introducing the delivery of the carriages?

**Mr GRAHAM:** Not at all.

**CHAIR:** Can you give the Committee an actual date for the introduction of the OSCARs? Do you have a time line, a specific date, you are working to?

**Mr GRAHAM:** Yes, I do have a time line. I think I previously answered Mr Lynn's question as to what that time line is.

**CHAIR:** What about stage 7?

**Mr GRAHAM:** Could you explain stage 7?

**CHAIR:** Do you have stages of introduction? How do they come on line?

**Mr GRAHAM:** For which of the trains?

**CHAIR:** The OSCARs?

**Mr GRAHAM:** As to the implementation of the OSCARs, the first tranche of OSCARs, which was a contract for 40 cars, was followed by a second tranche of 80 cars. I expect that the first tranche will be delivered to us commencing late this year through to the first half of the calendar 2007.

**CHAIR:** Do they get introduced in batches of ones and twos? In other words, you do not anticipate them all being available on a particular date?

**Mr GRAHAM:** No, I do not. I think we probably have had some testing of up to four four-car OSCAR sets at this point in time. Some of those are having modifications as a result of commissioning testing. I anticipate the first 40 will commence delivery following practical completion later this year. Could I just reinforce the statement I have made twice that while that is the intended program these trains will not be introduced to service until we are satisfied that they are ready to do so.

**CHAIR:** If you are able to give them the tick off, particularly from a safety point of view, what is your envisaged date for the first ones?

**Mr GRAHAM:** There are three ticks for both trains that need to be there for us. First of all, we need to have issued a certificate of practical completion to the contractor under the contract to say that we are satisfied to take delivery of that particular train. That certificate of practical completion may be qualified for warranty issues that are outstanding. I have explained some examples for both Hunter and OSCAR where that might be the case. So that is the first tick that is required—a certificate of practical completion. The second tick that is required is the authorisation by the Independent Transport Safety and Reliability Regulator. For both trains we need independent ticks from the safety regulator that they are satisfied with the work that has been done. The third tick we need is our internal sign-offs, our engineering safety certifications, to bring both of these trains into service.

**CHAIR:** If all of those things are signed off, according to your timetable what would be the date of delivery?

**Mr GRAHAM:** Obviously we have some crew trained now because we have had test crew who have been operating the train. In both circumstances I would expect that we can have some limited introduction to passenger service while we then continue with a high-intensity crew training plan. It will vary for both the Hunters and the OSCARs. Obviously the number of sets we have available for crew training will determine the rate at which we can effectively lift the introduction to passenger services.

**The Hon. CHARLIE LYNN:** Do you envisage that crew training may be a limiting factor?

**Mr GRAHAM:** The availability of the trains to enable us to commence crew training in both cases is the limiting factor. However, in the case of the Hunter I expect us to have sufficient crew trained so that we can introduce the passenger service cars by the end of this month and sufficient crew trained to introduce limited passenger service for the OSCAR train by the end of the year. That is totally dependent on practical completion and achieving the three ticks that I mentioned earlier.

**The Hon. CHARLIE LYNN:** Are there any penalties built into the contract if they do not get the ticks or the certificate of practical completion?

**Mr GRAHAM:** Yes, there are penalties built into the contracts.

**CHAIR:** I refer to the Casino to Murwillumbah line. Does RailCorp receive any income from the land corridor? For example, are any moneys collected from Country Energy or Telstra for equipment running along the line?

**Mr GRAHAM:** I am not aware of any corridor revenue. We do receive some revenue from a number of leases. For example, a hotel occupies part of the Byron Bay station that is our property and we receive a lease income. I am not aware of any other corridor revenue, but I am happy to take that question on notice.

**CHAIR:** Please provide on notice: how much revenue, if any, has been received; the nature of that revenue; what has been received over the past five financial years; whether any income has been

received from any private companies—for example, the hotel—for leases or equipment and infrastructure lying on the land; and whether RailCorp receives any moneys from Country Energy or Telstra for equipment running on RailCorp land along that railway line.

**Mr GRAHAM:** I am happy to take those questions on notice. However, given the extensive list, I suggest that I divide the answer into two parts to fit with the timetable you requested at the opening of the meeting. I will identify, first, the sources of any income to provide a view of the source of revenue on that line. However, I will not be able to meet the deadline in terms of the level of detail of how much has been received over the past five years. That will take a bit of investigation.

**The Hon. JAN BURNSWOODS:** And probably require another 12 staff.

**The Hon. CHARLIE LYNN:** Maybe you can apply for a job.

**The Hon. JAN BURNSWOODS:** I already have one.

**CHAIR:** Thank you; that would be appreciated. I refer to steam locomotive 3801. What is happening with the locomotive? Can you tell the Committee why three members of the Government's panel of independent experts, which was announced in August this year, who are tasked with determining how the 3801 should be managed in the future, are all serving members on the Rail Transport Museum [RTM] board and were internally appointed to the internal task force on that train?

**Mr GRAHAM:** You will have to clarify the question for me. My understanding of the committee that has been appointed by the Government to look at the 3801 issue consists of Mr Vince O'Rourke as chairman, who is a former chief executive officer of Queensland Railways, a nominee of Tim Fisher in his then role as Tourism Australia chair, and a representative of the Australian Rail Association. It is a three-person committee. I am not aware that any of those three individuals are members of RTM.

**CHAIR:** Would you agree that perhaps the Government is voicing its intention to hand the lease of the locomotive to the new museum?

**Mr GRAHAM:** I will be very clear about the legal position. Even though it has been publicly stated a number of times, there seems to be a reluctance and unwillingness to accept the advice of the Crown Solicitor. I will articulate the legal position. Locomotive 3801 was given to the Rail Transport Museum at Thirlmere in a deed, and it was deeded in perpetuity from the then State Rail Authority to the museum back in the 1970s, I believe. In 1986, 3801 Limited, the Rail Transport Museum at Thirlmere and State Rail entered into a 20-year lease of that locomotive that expires in November 2006. The advice of the Crown Solicitor—twice asked for and twice given—is that at the conclusion of the lease in November 2006, under the previous legal agreement the locomotive reverts to the custody of the RTM. That is a legal fact and any action by the Government or State Rail to do anything other than accept the Crown Solicitor's advice and act legally would be in breach of the documents already in place.

What the Government has undertaken, through the establishment of the group chaired Vince O'Rourke, is to work with both RTM and 3801 Limited to find a way forward for rail heritage in this State. It has given an absolute guarantee about its future by contributing \$500,000 for the overhaul of the locomotive. The issue we are addressing in the Vince O'Rourke committee is that neither RTM at Thirlmere nor 3801 Limited are sustainable heritage organisations. For the benefit of the volunteers and employees of both organisations and the future of rail heritage in this State, it is extremely important that both of those organisations are able to come together for the common good, and that is the objective of the Vince O'Rourke group.

**The Hon. GREG DONNELLY:** Can we confirm that we have half an hour of questioning and we will devote that time to RailCorp and then have a break?

**CHAIR:** Yes, if you want to allocate half an hour to Mr Graham.

**The Hon. JAN BURNSWOODS:** And then move on to State Transit?

**CHAIR:** Yes.

**The Hon. JAN BURNSWOODS:** I understand a driver graduation ceremony will be held tomorrow. Can you update us on the program to recruit new drivers and train them?

**Mr GRAHAM:** I think the Committee is aware that we worked extraordinarily hard during 2005 to reach a recruitment and driver operational target of 1,350 drivers, which we did marginally ahead of schedule in December last year. Throughout this year we have not only continued with driver training but also successfully modified the duration of driver training. Three years ago, the training course took 26 months from recruitment to the operation of a competent driver on the network. We have subsequently reduced that time to 19 months.

Through a very intensive examination of the training program and how we might improve the effectiveness of that program, we are piloting a driver training course that we expect to produce a competent driver after 10 months of training. Of course, that will not only substantially improve our ability to respond to demand but also improve the quality of the candidates. Obviously, no driver will enter the system without being assessed for competency. We are achieving that reduction in training time not by reducing the amount of time available to driver training but by reducing the time that trainee drivers spend acting as guards on the network.

A driver on our network needs to be competent in three broad aspects. They need to understand and apply the safe working rules, to be able to hop into a variety of trains of varying ages and obviously cab layouts and be both competent and confident in the operation of the different types of rolling stock. The third competency required is route knowledge on the network—the positioning of signals, turnouts and a range of local geographical issues.

In terms of progress, tomorrow we graduate another 17 drivers and 21 guards to the network. That will maintain us at the level of about 1,440 drivers. That is approximately 90 ahead of the target we established. We are marginally ahead of the game. We intend to stay ahead of the game, because over the next six months we will not only need to be able to resource the intensive training programs for both the OSCAR and Hunter Valley cars that will take drivers off line for a period while they undertake that training, but we also need to ensure that with the commissioning of the Epping-Chatswood railway line in mid-2008 that we have our recruitment well and truly in gear for both training and operation, which will add to our overall driver demand.

Following the implementation of the new carriages that are part of the contract that will be announced prior to the end of this year, we will also need to substantially lift driver numbers to test and train for those carriages. We have a three-year and four-year horizon for our driver recruitment and training program for projected demand so that we get competent drivers through our training well ahead of that demand occurring.

**The Hon. JAN BURNSWOODS:** So, when you have new carriages and lines coming on stream, you need to take drivers out of your driver corps to train them for the new OSCARS, Hunters and the Epping-Chatswood service.

**Mr GRAHAM:** That is correct.

**The Hon. JAN BURNSWOODS:** So, the crew training you referred to earlier in relation to the Hunter and OSCAR trains has been going on for some time?

**Mr GRAHAM:** Yes, we have been doing some work training the test crews and the trainers, but we are limited to programming driver training until we have the trains. That was the subject matter I referred to.

**The Hon. JAN BURNSWOODS:** Turning to freight, I understand that last week a crop of chickpeas was unable to reach its destination. Can you update the Committee on that situation?

**Mr GRAHAM:** This issue arose last Thursday. Given that RailCorp does not operate any freight trains I was somewhat concerned to note that claims were made in both the local media in the north west and in some metropolitan media that chickpeas could not be exported to India because RailCorp had track closed at Wyee, between Hornsby and Newcastle. We certainly have track possession that commences today in that area and we have one of the two tracks closed for a \$6-million track upgrade. That track work was advertised 12 months ago and has been discussed with freight train operators for the past four or five months. As at last Thursday, we were unaware of any capacity issues in the export of chickpeas.

**The Hon. JAN BURNSWOODS:** Probably no-one else in Australia was aware of that either.



**Mr GRAHAM:** The issue seems to have arisen because the regular rail freight operator out of that area, Patricks, was already committed to the export of a significant amount of containerised chick peas and was not only pushing trains through our possession but diverting trains through Werris Creek round back through the western line, all part of the track work possession plan. When this issue came to the fore and following a few phone calls what emerged was the track possession was not the issue. Another freight train operator, Lachlan Valley, had both train and track access through our possession pre-planned but it seems no-one had communicated the problem to Lachlan Valley either.

Having pursued that angle, it then resolved there was an Australian Rail Track Corporation [ARTC] possession between Werris Creek and Breeza on the north-west line that was preventing Lachlan Valley getting through. No-one had approached the Australian Rail Track Corporation about that issue and after three relatively short phone calls on Friday morning not only was there not an issue associated with getting chick peas through the RailCorp track possession but we had a freight train operator with capacity and capability to do the job, and the ARTC was only too pleased to modify its track possession to allow the Lachlan Valley freight trains through. In summary, I think this might be a question of someone forgetting to take the gun out of the holster before pulling the trigger.

**The Hon. GREG DONNELLY:** For the benefit of the Committee could you please update us on the major track work being conducted across the CityRail network?

**Mr GRAHAM:** On the CityRail network we undertake around \$500 million worth of track maintenance work on an annual basis. That is both maintenance work and substantial track upgrading. Substantial track upgrading is replacing timber sleepers with concrete sleepers. It is replacing overhead wiring structures and overhead continuing wire and progressively replacing the signalling system. We have now completed around 60 per cent of our network with concrete sleepers and I anticipate over the next five years we will make substantial progress on closing out the remainder of the network.

Obviously, to undertake this work our engineers require access to the track to maintain it. That access we try to do as much as we possibly can on weekends so we do not disrupt our commuter services Monday to Friday, and we also take opportunity to undertake a substantial amount of work in the Christmas-New Year break when obviously the commuter numbers are substantially down. We have now completed more than \$100 million worth of work on the Bankstown line upgrading and we are now proceeding on the southern line, Cabramatta down through Campbelltown, and this Christmas-New Year period we will continue with a substantial amount of work on that line.

I appreciate that our trackwork is a disruption to our customers but we try to overcome that by ensuring that the information is provided well in advance. Our weekend track possessions also have the potential to interrupt some of our major events in Sydney, so we are obviously working with the major events such as the Royal Easter Show. We have already also had discussions with both the national rugby league and the Australian football league on their intended their venue program for the 2007 football competitions. We will never reach a point where we can keep all major event operators happy, because the priority must be the safe operation of the system, but I think the extensive consultation we are now doing with customers and major event organisers will go a long way to, if not resolving some issues, at least providing ample opportunity to provide notice in advance and deal with it as a result of that.

**The Hon. GREG DONNELLY:** While we are talking about safety, which is obviously very important, can you advise the Committee about RailCorp's work in promoting safety on platforms and, in particular, provide us with some information about the recent campaign about alerting mothers with strollers about the danger of leaving those strollers unattended?

**Mr GRAHAM:** Safely hopping on and hopping off trains is obviously a significant priority for the organisation. We are currently investing in the order of \$20 million in applying traction interlocking technology to our pre-Tangara fleet. What traction interlocking technology means is that the driver cannot get power to start the train out of a platform unless all doors are securely locked and the system recognizes that all doors are securely locked. That means if an object is caught in the doors, whether that be somebody's backpack or a pram, the train cannot physically move. That project is now very well advanced. All of our non-airconditioned pre-Tangara trains operating on the Illawarra line are now fitted, and I am hopeful that by Christmas time we will have made substantial progress on trains on the northern and western lines. It is a very important investment in safety.

What we have experienced over the past couple of years are four incidents of prams on platforms where the mother for some reason has let go of the pram and it has finished up on the tracks with a baby down on the track as well. In no circumstances there been any serious injury to the baby but one can

conjure up circumstances where a pram that rolls off platform onto the tracks, with the worst of luck there could be an express train coming through that particular platform. That has been a concern to us and, in particular, a concern with three-wheeled prams, which appear to be very popular with young mothers these days. It is the single front wheel that creates the instability with the pram. As a grandfather with a daughter who has a three-wheeled pram, I have tested it on the gentle slope of the driveway and you can recreate this circumstance.

In order to deal with that particular risk we have gone through all of our platforms. We have assessed the camber across the platforms, the gentle slope that is there, obviously, for rainwater to run off platforms onto the track, and we are now investing in a program to reduce the worst of those platforms and re-establish a new camber. We have also undertaken a very extensive publicity campaign for mums with newborn so they are aware of this issue. Our DVD and a complimentary bib are now part of the pack that mother receives in hospital when the baby is born. We have also consulted with the Standards Association of Australia and the pram manufacturers to make them aware by video evidence of the instability issue with the front wheel of the three-wheeled prams. I am delighted to be able to report to the Committee that at the National Safety Awards that were announced late last month our terrific staff who have undertaken this program were recognized with an award for this particular campaign, as well as the organisation receiving a national award for its safety focus against all comers.

I take the opportunity to again publicly reinforce the concern we have about three-wheeled prams in a station environment, but it is not just about the station environment. These sloping ranks exist at shopping centres. They exist broadly in the community, and anything we can collectively do simply to make mums aware is good. It is difficult. If you are dealing with a three-year-old toddler and a six-month old in the pram, sometimes you to let go of the pram, but that can be a fatal decision.

**The Hon. KAYEE GRIFFIN:** I understand there are moves to look at upgrading the CountryLink fleet. Could you give the Committee some idea of what is happening in relation to that?

**Mr GRAHAM:** Our CountryLink services are operated by two types of rolling stock—XPT trains and the Explorer trains. The XPT trains consist effectively of a locomotive at either end with unpowered carriages in the middle. The Explorer train cars themselves are powered underneath. We operate the Explorer trains to Moree, Tamworth, Armidale. We operate Explorers to Canberra and we operate Explorers to both Broken Hill and into the south-west to Griffith, those two services on a weekly basis. The XPTs operate three services each way on the North Coast to Grafton, Casino and Brisbane and return. We operate two XPT services a day to Melbourne in both directions, daylight and an overnight, and we operate XPT services daily to Dubbo.

Our XPT trains first came into service in the late 1980s. While the engines have been fully overhauled we are now well into a \$32 million program to upgrade those trains. The upgrades are not only to deal with the internals—the carpets, the seats, the curtains, the furnishings—we are also upgrading the buffet facilities and giving them a very extensive overhaul for their continued operation in service. In addition to that \$32 million program we are investing another \$10 million into the Explorer trains to do a similar upgrade of Explorers—to do the carpets, the seats, the soft furnishings on trains. We also need to do some work on the ageing toilet systems on the Explorer trains to give them greater amenity for our customers. So, all up we are spending \$42 million on the overhaul and upgrading of our CountryLink fleet.

**The Hon. KAYEE GRIFFIN:** I also want to ask you about integrated ticketing at major events, particularly what happened with the recent Richmond airshow and also what RailCorp does in preparation for such events and the integrated ticketing process?

**Mr GRAHAM:** The integrated ticketing for major events has been a terrific development in ensuring the smooth flow of customers to and from those events. For major events now at Olympic stadium, whether it be rugby union, rugby league or the Royal Easter Show, the ticketing operates with the support of the sponsors as an integrated ticket. That means our customers do not have to queue to buy a ticket. They are all the way home and that substantially improves the smooth flow of passengers. The recent very successful event at Richmond, the airshow, it was the first time in a decade that that airshow has been undertaken, but again working closely with the Royal Australian Air Force we were able to put in place an integrated ticket. The station in question, Clarendon, probably sees relatively few passengers a day, of the order of 100 passengers, so it struggles to see 25,000 passengers in a year, yet for the specific event we needed the capacity to deal with 25,000 in and out on the one day, and we did that on two consecutive days, Saturday and Sunday.

To successfully deliver that required the construction of some temporary ramps, as well as the existing ramp. I pay credit, first of all, to the Royal Australian Air Force for the way they so constructively ensured that integrated ticketing was put in place and for working jointly with us. But I pay particular credit to the men and women of CityRail who planned this event and delivered it so well. I was there at the close of the air show on Sunday afternoon and spent some time at Clarendon station. I noted the efficiency with which the arrangements worked in getting passengers onto that platform, on a line that is effectively a single-line railway, where when bringing people in we could not run trains in the opposite direction, and when we were bringing people out we could not run trains in the opposite direction.

So, having brought people in, we had 20 trains that were all lined up nose to tail between Clarendon and Richmond, waiting for the starter's gun to go for the exit of those passengers in the afternoon. They were lined up like little soldiers, and they came to the platform every five to 10 minutes in an extremely smooth flow of passengers out of that event, on a single-line railway. So great credit to those who achieved that.

**The Hon. KAYEE GRIFFIN:** Mr Graham, you mentioned work that was being done on the Bankstown line. Could I ask you about the timeframe for the work that is being done at Lakemba station?

**Mr GRAHAM:** Lakemba station is part of our Easy Access station upgrading program. So far, we have upgraded 25 per cent of our 300 stations for easy access. That has incurred expenditure of more than \$300 million. So we have now provided easy access facilities to not just 25 per cent of our stations but to 25 per cent of stations that deal with about 65 per cent of our passenger throughput. Lakemba station is part of that upgrading program, and that contract is now well under way.

**The Hon. KAYEE GRIFFIN:** Are there other stations on the Bankstown line still listed for easy access?

**Mr GRAHAM:** Yes. Not only are we completing the work being done, but expenditure on the Easy Access program has been lifted from about \$20 million per annum in the 2005-06 program to close to \$50 million per annum for the 2006-07 and 2007-08 programs. So that is a very substantial lifting of expenditure to provide easy access across our metropolitan network.

**The Hon. JAN BURNSWOODS:** Mr Graham, is the program that has existed to provide car parking near railway stations, particularly in Western Sydney, continuing?

**Mr GRAHAM:** Yes. We are currently doing some detailed work. The substantial increase in passenger numbers that we are experiencing, combined with new timetables that have dramatically increased our reliability, together with increasing fuel prices, is now leading to 100,000 additional passengers per week riding on our network. Obviously, we need to do the work to ensure we can continue to accommodate a rate of growth, and providing the amenity of car parks across the network is an important feature of that. Part of the Clearways program on the East Hills line at Revesby will see the loss of some car parking facility but a need to construct additional replacement car parking has been identified, and we will take the opportunity there not just to replace but to further improve the number of overall car parking spaces that we have.

**The Hon. JAN BURNSWOODS:** Revesby is one of the turn-around points of the Clearways program.

**Mr GRAHAM:** Yes, it is. It is a growing area.

**The Hon. JAN BURNSWOODS:** Can you update us a bit on the Clearways program?

**Mr GRAHAM:** Clearways is divided into two stages. The stage one projects include turn-back facilities at Lidcombe and Homebush, the duplication of the Cronulla line, the construction of a new platform at Hornsby, a new stabling facility at Macdonaldtown, and a new turn-back at Macarthur. We seek to have the majority of that work ready for when the Epping-Chatswood line is ready for commissioning so that we can integrate those into a new timetable for the network. Stage two of Clearways involves some of the amplification projects, the quadruplication of the section around Revesby that we referred to earlier, as well as work on the duplication of the Richmond line and extending the duplicated track from Quakers Hill through to Schofields.

**The Hon. GREG DONNELLY:** Mr Graham, could I ask a question about security on trains, which obviously is very important for commuters? Could you explain to the Committee the work that

RailCorp is doing to enhance and improve security on trains, giving commuters a sense of security when travelling on trains particularly in the evenings and at night?

**Mr GRAHAM:** I think the most significant issue in recent years has been the doubling of our Transit officers from 300 to 600. The effect of operating with that complement of Transit officers has been a very substantial reduction in crime on the rail network. According to the statistics of the Bureau of Crime Statistics and Research, which of course are statistics independent of RailCorp, we have seen a 30 per cent reduction in crime on our network as a result of the introduction of additional Transits and other initiatives that we are taking. Our other initiatives include a substantial upgrading of our 6,000-plus CCTV cameras on the network, in particular at our gated stations. By gated stations I refer to those 40 stations where we have turnstiles controlling entry and exit to those stations.

We are providing new digital cameras that are of such quality that we can recognise and identify facial images. This is not what is referred to as facial recognition technology, which is a software system that compares an image to a database. This system enables the production of a photograph of sufficient quality that it would be able to be published for identification purposes and provide to us all of the benefits we have seen post the London bombings.

I expect to commission fairly shortly that system at Central Station, and we progress the roll-out then to the 40 gated stations. We had a very good example recently of a fire on a train on the southern line. Three vandals lit a paper fire in the top deck of a suburban train at around a quarter to five one Sunday afternoon. Because of the CCTV imaging, which we were able to replay and were able to provide a description of the offenders to police, the offenders were arrested by 8 o'clock that evening. That is a demonstration, I think, of the benefits of the investments that are being made in the closed-circuit television systems.

**CHAIR:** Mr Graham, I thank you for your time. We will have a 10-minute break and then proceed to Transport ministry matters, and then Ferries. Mr Graham, you are excused.

**(Mr Graham withdrew)**

**(Short adjournment)**

**CHAIR:** As mentioned, we will commence with some questions relating to transport and the State Transit Authority. Firstly, Mr Glasson, are you able to assist with some questions about the Tcard?

**Mr GLASSON:** Yes, to the extent that I can, otherwise I will take the question on notice. But, yes, I am happy to do that.

**CHAIR:** Can you advise the Committee on the field trials? I understand that the field trials have been delayed for the fourth time since they were announced in January 2005. Is that correct?

**Mr GLASSON:** I cannot confirm that there have been four deferrals, but I can tell you about what is going on in a process sense.

**CHAIR:** Could you tell us where it is up to?

**Mr GLASSON:** Broadly, the contract is constructed in such a way that the contractor has to demonstrate performance of both software and hardware as the basis for moving through the delivery process for the contract. The payments are therefore aligned with a demonstration that certain milestones have been achieved. Currently, the contractor is in the process of finalising the testing of both the software to support buses and the software to support rail. In doing that a test procedure is done, if you like, away from the operating environment.

The software is tested by the contractor and the Government representatives inspect that process. Once the software has been shown to test to a certain specification, then you proceed to commence what is known under the contract as commuter field trials. That involves a controlled environment of a limited number of parts of the bus network and the rail network. What happens at that point is that you move from testing in a controlled environment to testing in a live environment. At each point you have to demonstrate that you have successfully tested as you go into each of those environments.

At the moment the contractor is installing equipment and software into buses, initially at State Transit's Kingsgrove depot. The contractor is yet to demonstrate that that software is working at a sufficient level of integrity to ensure that we can commence the bus commuter field trial. So the reality is that in a contract where you are developing and implementing new technology and new software, it is a step-by-step approach. The contractor has to meet each of those milestones before you can proceed to the next one. At the moment the status is that the contractor is still to demonstrate that the software works successfully to our specification in the live bus environment. On the rail we are still in the process of testing within the non-live environment, if you like. Does that answer your question?

**CHAIR:** Yes. So I presume that the live testing on the buses would be one of the milestones?

**Mr GLASSON:** Yes.

**CHAIR:** Can you give us an idea of what the other milestones might be? Do you know what the timeline is for when each of those milestones is meant to be achieved?

**Mr GLASSON:** Essentially, the timelines rely on meeting each of the previous tests. So, in practical terms for the management of the contract, there may be a timeline in the contract but that is indicative in a sense that the contract relies on the performance specification rather than the timeline as the ultimate point at which you pass or fail and go on to the next step.

**CHAIR:** Given ERG's continuing financial problems and its reported losses—\$550 million—are you aware whether the Government has made any payments to ERG outside those that have been bound by the old or the new contract?

**Mr GLASSON:** My understanding is that we have made payments only in accordance with the contract. At this stage that means that ERG does not receive payments until it has substantially completed and demonstrated at each point along the way that the software and the technology meet our specification. So we pay in arrears, if you like, in relation to the work done.

**CHAIR:** I understand that the Minister said in July that the Government owns the intellectual property on the project. Are there any preparations by the Government or the ministry in case ERG collapses?

**Mr GLASSON:** Not specifically, but you would always be mindful of what eventualities may or may not occur in managing a project of that nature.

**CHAIR:** Are there any other companies around that the Government might consider having to finish the job, so to speak, if such a collapse occurred?

**Mr GLASSON:** I do not think that that has been looked at.

**CHAIR:** Would that not be prudent?

**Mr GLASSON:** It would be prudent if we were of the view that such an eventuality were imminent, but I do not think that is our view at this point in time.

**CHAIR:** Mr Lee, I want to talk about bus services. Can you advise the Committee why bus services are being cut across Sydney at the same time as petrol prices are so high?

**Mr LEE:** Could you repeat the question?

**CHAIR:** Can you explain why bus services across Sydney have been cut at the same time as petrol prices are so high and, therefore, you might have greater demand?

**Mr LEE:** To my recollection, the latest changes we made were in October. That was when we increased services, specifically the 292. We added some services down at Fontenay Road near Marsfield, which ends up being the express service from Macquarie into town. Yes, we did make some changes earlier on in the year to some services that had very low patronage but, in contrast, we have also added a number of services because of the growth in the peak period. That is where the demand is and that is why we have added capacity at that time.

We have added 500 extra services during the peak period this financial year and the response from the public has been overwhelming. We are experiencing real growth on those corridors, but I think I pointed out at the first hearing that it is not appropriate to keep running services that carry fewer people than a taxi. I gave the example of the Taronga Zoo to Balmoral Beach service, which runs up to midnight and might sometimes carry one or possibly two people. It has always been the view that we should divert that type of very poor performing service to the major corridors where people are seeking public transport and where we can grow patronage. The changes that have been made and the additional services placed on major corridors have had a positive impact and that is why we are experiencing growth there.

**CHAIR:** Can you provide to the Committee on notice how many bus services have been cut in each of the last five financial years? Can you advise the Committee now how you go about making the decision to cut a service?

**Mr LEE:** Yes. I think it is also subject to an FOI request at the moment, so we are happy to provide that information. Like Mr Graham said, the deadline that the Committee has set for 22 November in seeking the previous financial years' changes may be difficult so it might have to be constructed on a two-part basis, that is, we provide as much as we can by 22 November and come back to you with the previous years at a later date.

**CHAIR:** That would be appreciated. Can you give us an idea of the decision-making process?

**Mr LEE:** Sure. The new metropolitan bus services contract with State Transit is broken up into four regions, that is the northern region which incorporates from north of the Sydney Harbour Bridge up to Barrenjoey Point-Palm Beach. We have the north-west region, which includes the area from Balmain out to Ryde through to Parramatta, and the southern region, which commences around the Newtown-Leichhardt area and heads south down to Hurstville. The fourth region, the eastern region, pretty much encompasses all services east of the main railway from Central over to the coastline.

In each of those regions, which has a separate contract with the Ministry of Transport, we have a certain number of services and obligations to meet with regard to that contract. It has been the task of each of those regions to come up with ways of improving patronage, that is, by getting more people to use public transport and to also assess where there might be services where we are putting a lot of resources but not getting many passengers. If you look at the number of passengers per kilometre, that is one way in which we do our assessment, but also the number of passengers per trip. We then would look at reallocating resources to where the demand is best suited.

I think I gave an example—and I am happy to talk about it again—where some 30 years ago we had major employment down at Cockatoo Island and we had services running every five minutes down to that area. But with outsourcing and other motivations for the Navy, there is a lot less demand for people using those buses to transfer from Town Hall, usually from trains, down to that site, so we have diverted those services that were averaging less than four or five people per trip over to the new corridor, Victoria Park.

I do not know if you know the area, but it is in the region of the eastern suburbs where there is substantial urban consolidation occurring and we run our 301 and 302 buses through there and people are voting with their feet; we are getting high patronage, to the extent that we have even started putting on articulated buses or bendy buses, which are carrying up to 100 people per trip, and we think that is the best use of these resources. For that previous route we used to run it every 15 minutes. If we drop off one of those services and run it every 20 minutes, but then divert that service on to a major corridor, there is a better outcome in terms of patronage benefit and also in terms of utilisation of our labour.

**CHAIR:** Are there any routes currently in operation that the STA is reviewing in terms of cuts? Are there any services to be cut in the next month or so?

**Mr LEE:** Any bus business anywhere around the world—if you were to go to Stage Coaches operations in London, if you were to come here to Sydney or to Brisbane or to Perth, any good bus company is always reviewing its services and its needs, because the needs of a population of an international city like Sydney's are changing all the time just as they are in Paris, London or New York. It is appropriate to make those reviews but, as I said in my previous answer, we have a formula that we apply. We look at what the patronage is, what the patronage potential might be and if there has been major change to what the patronage drivers of that area might be, then we will review that.

**CHAIR:** So where there has been a significant change in patronage, are there ones you are looking at right now?

**Mr LEE:** I refer to my previous answer. We look at Sydney and specifically each of our four regions. There are always differences and where you might have growths or drop-offs we make those changes accordingly.

**CHAIR:** Are there any that are in the pipeline at the moment?

**Mr LEE:** What in particular?

**CHAIR:** Any cuts in services?

**Mr LEE:** We are making amendments or variations to our services, and I gave the example before of the 292. We have amended that service in the last three weeks and I think we will make other amendments to services.

**CHAIR:** Are you planning any, say, in the next three weeks?

**Mr LEE:** No, we are not.

**CHAIR:** Are there any plans to privatise any routes that are currently operated by the STA?

**Mr LEE:** No.

**CHAIR:** In relation to the Government's plan to install GPS systems on Sydney bus corridors, the three-year-program, can you give the Committee an update on how that is going in terms of the implementation of GPS technology? Mr Glasson, are you able to answer that?

**Mr GLASSON:** That is substantially a question for the chief executive officer of the RTA because it is delivering that process but, at this stage, I think there are 16 strategic corridors in the first three-year-program. I think two of those are now commissioned and operational and they have a roll-out program for the remainder, but you may seek some clarification.

**CHAIR:** I might do that later today. In relation to the bus routes up in the Newcastle area, can you advise why a utility was used instead of a STA bus on route 321, that is, the Charlestown to Warners Bay route on 28 and 29 September this year as reported in the Newcastle *Herald* on 5 October?

**Mr LEE:** I am happy to respond to that question. Point of clarification: it was actually 27 and 28 September. The utility was not used on the 29, as such. In prefacing my remarks I also make the point that this eventuated because one of our drivers actually lost a battle with cancer and we had a high number of our staff involved in a funeral that night and we also had a high level of sickness, so we were trying very hard to get other drivers to cover shifts, but unfortunately we were unable to cover every shift. I can confirm that on 27 and 28 September we did have a reason to use our twin cab utility, which is a Holden Rodeo, which has passenger seats in the back for three people and we, as normal practice, would not use this vehicle to move passengers under normal circumstances but to be left with four trips unable to be met by a bus, we asked one of our customer service co-ordinators to go out on route and he transported less than a dozen to another bus stop to enable them to catch their connecting service.

It was our goal to at least meet our service obligation, that is, to assist them to get home. Although we were criticised in the media at the time, I did think it was the right thing to do, to make best endeavours to get people who were at a bus stop to get home rather than just leave them standing by the road.

**CHAIR:** Sure.

**Mr LEE:** I would like to point out, though, this was an unusual circumstance because we were dealing with the loss of one of our senior staff and appropriately those staff sought days off to attend a funeral and normally we would have ample number of staff who would cover this through what we call DOCS, days off cancelled, where we call people in on their days off to work. Unfortunately, we made over 20 phone calls on that afternoon to get someone to replace that service and we just could not get a driver in, so we had to use our CSC van to move people across.

**CHAIR:** The Rail, Tram and Bus Union divisional secretary up there has said that there is a STA staff shortage in the Newcastle area, is that correct?

**Mr LEE:** No, there is not.

**CHAIR:** Is there a bus shortage in the area?

**Mr LEE:** Definitely not.

**CHAIR:** Is there any problem with keeping bus maintenance schedules up to date in the Newcastle area?

**Mr LEE:** No.

**CHAIR:** Do Government members have questions?

**The Hon. GREG DONNELLY:** Mr Glasson, would you be able to explain to the Committee what the Ministry of Transport is doing to improve bus services in New South Wales?

**Mr GLASSON:** The high-level answer to that is that following the report prepared for the Government by Mr Unsworth, the Government embarked on a process of bus reform in New South Wales. The objectives of that were to ensure the sustainability of bus as public transport and also for school student transport by bus. It is broken down into three broad categories, the metropolitan area; the outer metropolitan area, which is the Central Coast, Newcastle, Blue Mountains and the Illawarra; and then what we refer to as rural and regional, which is the major country towns and rural areas. At this point in time the metropolitan area has involved recently a consolidation of what was previously 87 different contracts into 15 contracts. Those 15 contracts were all signed up by the end of last year. The objective of those was to provide a more coherent service pattern across the metropolitan area, integrating what had been previously a large number of family companies that had evolved over 40 or 50 years, who were restricted to quite narrow contract environments and could not traverse the broader local area, if you like, to get to local centres and things like that. Those contracts were signed. They are seven-year contracts in the first instance.

In tandem with those we have commenced a process of integrated network reviews, which is the review of the consolidated small number of contracts into a larger area, and also in line with that comes the roll out of the 43 strategic bus corridors across the metropolitan area, which is the RTA's matter. So far two



of the integrated networks have been completed, regions 10 and 13, which are the Bankstown area down towards Menai and Sutherland. Certainly in the first one of those there has been an increase in patronage as a result of the change to the network. The initial view is that our objectives in changing the networks are being successful. As part of that process also comes a program of replacement of fleet over the contract term to stay within an average age that has been determined. A substantial number of new buses are being procured as part of that replacement, and they are all local or accessible buses. That is coming out of that process. In the outer metropolitan area we have been in negotiations with contract holders this year with an objective of moving to new contracts in all the outer metropolitan areas by the end of 2006. At this point in time we are confident that that will happen. Once again, as we move through we are consolidating something like 97 contracts into 10 major contracts in those areas. In saying it was 97, some of those were multiple contracts held by the same operator, but it is an overall consolidation and a rationalisation.

The extent to which provisions of networks and those outer metropolitan areas are required is less problematic than it was in the metropolitan area, because there are lower densities of people and fewer centres to serve than the broader Sydney metropolitan area. But we are confident that that process will be completed by the end of this year. In terms of rural and regional, we commenced a process early this year with the industry on rural and regional bus contracts, but it is a very different situation to the metropolitan area. The metropolitan area is characterised by higher densities and more obvious surface patterns. In rural and regional it is very much around getting schoolchildren to school and often in quite remote and small communities. What we are doing with the industry and the operators in terms of rural and regional is going through a process of consultation. We have a task force, which is the ministry, and the Bus and Coach Association, and we are working through a process towards having some recommendations to the Government around the middle of next year on whatever we agree ought to be changed, envisioning some form of roll out from the beginning of 2008 for rural and regional. But it is a very different sort of thing, and we are taking a lot of time to consult with the community about ensuring the sustainability, particularly of school services.

**The Hon. GREG DONNELLY:** Taxi safety is very important for people travelling in the evenings. Can you describe the Government initiatives in this regard?

**Mr GLASSON:** Probably the principal one is secure taxi ranks. In consultation with the industry and local communities we have been implementing secure taxi ranks, initially within Sydney and more broadly across New South Wales. At the moment there are something like 14.

**The Hon. GREG DONNELLY:** Recently they have spread to parts of regional New South Wales. Coffs Harbour comes to mind.

**Mr GLASSON:** Yes, that is right.

**The Hon. JAN BURNSWOODS:** To say nothing of Dubbo Derby day.

**Mr GLASSON:** For a number of years there has been a secure rank in Tamworth for the country music festival. The principal objectives are to provide an orderly queuing environment for patrons wanting to get taxis, generally late Friday and Saturday nights or on major holidays or after major events, such as at Dubbo. We have nine ranks at the moment and another five under consideration. We are doing that on the basis of inviting communities to lodge submissions for secure ranks. We have some in the metropolitan area at the moment, we have one at Chifley Square, one in Park Street, and one at the Four Seasons Hotel—all in the CBD—and then we have them at Manly, Wagga Wagga, Griffith, Albury, Tamworth and Orange, and we are about to commence trials at Penrith, Kiama, Batemans Bay, Byron Bay and Coffs Harbour. We did some trials last summer, which demonstrated that the community feels safe and secure late at night. There is security at the rank to ensure orderly queuing, to ensure there are not outbreaks of violence or antisocial behaviour. That is particularly important for the whole community. But both older people and younger people feel far more secure. You can also ensure, if you like, the maximum use of the service by multiple hiring and doing other things at those ranks.

**The Hon. GREG DONNELLY:** Like at the airport where someone is co-ordinating the whole transaction?

**Mr GLASSON:** Yes.

**The Hon. KAYEE GRIFFIN:** Mr Lee, would you advise the Committee about the concept of the new 333 Bondi bendy bus, which, I understand, was the first cashless bus service and the response of passengers to the service?

**Mr LEE:** True enough, the talk of Bondi this summer is the Bondi bendy. It is what people are queuing for and what people love to ride on. It has been launched for only one month, and it is Sydney's first cashless bus. It is specifically branded. For those who frequent Elizabeth Street they will see these magnificent articulated buses, also known as bendy buses, traversing Elizabeth Street with a livery that talks about prepaying for a faster trip. It is a concept that has been used in London, especially in the outskirts of some of the London boroughs, and it is about speeding up the trips and reducing the amount of time when people might stop, fiddle for change and hope that the driver will have the right amount of change from a \$20 or \$50 note. The new route is an enhanced service to what we currently operate. It is our biggest corridor in the whole of Sydney. We carry more than 9 million passengers a year on that corridor alone. It has big numbers. This is supplementing what is currently operating out of Bondi. We have 16 dedicated buses and we have also put in additional ticket vending machines at Bondi Junction. To help customers with a smooth integrated service and transition we have also set up some key areas where people can purchase tickets.

We are selling pensioner single rides, and normal adult and concession rides at a number of newsagents, and also convenient stores and transit stops along the way. But we have also put in new plinths, which are like the Olympic billboards at Homebush, at 20 stops so that people know that is where you catch the 333. We have backed that up with slogans and other marketing material to reinforce a message. What is interesting about the service is that since it has commenced we have had an increase in the number of people using it. Since the first day it was introduced, on 6 October, just under 100,000 people have used the 333. On the Thursday of its second week of operation we were averaging 86 passengers per trip, which means they are filling up very quickly and they are moving people very swiftly. This figure is already close to the average morning peak load that we would get on a 380 service. What is fascinating, interesting, but also compelling is that people have not shifted from another service; these are new passengers as well. We are getting good loadings on the 380, but also good loadings on the 333, which means more people are using public transport.

In terms of migrating people away from cash, in the past four weeks since the service commenced on that corridor we used to have 36 per cent of people using cash. That is now down by 10 per cent to 26 per cent. By January next year we hope that will be down to 15 per cent, because we are trying to encourage people to buy the tickets off bus, be it with Travel Tens or other methods and not use cash. We estimate that for every person who dips rather than hands over a note that is a saving of 14 seconds for every transaction. Multiply that by tens of thousands of people and you will get a faster trip. That, combined with the red paint, as we know, Elizabeth Street where the buses get priority, people can hop on a bus and not have to think. They can read their papers, they can listen to their MP3 players and it is a very convenient trip. Ultimately, that is what we strive to do in delivering service.

I suppose I have highlighted that this is an excellent success story. Yes, pressure is building to expand this to other corridors. The Minister has asked us to look at evaluating this service within six weeks and to provide advice as to how we can grow this excellent public transport initiative.

**The Hon. KAYEE GRIFFIN:** I understand that State Transit is planning to develop Australia's first green bus depot at Leichhardt. Could you give the Committee information about the proposal for the new depot and whether the heritage buildings on the site will be preserved?

**Mr LEE:** For those people who have been around Norton Street, public transport is a major issue for people in the Inner West. Whether they are traversing the Victoria Road corridor or Norton Street then the Parramatta Road corridors, there is an increasing need in those growing corridors for more services. Contained in Budget Paper No. 4 this year was a direct capital injection for the construction and in some ways reuse of some of the existing heritage facilities at Leichhardt depot. It is one of our oldest depots and it is also a strategic place because it is so close to the city. If ever we have to deploy a maintenance team or extra drivers it is a great staging point for us. The plans are to introduce Australia's first green depot. I would like to outline some of the main features of that depot. It will support the largest number of gas buses concentrated in one place for the first time ever in Australia. Obviously we are buying 255 new gas buses over the next five years, as well as the 250 clean diesel buses. We would be deploying a number of those buses directly into Leichhardt. That is on top of the 53 gas buses out of the 90 that currently operate in that precinct.

We are going to protect the heritage buildings that are on site. There are a number of buildings, three of which I will talk about in a moment, including the tram shed, the cable store and the traffic office buildings which will all be retained. We are going to minimise the impact of noise and lights to neighbours by the way in which we sensitively construct the depot to minimise light spill and other impacts. We are

going to use recycled water. For those people who have spent time at bus depots, there is a lot of what we call hard stand, a lot of cement. The run-off from that cement will be captured and the water cleaned and then it will be used for the local playing fields that are currently under construction at the moment, if you know the area near Balmain Road. Again, it is a sensitive, positive water reuse. There is some site contamination there. It was used as a Defence Force site in World War II. Some very typical waste has been found there that will also need to be cleaned up. That is also part of the capital spend.

At the moment we operate the 15 bus routes out of Leichhardt depot. By injecting more new buses into the area we will be able to supplement services, that is, grow the services again in our most demanding times, being the peaks. The other really interesting point at the moment is—for those who keep a check on the Australian Bureau of Statistics [ABS] data—the ABS data shows that the Leichhardt local government area, along with North Sydney, has experienced the biggest surge in fertility rates anywhere in Sydney. That is great news. It is great news for Leichhardt because it means more babies and also more families wanting to access buses to get to the city and use public transport. That is a really positive outcome for us. In relation to upgrading the site, if I can talk about greenhouse gases for a moment, if we were not to run any buses in the Leichhardt area and people were only using private vehicles, that would add another 80 million kilograms of greenhouse gases to the atmosphere every year.

By growing public transport in this area and by retiring some of those older buses we are going to be saving 3 million kilograms alone. As an internal exercise we are saving 3 million kilograms of greenhouse gas emitting but also by providing good public transport we prevent that other growth, if you like, by people using our services. It should also be noted that these buses do generate the lowest emissions of any mass-produced commercial bus anywhere in Australia. As the purchaser of 500 buses over the next five years, this is a major step to reducing pollution in a city environment. Those who use buses know when you have a gas bus there is less noise because the engines run a lot quieter than a diesel bus engine. So in terms of noise pollution there is also a benefit in a CBD environment.

**CHAIR:** I have some questions to ask you.

**The Hon. JAN BURNSWOODS:** Mr Lee is able to complete his answer.

**CHAIR:** Yes. Could you wrap it up?

**Mr LEE:** I was just going to spend a little bit of time talking about dead running because it is something that is very important to our business. Dead running is where we run buses out of the Burwood and Ryde sites and we have to dead run them, that is, they are not in service, to get them to the starting points at Leichhardt. By growing this depot we will reduce the amount of inefficient or dead running, allowing a better strategic deployment of buses straight into service, which is another one of the features. I am happy to furnish you with more details about this positive initiative out of session.

**CHAIR:** Mr Glasson, are you able to give the Committee information about the capacity of Town Hall railway station and whether any studies have been conducted as to its capacity, for example, whether it is over capacity or is predicted to be over capacity in the near future?

**Mr GLASSON:** I think that is a matter for Mr Graham. Can we take that on notice?

**CHAIR:** Yes. Can you give the Committee an actual date as to when the first Tcard trial will commence?

**Mr GLASSON:** No, I cannot, simply because it is absolutely dependent on passing the tests to achieve the milestones.

**CHAIR:** So it is in the never-never?

**Mr GLASSON:** It is not in the never-never. You could be very confident of achieving something next week at this point in time and come early next week you find that in a testing phase something has suddenly failed unexpectedly.

**CHAIR:** It is very unclear as to when you will get to that point?

**Mr GLASSON:** I think both the Government through the Public Transport Ticketing Corporation and the contractor are working very, very hard to implement it as quickly as possible. In doing that, there is an absolute insistence on meeting the specifications.

**CHAIR:** In relation to the new rural and regional bus contracts, can you advise whether pensioner excursion tickets will be available for use on all of those private bus services?

**Mr GLASSON:** No, I cannot. I would need to take that on notice.

**CHAIR:** Yes. Also, if pensioner excursion fares are available for only some of the services would you indicate in your answer on which services the excursion fares would be available and provide an explanation as to why they are not across the board?

**Mr GLASSON:** Yes.

**CHAIR:** Can you provide the Committee with information as to the status of the hire car review?

**Mr GLASSON:** This is the review of two or three years ago?

**CHAIR:** Has it been completed?

**Mr GLASSON:** I would need to take that on notice too. I was not in that area of the department at the time that was done.

**CHAIR:** Yes. Would you provide the Committee with information as to the status of the review?

**Mr GLASSON:** Yes.

**CHAIR:** When it will be completed or whether it has been completed?

**Mr GLASSON:** I think it is complete but I will clarify that for you.

**CHAIR:** And the resources that have gone into the review?

**Mr GLASSON:** Yes.

**CHAIR:** Can you advise the Committee on the service standards for the taxi industry, given the ministry is yet to set service standards after such a long period under the current Government? When will the standards be finalised?

**Mr GLASSON:** There are a number of issues that impact on that. I will give you on notice a time line, but they are very close to being complete.

**CHAIR:** Mr Lee, is the short haul transit fatigue study complete?

**Mr LEE:** We have been consulting with the National Transport Commission [NTC] about some of the details around fatigue and fatigue management. The report writer is very close to finalising her report. When it is finalised it will be released at that time.

**CHAIR:** It is reasonably imminent?

**Mr LEE:** That is a reasonable response.

**CHAIR:** Within the next few weeks or months?

**Mr LEE:** I would not want to put a time line on it at this stage. There is a person who is responsible for the writing of that report and I would not wish to pre-empt her work.

**CHAIR:** At this stage you do not know the recommendations of that report?

**Mr LEE:** We have had a discussion with the author of the report. There were some very clear terms of reference that we were seeking to look at. That person also sought some advice from the NTC, which was appropriate. We hope that before Christmas we would be able to provide more information about it.

**CHAIR:** Will that be made public?

**Mr LEE:** I would imagine it will be made public. Most of our reports are.

**CHAIR:** Most of them are? So you expect that one to be made public?

**Mr LEE:** They are internal reports and there are inquiries and other public reports.

**CHAIR:** So you expect that one to be made public?

**Mr LEE:** I hope so.

**CHAIR:** Can you advise the Committee about the number of road accidents that involved Sydney buses in the last financial year?

**Mr LEE:** I will take that on notice.

**CHAIR:** Can you advise as to your estimation of the number or proportion of such road accidents that were as a result or may have been as a result of State Transit driver fatigue? Have you done any studies on the extent of driver fatigue and its relevance to accidents?

**Mr LEE:** I am happy to take that on notice. I think the specificity of your request is probably not something that is categorised at the point of an accident. Usually the Office of Transport Safety Investigations, the RTA or the Police are investigating, and they usually categorise accidents based on who was at fault, not what their condition was at the time of the accident. So the specificity of your question might be a little bit difficult, but I will make best endeavours, Madam Chair.

**CHAIR:** Similarly, could you advise how many accidents involving Sydney buses were the fault of a State Transit bus driver?

**Mr LEE:** I would be happy to. When you say "fault", by whom?

**CHAIR:** The fault of a State Transit bus driver.

**Mr LEE:** But who was making that determination? A lot of these remain unknown. You are talking about the Police?

**CHAIR:** The Police on the one hand. Do you have an internal assessment process after an accident to investigate what has happened?

**Mr LEE:** It depends on the nature of the accident. Based on that categorisation it is sometimes out of our hands. Therefore, it becomes a matter for the Office of Transport Safety Investigations or the Police. It is not something that is an internal matter.

**CHAIR:** I understand that in 2000-01, 19,243 complaints about bus services, but that has increased to nearly 27,000 in 2005-06. Why does the STA continue to ignore bus commuters? What is being done to address the extraordinary increase in complaints against State Transit over the past five financial years?

**Mr LEE:** Statistics are interesting. We receive average better than one complaint per 5,000 trips. Given international best practice, especially in a city environment, State Transit's level of complaints is by no means high. However, that does not take away from the fact that we are always trying to improve the quality and level of service. When one interrogates both the volume and the categorisation of complaints, the area that passengers want more information on is timeliness. That is the area we are trying to improve. In the past month we have had only two complaints from the millions of people who have used our service about the cleanliness of buses.

Timeliness is one of the main areas where we need to improve. That is why in July and September we made a number of changes to our timetables to better reflect the travelling time for buses. As I said, with any service, if we have a traffic light improvement or a B-light, there are peaks and troughs in timeliness. On Parramatta Road, when the red paint was laid from Norton Street towards the city, we were allowing up to 17 minutes of running time but only requiring 11 minutes of real time.

Yes, we receive a number of complaints, and it is important that as a business we deal with them. That is why as a management group, it is one of our priorities every week to look at the complaints, which routes they are occurring on and where we can make improvements to reduce those types of complaints. However, I reinforce that to be receiving only one complaint for every 5,000 trips is a better if not matched by many other bus companies around the world.

**CHAIR:** Is it not correct that nearly half of the 27,000 complaints relate to the timetables not being adhered to with early arrivals, buses running late or buses skipping stops or travelling on the wrong route?

**Mr LEE:** I refer to my previous answer and I will add two points. With regard to drivers skipping stops and travelling on the wrong route, we have very few complaints about misrouting buses. As I said, at Leichhardt depot we have 15 routes and drivers become very familiar with them. We also have special training and assistance to help them. At Ryde depot we have 52 routes. That is a formidable challenge for new drivers. For that reason we have a small number of drivers who need a little extra time to familiarise themselves. However, it is not a major issue of complaint.

Rather than skipping stops, we have a capacity issue on buses. There is a sign on the back of buses stating the number of passengers who can sit and stand. If a bus fully loads, the driver has a safety obligation not to pick up any more passengers. That is why we have put on 500 more services in major corridors during the peaks. We have seen an accompanying decrease in the number of complaints about that specific issue following the introduction of those services and we will do more of that. We are currently designing ways in which we can further supplement this real growth in demand for public transport with more capacity. That is why we have 80 articulated buses running on the network. We have huge people movers on the major corridors. Some people call them trams on wheels. They were coming in from the northern beaches and the eastern and western suburbs. For example, we have a magnificent 520 service out of Parramatta that comes in every morning. People are voting with their feet and filling these articulated buses.

**CHAIR:** I refer to ferries. Rear Admiral, can you advise the Committee what plans are in place for the Government to fully privatise Sydney Ferries?

**Mr SMITH:** To my knowledge there are no plans.

**CHAIR:** How many reports have been done into any aspects of the possibility of privatising the ferries?

**Mr SMITH:** My first answer applies: To my knowledge none.

**CHAIR:** Mr Glasson, can you confirm that from the ministry's point of view?

**Mr GLASSON:** I have no knowledge of any.

**CHAIR:** So there have been none?

**Mr GLASSON:** I cannot say there have been none, but I have no knowledge of any. I have been director general—

**CHAIR:** Can you provide that information on notice?

**Mr GLASSON:** Yes.

**CHAIR:** Rear Admiral, given the fact that a full-time Minister for Transport has been unable to curb the shocking safety record of Sydney Ferries, what hope does the travelling public have with a part-time assistant Minister for Transport?

**Mr SMITH:** I do not accept that statement as factually correct. The safety record of Sydney Ferries has improved dramatically over the past 12 months and continues to improve on a daily basis as a result of a concerted effort and focus on this important part of what is required to provide a safe and reliable transport system. Our safety record has much improved. I am not disputing that there were some difficulties a year or two years ago. Those difficulties have been addressed and the record stands for itself. I am happy to provide any data you would like in support of that fact.

**CHAIR:** I refer to the Office of Transport Safety Investigations [OTSI] report released on 30 October. What is being done to curb the lack of regard to formal procedures indicated in that report?

**Mr SMITH:** That was a very important report. What is often forgotten, however, is that it is a historical report. It covered October 2004 to October 2005 and looked specifically at incidents involving the four freshwater class ferries—commonly known as the "Manly ferries". It examined 11 incidents during that 12-month period. It summarised all of those incidents and all the recommendations. What has been forgotten is that those incidents were individually investigated at the time by New South Wales Maritime or OTSI during 2004-05 and the recommendations were implemented immediately. In fact, the report released last week summarised a sequence of historical incidents. Notwithstanding that, there were some very good recommendations, which we are actioning. There were 38 recommendations in the OTSI report, of which 22 have been implemented. That makes my point about the report being historical. There are eight more recommendations in hand and eight new recommendations have also been made on which we have also commenced action.

**CHAIR:** Please provide on notice a list of the eight recommendations not yet implemented and those you are considering.

**Mr SMITH:** I have them here, but I am happy to provide that information on notice.

**CHAIR:** OTSI reports on the last eight crashes have contained recommendations about improving crew training. Why are commuters yet to hear about any detailed programs to be undertaken to address that issue?

**Mr SMITH:** There has been a very active and detailed training program commenced as a result of these incidents. One of the specific programs we call our "Crew Resource Management Training". It requires every person on the float team of Sydney Ferries to be taken off line and to undertake a very detailed training program on vessels on which they operate so they have a comprehensive understanding of their vessels, how they operate in normal mode and, more importantly, how to deal with incidents where, due to equipment or whatever, the ferry is unable to be operated in its primary mode. This was one area identified as a weakness of the system as it existed a couple of years ago.

As a result of concentrated focus on training, each and every one of the float staff have been taken through that program. We have completed program, but safety training is never completed—it is an ongoing commitment. In fact, we are now beginning the second round of this training to delve even further into potential emergency and security issues so that the travelling public can have every confidence that the crew members who take them from A to B on a daily basis know everything that they need to know about their vessel and can operate it in both primary mode and in an emergency situation.

**The Hon. JAN BURNSWOODS:** Mr Lee, a couple of times you have mentioned the extra bus services, at both commuter times and weekend times. You may want to tell us more about those extra services because you have been interrupted. Given that the Opposition has put on notice questions about service reductions in underutilised areas over the past five years, can you take on notice the details about the extra services you have mentioned?

**Mr LEE:** Thank you for the question. As someone who worked and lived in the Parramatta area, it is important to reflect on the changing nature of that area and the needs of its citizens. Ten years ago you could not get a bus from Parramatta to the city by Victoria Road and when it was suggested people might have laughed and said that you just catch a train. However, there are a number of transport drivers on the Victoria Road corridor separate from the road corridor with great potential. The purchase of the North Western Bus Company allowed the consolidation of a number of hotchpotch contract areas and the genesis of the 520 route. It is a good case study, because on 10 September this year, the daytime services on route 520 between the CBDs of Parramatta and Sydney were doubled. I would not mind spending some time going through the reasons for the growth and the doubling of those services.

When we designed our routes and timetables we have a philosophy that we want them to be easily understood, direct and accessible for the majority of the community. Our experience shows these characteristics provide the community with a better level of service that matches their travel intentions and demands. We ask what drives people to use bus services. It is not only for work. People might want to access the university campus at Rydalmere, the TAFE near Blaxland Road at Ryde, for shopping, entertainment or any number of other reasons. Therefore, it is important that we design the services to match those drivers. There are a number of points on Victoria Road from Rydalmere, Ermington, West Ryde, Ryde, Gladesville, Drummoyne to Roselle where people want to join the service and also to alight.

It is important to note also that on Sundays the 520 had been carrying about 1,800 to 2,000 customers a day. That has been growing year in, year out. So, with an average of about 50 to 60 boardings per trip we could see there was more and more need so we have doubled the service between 9.30 and 5.30 on Sundays. When you look at the route, I know now you are familiar with it, having lived and worked around that area for some years, you can see why people are using the service. We have a number of attractors. We have the brand new Parramatta interchange, which links people to Westfield and the movie theatres and even going to watch the Parramatta Eels play at Parramatta Stadium in the winter months. So, when you have a facility like that people feel safe and secure waiting for a service in Parramatta or when they are alighting from the service.

It also links with other major transport services like CityRail services. It links with the T-way and other private services and cross-regional services that might take people to the Hills district or to Blacktown or other areas. It is also worth noting that more than 40 per cent of the 520 services are now low floor and accessible. So, people who have special needs, be it prams or wheelchairs, have four chances out of 10 that a service will be wheelchair accessible, and if they call 131 500 they can find out in advance which of those services is accessible.

The second major attractor, as I mentioned before, is the University of Western Sydney. Our bus stop is right outside the Rydalmere campus on Victoria Road and we are experiencing on Sundays a lot of students wanting to access libraries as well as other university facilities, be it computers for surfing the net, or even sporting activities, which is another initiative for the university. On weekends another attractor is shopping. There are a number of shopping centres along the route. There are the major DFO-type stores like at Birkenhead Point. You have specific inner west sort of trading around the Rozelle and Darling Street areas, and at Top Ryde there are a number of discount stores and other shops that people can access on the 520 route.

It is fair to say that the 520 is a route that continues to grow. We will be matching that growth. That is why we have double the number of services, and as more people use that service we will continue to increase capacity and services based on that demand. That is just one case study of where we respond to people's needs. It is important as a bus operator that you target services to match what people want.

**The Hon. JAN BURNSWOODS:** So, should you take on notice the need to give any statistics about the increase in services as distinct from the cuts the Opposition was talking about?

**Mr LEE:** I would be more than happy to provide those additional numbers by corridor across Sydney.

**The Hon. JAN BURNSWOODS:** As you said earlier, it may not be possible to give five years of figures by 22 November, but perhaps if you could treat it the same way, dividing it into two.

**Mr LEE:** I am happy to.

**The Hon. JAN BURNSWOODS:** Still on buses, can you tell us about the benefits to the environment of the Government's decision—I think it is 255 new CNG buses and 250 Euro 5 diesel buses that are coming? You said a little bit about that before in relation to the green bus depot at Leichhardt but obviously there are more general things to say as well?

**Mr LEE:** As a bus operator, what stands out about the over 500-bus procurement over the next five years is it provides a steady state of procurement for the organisation. Unfortunately, there has been a lot of stop-start procurement over the years. Although it was a great investment, there was a massive investment in Mercedes buses in the 1970s in the late 1980s. Then we had a situation where no buses, I think, or about eight or 12 buses were purchased in the early 1990s. But the signing off for purchasing 100 buses every year for the next five years is an excellent platform for renewing our fleet. What is also very exciting about that is the decision has been taken to split the purchase with clean diesel and gas. Both of those outcomes have excellent environmental outcomes and I am happy to go into the details of the United Nations and the European Union standards for diesel technology.

Let us also put it in context. We are hedging on the supply risk. So, if there is Middle Eastern trouble where you get a huge spike in diesel prices, we know we can rely on the cheaper gas price to utilise those buses more, especially in those off-peak periods. Also, if we were to have a Moomba-type event, which occurred some years ago where we nearly lost gas supply because of a major gas plant issue, we then have the ability on those weekends to use diesel buses at that time. AGL deployed a number of staff at that



time because it was very worried when it was cleaning out the pipes that it might get precipitation, some liquefied gas, which, if it were to enter the engines of our CNG buses it could have been catastrophic. But because of their works and because of their gas-drying program, although it is good to have the gas hedge, it was not called about at that time.

At the moment compressed natural gas is much cheaper. They both have good environmental outcomes but colloquially we call it the two-humped camel. When you see a bus out on the road with two humps, that means it has its airconditioning pod but it also has its gas pod and that is when you know you have a CNG bus and it is usually tagged that it is powered by natural gas. We will see more and more of those as the 250 buses come off the assembly line.

What is interesting about bus procurement in Australia is rather than fully importing buses, we import the chassis for the gas buses. They will be Mercedes chassis. For the Euro 5 diesel buses they will be Volvos out of Sweden. We import the chassis and they will be built in Western Sydney at Smithfield. We had our board meeting out there two weeks ago and it is an impressive assembly line just to see the blue-and-white buses totally populating this huge warehouse, with apprentices and bus builders there welding and doing other activities that will put great assets onto the streets of Sydney.

What is important about emissions is, and I think we had this discussion before, gone are the days when there was dirty diesel. Because of the research and development in Europe you have engines now, mainly for freight movements in Europe, where there has been huge investment in reducing greenhouse emissions from diesel fleets. With the injection of urea into the process, surprisingly you have a great environmental outcome but you have a better outcome for diesel than you do for gas in terms of greenhouse at the moment. In what they call the health gases, it is a good outcome in nitric oxide for both modes, but gas is still ahead there. It still puts out less nitric oxide than diesel, but the number of millimols per litre is very tiny. It is like 12 for diesel and five for gas. Historically those numbers were three-digit numbers, so it is an excellent outcome.

For the Government to sign off on having the first Euro 5, which is the next generation of buses—it is not even going to be mandated or legislated in this country until 2011—and to have them on the streets next year is proof positive that we are investing in our environment. In noise pollution, as I pointed out earlier about Leichhardt depot, it increases the percentage of gas buses that will work the city which, for the amenity of your city-based workers is a positive outcome as well. As you can tell by my tone, I am excited about knowing we have 500 new buses coming to Sydney. Seeing them out at Smithfield literally as their bodies were being built was a good thing, and they are going to be here before Santa Claus. They are rolling out at the moment. Some are going to Volvo and we will see them in operation before the sled arrives on Christmas Eve 2006.

**The Hon. KAYEE GRIFFIN:** Rear Admiral Smith, can you update the Committee on the progress of the implementation of the new Parramatta River, Neutral Bay and Woolwich timetables?

**Mr SMITH:** We were very pleased last month to be able to announce new timetables for the Parramatta River, Neutral Bay and Woolwich routes. These new timetables were as a direct result of our interaction with our customer base, understanding the growing demands, et cetera, looking at the capacity issues and the needs of our computers in those areas. The result of that timetable change in the Parramatta River, for example, is that we are now looking at 30 per cent more stops on weekdays on the Parramatta route; approximately 70 per cent more stops on weekends, very much as a reflection of the popularity of our service on the weekend by leisure customers; some more later-evening services between Meadowbank and the city and a new stop at Bayview Park as a result of a commercial operator deciding to cease services in that area. We have implemented those changes and the response we have had from the Parramatta River community and customers there has all been very positive.

In the Woolwich and Neutral Bay areas the changes essentially were Sunday services for Woolwich and Neutral Bay being increased some 80 per cent. In other words, improving to an hourly frequency during the day, once again in response to the desires of our customers and leisure customers in that area. That has been a good result and we have been able to achieve this new improved timetable for frequency of service as a result of the efforts we have put into improving the reliability of our fleet.

**The Hon. KAYEE GRIFFIN:** Could you go on from that with the recent trends in the availability of vessels and also the reliability of Sydney's ferry services?

**Mr SMITH:** Yes. They are very much linked, the reliability of our fleet. There are 31 vessels in the Sydney Ferries fleet. We require 23 at any one time to provide the services our current timetable

requires and we obviously need a high availability of those vessels. It is fair to say that a couple of years ago there were some difficulties in producing the fleet required to service the timetable but a lot of effort has been put into our Balmain shipyards to improve its performance to provide routine maintenance of the fleet. We have also implemented a range of what we call planned maintenance activities which, frankly, in the past was not as good as it could have been. As a result of all of that we have seen a steady inexorable increase in the availability of the fleet.

Our target is 80 per cent of the fleet available at any one time. For example, in 2005-06 the availability was down 71 per cent, 72 per cent at that time. It depends on the class of vessel we are talking about but we can use that as an average. We are now, in this current quarter, up at 78 per cent and on occasions on a weekly basis in excess of 80 per cent. That means I have the 23 vessels I require to provide the basic services but also have on a daily basis somewhere between one and three spare vessels so that if a service fills up we can roll a second vessel in behind that so we are not leaving our commuters on the wharf. This is a very positive trend and it is all a result of the effort that has gone into improving the maintenance and support activities provided by our Balmain shipyard.

**The Hon. GREG DONNELLY:** Mr Lee, could you please advise the Committee on the improvements in workplace health and safety?

**Mr LEE:** It is one of our four pillars of safety performance, and it is an area that we are very conscious of. In this type of environment, where there is a lot of sedentary work, where drivers are sitting for most of the day but also using their bodies, we get a lot of musculoskeletal injuries. This is something we have been working very hard on, both in a preventative sense and in response to events. As an aside, I learned last week of sponsorship of our drivers trying to lose weight. At one depot alone there has been a loss of 220 kilograms.

**The Hon. JAN BURNSWOODS:** By how many people?

**Mr LEE:** There are about 30.

**The Hon. GREG DONNELLY:** This is not for a reality program, is it?

**Mr LEE:** No, it is not for The Biggest Loser. We have an awakening in our drivers, who want to take more steps to prevent them from getting injured in the workplace. Some of that has to do with diet, and some of it has to do with flexibility exercises in between trips. If they have got a lay-over or something like that, it is about hopping out of the seat and taking a short walk before getting back into the cabin. It is interesting to look at the two main indicators for the past twelve months. For those not really safety fluent, there is the LTI rate, the lost time frequency rate, and there is also the MTIFR, which is the medical treatment injury frequency rate. For those two measures alone, in the last twelve months we have had a 25 per cent reduction in LTIs and a 13 per cent reduction in MTIFRs. They are trending down, which is a good thing.

We are putting a lot of energy and resource not only into our drivers but also into our maintenance people. We have a lot of heavy machinery that needs to be lifted or manoeuvred, and there are ways in which people can perform those activities in a manner that is safer. We are now using fewer pits than we were 50 years ago. We are using a lot of hoists. Rather than using a pit that is one-size-fits-all for all of our mechanics, male and female, of different heights, by using hoists they have the perfect height to access the underbody of the bus.

We are also doing a lot of training. We are investing a lot in skill training for drivers and for maintenance staff, to make sure they are aware of the best way to conduct a manoeuvre. There are some really simple manoeuvres in terms of driving a bus—the right hold on the steering wheel, for example. Sometimes we have bad habits, for instance where the driver might go to a one-arm movement, placing the other arm on a cash tray. We are reinforcing the right ways to go about driving. It is fair to say we are very pleased with these safety performances. They are not the best ever; we would like them to be zero, and we would like to have no injuries and no medical treatments. We are redoubling our efforts to try to drive the injury rate down. So workplace health and safety is an issue that we are focussing on a great deal.

**CHAIR:** Rear Admiral, if I could return to Sydney Ferries training. Fiona Love was the training manager at State Rail during the Waterfall crisis. Do you believe that Ms Love has been adequately addressing the endemic training problems at Sydney Ferries? If so, why do you think that?

**Mr SMITH:** I will not comment upon Ms Love's background. I have her as my training manager at the moment, and I have every confidence in her ability. More importantly, there is close oversight of the training program by the General Manager, Operations, Commodore Dennis Moll, and myself. We have reviewed that program in great detail, and have every confidence that it is leading us in the direction in which we should be heading as a safe and reliable marine organisation and ferry corporation.

The training program is very fundamental. I explained in an earlier answer the extent to which we are going to ensure that the entire afloat work force is appropriately trained. That training is conducted by experienced people that we select from our own team. We also draw heavily upon the marine college out of Launceston, Tasmania, to ensure what we are providing is relevant and appropriate. I have every confidence that that is the case.

On top of the crew resource management training that we have done for everybody, we have also implemented a range of emergency drills, such that the crew are checked before they are actually allowed to proceed to duty, to ensure they are able to adequately deal with any emergency that can be foreseen on board the ferry. This is a system of training and validation that has been brought to Sydney Ferries from the Royal Australian Navy. We have a program whereby everybody is subjected to that.

We have implemented and recruited—in fact, they stand up this month—an organisation called the Fleet Standards Group. This is led by an individual who also happens to be also out of the Navy and was working with New South Wales Maritime. We have a training master, a training engineer and also a deckhand in this Fleet Standards Group. Their job is to go around the fleet as it operates and mentor and ensure that the crews are performing in the way that they have been trained.

All of this is a layered approach to what is a very important activity, which is safety afloat. The training programs that have been put in place are all designed to ensure that the travelling public should have absolutely every confidence that the people who are taking them on their daily business are properly trained, adequately prepared for contingencies and able to respond in an effective way when presented with a contingency.

**CHAIR:** It is true, is it not, that there is a big discrepancy between labour costs of operating Sydney Ferries compared with those of private operators? Can you advise the Committee what is being done to reduce that discrepancy? And what is the status of the latest enterprise bargaining agreements with the eight unions involved?

**Mr SMITH:** If I could start with the second part of the question first. Sydney Ferries earlier this year concluded all of the negotiations with the eight unions that we have within the corporation, and that resulted in five enterprise bargaining agreements being agreed, signed and certified. So those agreement are all in place. Part of those agreements are proposed efficiencies in terms of our work force and in terms of their utilisation of such things as overtime and other initiatives like that, which we anticipate to result in forecast efficiency savings in our budget proposals for this year.

In terms of our cost structures, a couple of weeks ago I appeared before the Independent Pricing and Regulatory Tribunal [IPART], where a similar question was asked. Our cost structures see our labour costs being in the order of 50 per cent of our total costs. This was highlighted at IPART as being a higher percentage than say a commercial operator might experience. As I tried to point out at IPART, and I will do so again now, I am keen to ensure we are comparing apples with apples.

We operate an 18-hour a day, 365 days a year service. That requires an available of our work force on the basis of 12-hour shifts across that 18-hour period. Inevitably, we must build into our cost structure for labour an appropriate remuneration for those sorts of hours, which essentially are shift hours. The commercial operators operate in a different environment. They do not operate 18 hours a day; it is much less than that. They tend to operate at times that are peak times, when the maximum return can be generated from the assets that they are deploying. So we are talking about fundamentally different organisations operating in different environments, and it is unhelpful to compare the services that we are providing and the cost structures that we operate under with those of commercial operators.

Notwithstanding that, we are looking at every opportunity we can to reduce our costs in all areas, and labour happens to be one of those. We are doing that in a very collaborative environment with the unions involved, who understand the necessity to achieve efficiencies and to reduce costs wherever that is possible.

**CHAIR:** Will the enterprise bargaining agreements negotiated go toward any reduction in the discrepancies between Sydney Ferries and the private sector? Taking into account what you have said about the different operating environments, will the enterprise bargaining agreements reduce that discrepancy to any extent?

**Mr SMITH:** We anticipate efficiencies out of those enterprise bargaining agreements, as I mentioned earlier, that we have forecast in our budget proposals. Those will not be dramatic. They will be incremental improvements that we make as we go forward with this, achieving efficiencies where we can.

**CHAIR:** You mentioned crew training for extraordinary circumstances. Can you give the Committee an idea what Sydney Ferries is doing to ensure the safety and security of passengers in the context of a possible terrorism threat?

**Mr SMITH:** Thank you for that question, Madam Chair, because it is one dear to my heart. From my military background, security is key. I noted when I arrived at Sydney Ferries that there had been a program of basic training for our people in terms of security and things that they should be looking for. I felt we needed more than that and, with the Minister's agreement, I have put in place a security manager, who comes out of the military, who is in fact an ex special forces commander who commanded the Tactic Response Group here at Holsworthy a couple of years ago. He commenced with Sydney Ferries on 30 October 2006. His charter is very much to ensure that everybody within the corporation is totally focussed on security and the importance of it.

Clearly, I could create a security environment that would minimise the potential for terrorist activity to a very small percentage. But that would make it impossible to operate as a public transport system. So we have that balancing requirement of providing the transport system and at the same time doing that to the very best of our ability within a framework of a good security umbrella. I have every confidence that we are now very much proceeding on that line. For example, we are working this very evening and tomorrow evening with NSW Police, providing assets to them in a counter-terrorist operation. In December, similarly, we will be working with the Australian Defence Force along the same sorts of lines. So security, along with safety, is highly fixed in my own personal focus and, I know, in the focus of my Minister.

**The Hon. GREG DONNELLY:** If I could address a question to Mr Glasson. Mr Glasson, in response to an earlier question you spoke a little about the issue of improving the uptake of public transport with major events in Sydney. I think you alluded to a couple of those. Could you return to that matter and give us an overview of the work being done to enhance the uptake of utilisation of public transport for major public events in Sydney?

**Mr GLASSON:** I think it was Mr Graham who spoke about transport for major public events.

**The Hon. GREG DONNELLY:** Indeed it was.

**Mr GLASSON:** In terms of the ministry's accountability, since the Olympics we have had accountability for co-ordination of transport to major events at Sydney Olympic Park. Other events in Sydney, such as New Year's Eve and Mardi Gras, are co-ordinated through the Premier's Department. But, in terms of Sydney Olympic Park, my background pre the department was with the Olympic Roads and Transport Authority. We had major problems with the logistics of selling tickets for major events at Homebush pre the Olympics, particularly with rail, given the numbers generated.

The success of public transport being included in the ticket price for the Olympics was one of the key initiatives in making transport as successful as it was. There were a number of things, but that was one of them. Since the Olympics we have tried to work with the event organisers at Homebush, be it for the Easter Show or the Stadium, and the SuperDome to a lesser extent, to ensure that public transport is integrated into the ticket sold. I think since 2004 it has been pretty much universal that for the Easter Show you can buy a ticket that included the public transport. I think all of the major football codes—soccer, rugby union, rugby league and AFL—are party to events where you can now go to their agent, buy your ticket and the public transport is included.

It is very successful in that I think post the Olympics we have still managed to achieve public transport success to major events at Homebush of around 70 per cent or higher. Around the world that is very difficult to do on a consistent basis. I think the success of that is demonstrated by the fact that the promoters are keen to continue. The practical effects in the management of transport is that one minimises the number of cars going to the precinct, so it keeps traffic congestion to a minimum. Secondly, John was

talking previously about the issue of the cashless buses. The thing that slows down our buses in particular is transactions. Therefore, in major events, predominantly on the trip in where we were selling tickets previously, it means faster running times and happier patrons.

**The Hon. GREG DONNELLY:** Looking at the issue of transport services in rural and regional New South Wales, the earlier question related to buses in rural and regional New South Wales, in particular with respect to transport for children going to and from school. Could you give the Committee further information about the general work that is being done to improve transport services in rural and regional New South Wales?

**Mr GLASSON:** I have talked about the process of rural and regional bus reform and I also spoke about secure taxi ranks in rural and regional areas. The ministry also has 11 community transport co-ordinators around rural and regional New South Wales. Their role is to work with the providers of transport services in those areas, whether they be funded community transport service providers, taxi operators, bus operators and the community, to try to broker a more efficient use of the resources available in country towns to service the community. That is a work in progress, in that we are trying to change behaviours.

We try to facilitate people coming together for improved outcomes. I went to the community transport organisation's annual conference in Wentworth two weeks ago where they had 140 delegates. Very positive views are being expressed about the effectiveness of those co-ordinators and brokering better outcomes. Likewise, I went to the bus industry conference in Orange early in October and they are very interested in the work being done and the improved outcomes for rural and regional communities.

**CHAIR:** I seek the Committee's indulgence. We now have three unanswered questions and it has been acknowledged that the witnesses will need some extra time to provide answers to them. If we give the witnesses an extra two weeks to answer those questions it should take us up to 6 December. Would you be happy with that?

**The Hon. JAN BURNSWOODS:** As Mr Graham is not here perhaps Mr Lee could tell us.

**CHAIR:** Do you think that is within reason?

**Mr LEE:** I think so. We will just have to come back to you, depending on the scope of the five years that we are looking at. How accessible are those records, will we have to get them out of archives, et cetera? I am happy to make best endeavours, but I could not give you a concrete answer at this stage.

**CHAIR:** Thank you, gentlemen for your time today. We appreciate it.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**

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