

GENERAL PURPOSE STANDING COMMITTEE No. 4

Friday 14 November 2003

Examination of proposed expenditure for the portfolio area

TRANSPORT SERVICES

The Committee met at 2.00 p.m.

MEMBERS

The Hon. Jennifer Gardiner (Chair)

The Hon. Jan Burnswoods
The Hon. Michael Gallacher
The Hon. Kayee Griffin

The Hon. David Oldfield
Ms Lee Rhiannon

PRESENT

Department of Transport

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

Rail Infrastructure Corporation

Mr V. Graham, *Chief Executive Officer and Acting Chief Executive Officer, State Rail Authority*

Rail Infrastructure Corporation

Mr G. Seabury, *Group General Manager, Infrastructure*

State Transit Authority

Mr J. Stott, *Chief Executive Officer*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded by 30 September 2003 to:

**Budget Estimates
General Purpose Standing Committee Secretariat
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I welcome the witnesses and members of the public to this supplementary estimates hearing of General Purpose Standing Committee No. 4. I thank the departmental officers for attending this afternoon. At this meeting the Committee will examine the proposed expenditure for the portfolio area of Transport Services. Before questions commence, some procedural matters need to be dealt with. Part 4 of the resolution referring the budget estimates to the Committee requires the Committee to hear evidence on the budget estimates in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines for broadcasting are available from the attendants. I point out that in accordance with the Legislative Council's guidelines governing the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs.

In reporting the proceedings of this Committee you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee. With respect to the delivery of messages to members, there is no provision for members to refer directly to their own staff while at the table. Witnesses, members and their staff are advised that any messages should be delivered through the attendants on duty or the Committee clerks. For the benefit of members and Hansard, it is important that departmental officials identify themselves by name, position and department or agency before answering each question. When a member is seeking information in relation to a particular aspect of a program or subprogram, it would be of assistance if the program or subprogram were identified. The Committee has previously determined that the allocation of questions will be left in the hands of the chair. I declare the proposed expenditure open for examination. I welcome Mr Lee, Mr Graham, Mr Stott and Mr Seabury. Are there any questions?

The Hon. MICHAEL GALLACHER: Mr Lee, you might recall that during the earlier budget estimates hearings we spoke about the practice of informing the Minister of freedom of information applications. Does that practice still take place?

Mr LEE: I understand that it does.

The Hon. MICHAEL GALLACHER: Are you aware of a draft report prepared by Mr Kent Donaldson on the Waterfall inquiry?

Mr LEE: There is a Ministry of Transport report that is in draft form. Yes, I am aware of that report.

The Hon. MICHAEL GALLACHER: Are you aware of concerns within the transport industry that Mr Donaldson has prepared this report and that the report has been changed?

Mr LEE: No, I am not. In fact, the report has been prepared by Mr Mal Kains, not by Mr Kent Donaldson.

The Hon. MICHAEL GALLACHER: I take it that Mr Donaldson, therefore, has not prepared any reports or contributed to any reports, to the best of your knowledge. Is that correct?

Mr LEE: No. Mr Donaldson, along with Mr Christie and Ms Walsh, does form part of the review panel that has looked at the report that has gone from a first draft to a final draft. All of those drafts have been forwarded to the special commission into the Waterfall investigation.

The Hon. MICHAEL GALLACHER: Are any of those reports presented under Mr Donaldson's hand?

Mr LEE: Ultimately, under section 67 of the Rail Safety Act, there is a requirement for me, as the Director-General, to submit that report into a rail accident. Because, in this instance, a special commission was established, the protocols have been that the ministry has worked closely with the special commission in sharing information and evidence about the compiling of the report. But, because there is a statutory requirement for the ministry to publish a report, that has been developed.

The Hon. MICHAEL GALLACHER: Would Mr Donaldson normally have signed this report, or a report, under his responsibility as the regulator, to the Waterfall inquiry?

Mr LEE: He could do, yes. He does for some reports, like the bridge report, yes.

The Hon. MICHAEL GALLACHER: Is he required to do so, in the context of the Waterfall inquiry?

Mr LEE: In the context of the Waterfall inquiry, my predecessor delegated Mr Donaldson to undertake the investigation, and Mr Donaldson delegated that to the lead investigator, if you like, Mr Kains, and through that Mr Kains has developed the report. Mr Donaldson has had a watching brief over that report because, as events have transpired, Mr Donaldson's expert advice or evidence has actually been required by the special commission.

The Hon. MICHAEL GALLACHER: But, as you would understand the chain of command—and please correct me if I am wrong—when you delegate somebody to do something, that person is therefore acting on your behalf in the context of that.

Mr LEE: Yes.

The Hon. MICHAEL GALLACHER: And, therefore, when the report is finalised by that person, that person then sends it back, in this case, to Mr Donaldson, who would then sign off on the report that he had delegated to that other officer to complete. Is that correct?

Mr LEE: No, because under the Act it sits with me, the Director-General. So I have to sign off on that report.

The Hon. MICHAEL GALLACHER: So Mr Donaldson at no stage has to sign off on that report, even though he was delegated responsibility to do it in the first place?

Mr LEE: Well, there were a series of delegations. There was not just the one delegation.

The Hon. MICHAEL GALLACHER: In the context of what he was asked to do, does he have to sign off on that report, or is he signing off on the role that he was asked to perform?

Mr LEE: I think Mr Donaldson fully supports the final draft of the report and has participated in the expert review panel for that report.

The Hon. MICHAEL GALLACHER: Therefore, are you telling the Committee that the suggestion that Mr Donaldson's submission to Waterfall had been changed or rewritten is completely false?

Mr LEE: No. The report has definitely been reviewed and enhanced throughout the life of the report. But, for a report that is obviously dealing with a very serious matter, where people's lives were lost, it was not viewed, within the regulator, that one particular person should be the drafter, researcher and final author of that report; that there should be a collegiate attempt, with eminent safety people participating in a process to deliver the best possible report to the special commission. I would like to reiterate that this report has had a series of drafts, from its first draft through to its final draft, all of which have been submitted to the special commission. So they have actually witnessed its genesis.

The Hon. MICHAEL GALLACHER: I think you used the expression that the report had been enhanced. Are you confident that Mr Donaldson has approved of those enhancements?

Mr LEE: Absolutely.

The Hon. MICHAEL GALLACHER: Completely?

Mr LEE: Yes. If I could add to that, Madam Chair. We have actually found it of great benefit—because this is probably the first major report that the new reliability regulator will submit—that, to have a pre-eminent person like Mr Ron Christie assisting Kent and his team of investigators in the drafting of that report, goes well for future reports. It is a test of their capability.

The Hon. MICHAEL GALLACHER: Mr Lee, I am told that the concern over the report stems from the fact that Mr Michael Deegan is, unfairly, apportioned blame for the Waterfall inquiry. Is there any truth to that?

Mr LEE: I have never heard of that.

The Hon. MICHAEL GALLACHER: So you are fairly confident, therefore, that that report will not show that?

Mr LEE: Yes.

Ms LEE RHIANNON: I would like to ask Mr Lee or Mr Graham about sectorisation. I am referring to page 6 of the transcript of the occasion that Mr Costa spoke at the estimates. In answer to questions of David Oldfield, the Minister mentioned plans for sectorisation—the breaking up of the rail network into discrete lines. Further to those comments, I would like to ask either Mr Lee or Mr Graham—whoever would like to take the question—does the department have a timetable for introducing sectorisation of the Sydney rail network?

Mr GRAHAM: The plan that the Minister has announced for sectorisation—or the rail clearways project, as it has been titled—has the objective of untangling the current complexity of the CityRail network, where we have lines that come together and therefore impact on one another, such that a delay or incident on one particular line rapidly degenerates across the network. By way of example, we have had more recently the failure of a train at Milsons Point, and the failure of that train at Milsons Point rapidly led to the deterioration of service level across the entire network and finished up affecting some 40 trains and some 50,000 commuters. So the objective of the clearways, or sectorisation, project is to disentangle the network and progressively create a series of separated railway lines—much the same, as anyone who has travelled the London underground would well understand, as the London underground consists of a series of lines, the Jubilee line, et cetera.

The timetable for the implementation of that will be over a number of years. The first phase of the project will be to finish the sectorisation of the Illawarra line. And, in order to do that, there are two substantive projects that will require to be constructed. One is the Bondi Junction turn back, for which planning is now well under way, and we will schedule the major construction of that turn back for a major closedown to be conducted over the Christmas-New Year break of 2005, with commissioning expected late in that year. Also, as part of that particular sectorisation, the duplication of the Cronulla line will then enable the entire Illawarra line through to Bondi Junction to operate as an entirely separate sector. There are then other projects that will progressively enable the sectorisation of the remainder of the CityRail network into approximately five sectors, but it will take a number of years to implement that.

Ms LEE RHIANNON: You started off by mentioning the project at Milsons Point and how that flowed onto the wider network. Leaving problems aside for the moment, have there been studies that sectorisation will give a reduction in journey time?

Mr GRAHAM: It is not specifically aimed at providing a reduction in journey time. Indeed, a reduction in journey time on a complex and even sectorised railway can add to the complexity of the network. The objectives of the clearways program are for reliability and for improvement of the capacity. On the Illawarra line—which I used as the example—we currently have too many passengers standing, particularly in the morning peak. The work we are undertaking on the Bondi Junction turn back will allow the capacity of the Illawarra line in peak hour to be increased from the current 13 trains per hour to approximately 20 trains per hour. So as well as providing reliability, it is providing the capacity.

Increasing train speeds or increasing the speed of selected trains while maintaining other slower services can reduce the available capacity of a railway line. Having trains operating at significantly different speeds is a degrading potentially of the capacity of a railway line. It is a balancing act to get what commuters from the outer areas want—that is, fast services to the city—and catering for service levels in the more inner-city areas where passengers want the trains to stop. It is a

balancing act between the capacity of the network and the desires of the commuters. The overriding principle is the greatest good for the greatest number.

Ms LEE RHIANNON: You mentioned what commuters want. Have you undertaken, or do you see the need to undertake, any community consultation in taking forward sectorisation?

Mr GRAHAM: Yes, and I have personally sat down and spoken to the Commuter Council, the peak body representing all commuter organisations. I spent some time talking about the objectives of the sectorisation proposal. I would expect, given that this program is over a number of years and is focusing on a number of locations, that the input of the Commuter Council and other community organisations will continue to be made.

Ms LEE RHIANNON: Apart from the Commuter Council, what other organisations are you interacting with?

Mr GRAHAM: The Commuter Council is a peak body of a number of organisations. It not only represents organisations such as the Blue Mountains and Gosford commuter associations, but it has representatives of retirees, of disabled commuters, et cetera. It is a peak body of passenger interests.

Ms LEE RHIANNON: So when you just said "the Commuter Council and other community organisations", do you mean the organisations that come under the Commuter Council?

Mr GRAHAM: No, I would expect over time there would be a range of consultations. Clearly, some of these projects are of local significance. For example, we will duplicate the Cronulla line, build a Lidcombe turn back and build a Macdonaldtown turn back. All of these projects create a local construction issue that needs to be consulted and managed with the local community. The broader travelling community also needs an understanding of the benefits of those projects.

Ms LEE RHIANNON: Does the department have any forecasts of the costs of the sectorisation programs? Has that been released?

Mr GRAHAM: Yes, there are for the shorter-term ones—for Bondi Junction and for Cronulla. My recollection is that the Bondi Junction turn back is approximately \$55 million and the Cronulla line duplication is in the forward estimates at something over \$100 million to complete. We are progressively undertaking the more detailed estimates for the remainder of the projects, some of which will span over the next three, four or five years, others in the longer term. The detailed engineering work to prepare those more detailed estimates is happening.

Ms LEE RHIANNON: Are you aware that concern has been expressed from time to time that sectorisation can be laying the basis for a later privatisation?

Mr GRAHAM: No, I am not aware of that suggestion or that concern. It is clearly not the purpose of the project. The purpose of the project is clearly aimed at delivering a more reliable service for the CityRail and Countrylink commuters who use the network. It is clearly aimed at adding capacity to the network.

Ms LEE RHIANNON: So just leaving aside the purpose for the moment—I am certainly not disputing that—do you think sectorisation would make it easier to privatise?

Mr GRAHAM: I see no relationship between the two things.

CHAIR: Do Government members have any questions?

The Hon. KAYEE GRIFFIN: Could you give the Committee some information about programs in the Transport portfolio that relate to increased accessibility for people with disabilities?

Mr LEE: The Commonwealth Disability Discrimination Act 1992 and the associated disability standards for accessible public transport require public transport facilities and operators to become fully accessible over a 20-year period, with one exemption being heavy rolling stock, which is

to be extended to 30 years, commencing from a start-up date of October 2002. The interim timeframes for 2007 is that there be compliance to a level of 25 per cent, extending to 50 per cent by 2012. I can report on the level of compliance of a number of the operating agencies as of June 2003, understanding that the first audit will take place in 2007. For State Transit, 26 per cent of its buses are fully accessible, with the majority of those buses operating on timetable services throughout the Sydney area; 24 per cent of CityRail's stations currently have wheelchair access, with lifts and access to the platforms; 100 per cent of CityRail's metropolitan carriages provide for wheelchair access; 93 per cent of Countrylink's stations have provisions for wheelchair access; and 5 per cent of metropolitan cabs are fully compliant.

There is some way to go in the next four or five years. In regional New South Wales 12 per cent of cabs are compliant. I refer to ferry services. Each and every one of the Sydney Transit ferries is compliant, whilst 46 per cent of commuter wharves provide for wheelchair access. One must understand that it is a combination of ownership there, which makes it a little bit more difficult in terms of funding—the Waterways Authority and many different local governments have harbour foreshores and there are differing responsibilities for those ferry wharves. Each of the agencies is continuing to work towards a compliance regime. That progress is being tracked with a special accessible transport action plan, which is being updated on an annual basis. I would be more than happy to provide copies of that plan to the Committee if it so wishes. In addition, the Government contracts public transport services from private operators, especially in Sydney—where there are some 2,000 private buses operating, mainly the western suburbs—and in regional areas of New South Wales. They are responsible for developing their own action plans.

To ensure there is a consistent approach, especially in the bus industry, the peak organisation—the Bus and Coach Association [BCA]—has formed a special working group to ensure that they meet their targets in relation to the Act. I can confirm that the booklet that outlines each operator's obligations and requirements has been circulated and is being closely monitored by the BCA. There has been a series of seminars for operators who may not have much experience with Department of Disability and Ageing [DDA] requirements

The Hon. KAYEE GRIFFIN: Could you give us more information about the seminars and how they are conducted? What sort of information is provided in the seminars?

Mr LEE: There are a number of manufacturers of buses—Custom Coaches in Smithfield and Bustech in Nerang in Queensland—that are at the forefront in the design of the interior of their buses to make access easy and safe and to ensure that the seating capacity of those buses is not compromised in any way. For the seminars there have been guest speakers, such as bus body builders. I understand that there have been representatives from peak disability organisations giving briefings to operators about the special requirements of disabled people. Mr Stott might wish to highlight some of the different models of buses he has for different type of access.

For example, there are buses that, with the push of a button, kneel. The air comes out of the front of the bus to enable the grade of entry to be less severe than a normal step up even on an easy accessible bus. Depending on the size of the bus, that will govern the type of solution. For your larger metropolitan commuter and school buses you have a double-door entry that allows easy access. But for many buses there have to be different solutions. Even for coaches there have to be different solutions. Some of them involve hydraulics and other lifting mechanisms. The seminars have been very well attended. We are very confident that public providers and private operators engaged in public transport in New South Wales will be compliant with the targets fairly set out under the Act.

The Hon. MICHAEL GALLACHER: Could you advise the Committee of your level of involvement in the process of setting up the Sydney Ferries Corporation?

Mr STOTT: I am a member of a steering committee which incorporates the Ministry of Transport, State Treasury, and Cabinet Office and is overseeing the separation of the two businesses.

The Hon. MICHAEL GALLACHER: Does that include looking at the impact on employment within Sydney Ferries?

Mr STOTT: Yes, it does.

The Hon. MICHAEL GALLACHER: Could you give us an indication of the number of job losses we are looking at within Sydney Ferries as result of the corporatisation?

Mr STOTT: We do not anticipate any job losses within Sydney Ferries.

The Hon. MICHAEL GALLACHER: None at all?

Mr STOTT: No.

The Hon. MICHAEL GALLACHER: Can you explain how that will happen?

Mr STOTT: Sydney Ferries is essentially an operational organisation. Its staff are on-water operational staff, maintenance staff based at Balmain, or wharf and ticket office people. I do not see any change in the responsibilities of those officers.

The Hon. MICHAEL GALLACHER: You anticipate that those currently within the Sydney Ferries structure will move across into the new corporatised structure?

Mr STOTT: That is my expectation.

The Hon. MICHAEL GALLACHER: Mr Seabury, what impact does the Rail Infrastructure Corporation [RIC] expect the Government's corporatisation will have on redundancies?

Mr GRAHAM: As of a few weeks ago I have taken on the responsibility of Chief Executive of the Rail Infrastructure Corporation. Mr Seabury is the General Manager responsible for infrastructure. Subject to your wishes, I am happy to deal with that question on a broader basis because it involves the integration of two organisations.

The Hon. MICHAEL GALLACHER: It would be fine if you could answer that.

Mr GRAHAM: The legislation introduced into Parliament this week to enable the integration of the metropolitan RIC and the current State Rail functions will effectively result in the merger of two corporate offices. Obviously, both are currently separate organisations—one a corporation and one an authority. Both have the usual areas of corporate overhead in that they have a human relations [HR] department, a communications department, a finance department and an information technology [IT] department. Work has been under way for some time to ensure the effective integration of those two corporate areas once the legislation is enacted.

We envisage a progressive transfer of those combined corporate functions from State Rail and RIC into the new entity, which will have the title RailCorp. We see that occurring over the first half of the next calendar year. It is important to note that the brand names CityRail and CountryLink will continue to represent CityRail and CountryLink in the broader community. This will not be a rebranding campaign as such for our services. It is very much about getting single point accountability, single point control, and greater efficiency in the operation of these important community services.

The Hon. MICHAEL GALLACHER: Have you contracted out to any consultancy to develop redundancy as a result of the amalgamation of the two entities?

Mr GRAHAM: No, I do not believe that we have engaged external contractors to assist us with the development of the redundancy. We have on secondment from the Premier's Department a lady by the name of Liz Coombes, who is acting in the position of General Manager, Human Resources, for State Rail. She is leading the development of the most effective and appropriate arrangements within government policy for the new organisations.

The Hon. MICHAEL GALLACHER: How many redundancies are you preparing for?

Mr GRAHAM: I am sure the Committee would understand that the Government's policy is one of no forced redundancy. How many will depend totally on the voluntary component. Until we are

ready to put in place the totality of the structure in a specific area—HR, finance or communications—which will be the first half of next year, we do not have an indication of the number of redundancies. Clearly, it will be totally dependent on people whose job is made redundant and who are prepared to put their hands up for voluntary redundancy.

The Hon. MICHAEL GALLACHER: How many jobs will be made redundant as a result of the amalgamation?

Mr GRAHAM: Again, that number is not yet finalised. I would not expect that those numbers would be finalised until we get into the detailed transfer. In the first half of next year some areas of the organisation, for example finance, will not be merged. We do not intend to merge the finance function halfway through a financial year: we will wait until the end of the financial year to fully effect that. The finance area will not be affected by redundancies at all in the first half of next year.

The Hon. MICHAEL GALLACHER: Is it normal practice to have no figures on the number of jobs that will be made redundant at the same time that legislation is being pushed through Parliament? Is it normal practice within government to actually push the legislation through and then work out the numbers afterwards?

Mr GRAHAM: I do not think it is a matter of working out the numbers afterwards. I think it is a matter of having a logical process in order to get to the most efficient staffing levels for the combined corporate functions. I certainly expect that the combined corporate areas of RailCorp will be less than the sum of the current two corporate offices. I do expect that there will be opportunities to offer voluntary redundancies. In terms of being precise about the number in each of the areas of those redundancies, that is still work in progress and it will progressively resolve itself over the next few months.

The Hon. MICHAEL GALLACHER: I still find it quite startling that we do not even have anticipated redundancy numbers, or do you have anticipated redundancy numbers? Rather than hard and fast numbers, do you have a ballpark figure that the Government is aiming towards?

Mr GRAHAM: Again, I simply make the point that there will be an opportunity for a reduction in overall corporate numbers. The extent of any redundancies and the number of those redundancies are totally dependent on the number of people whose positions may be redundant who accept voluntary redundancy. To give you any numbers without knowing the individual response to a voluntary redundancy offer would be misleading.

The Hon. MICHAEL GALLACHER: What happens if no-one takes up your voluntary redundancy offer?

Mr GRAHAM: Under government policy there is no forced redundancy so the quantum of actual people who will leave the organisation is totally dependent on the number of people who put their hand up for voluntary redundancy.

The Hon. MICHAEL GALLACHER: I am told that between 2,000 and 3,000 redundancies are anticipated. Is that an unrealistic figure? Are we talking much less or are we talking more?

Mr GRAHAM: Again, could I say that those numbers have no basis in fact. You refer to 2,000 to 3,000 redundancies. At this point in time we have not offered across the organisation the opportunity for voluntary redundancy, and to speculate about those numbers when the final result is totally dependent on the voluntary redundancy program, I find extraordinary.

The Hon. MICHAEL GALLACHER: Surely you would agree with me that in putting this plan together you would have looked at the numbers of personnel, the duplication of work within the two structures—the authority and the corporation. Surely it is not unrealistic to suggest that in looking at the amalgamation of the two, you, as the CEO of the amalgamation, would have an idea of the excess job numbers.

Mr GRAHAM: I think that is a totally different question and the answer to that question is surely yes. As the chief executive, I certainly do have an understanding of what the potential is. In terms of speculating or forecasting what actual job reductions or redundancies there may be, this is a voluntary redundancy program and in terms of the extent of the potential reduction in jobs required in each of those areas, I will be dealing with that on the basis of the individual units of the organisation and discussing it with the staff affected by it early in the New Year, long before I publicly speculate and cause concern among the employees about job losses that clearly would be nothing more than speculative. I will not be publicly commenting on likely numbers or available numbers. I will be dealing with the people who are impacted by it and I have no intention, particularly leading up to the festive season, of causing concern to my employees by speculating about numbers that are nothing more than that. There is a government policy that stipulates a no forced redundancy arrangement.

The Hon. MICHAEL GALLACHER: I take it, therefore, that we can seek to extract teeth from you all day, we can drag you out kicking and screaming, but you will not put a number to it at this stage?

Mr GRAHAM: I think that is a reasonable observation and I hope one that would be supported by you, because I think that approach recognises the dignity of the employees who are currently in both of those organisations. I am sure that is an approach that you would personally warmly support.

The Hon. MICHAEL GALLACHER: I just think that the Minister in a previous guise would have been screaming from the rafters, if he were down at the Labor Council, that you, in your position, had a potential number of people to lose their jobs. He would be calling on you, before the legislation was pushed through the Parliament, to give the Parliament an understanding of what the impact of this legislation will be on the workers within those two organisations. Is that a fair observation?

Mr GRAHAM: I am sure that is a question that, at another time and in another place, you may wish to put to the Minister.

The Hon. JAN BURNSWOODS: If you had been polite enough to invite the Minister to attend, you could have asked him.

The Hon. MICHAEL GALLACHER: He could have more than happily attended as a witness. Would you care to indicate to the Committee whether the figure I put to you, 2,000-plus as the potential number, is totally incorrect or would you prefer not to answer the question?

Mr GRAHAM: No, in terms of the speculation, can I just respond in one simple word: That speculation and those numbers are a "nonsense".

The Hon. DAVID OLDFIELD: Something does not seem to be quite clear to me. If people do not want to take redundancy following a restructure, where do you put them? What do they do?

Mr GRAHAM: I think that is an issue that more broadly applies across the government sector, but let me take you through the process that would normally apply in that circumstance. Where we have an individual occupying a position and the job is redundant, the first step would be to discuss with that employee the options that may be available for redeployment within the organisation or potential redeployment in the broader government sector. Given the nature of what we are doing in this integration process, it is unlikely that there would be a lot of opportunity for redeployment within the organisation. I think that is a pragmatic view.

However, at a second level, there may be an opportunity where employees, for their own career purposes, want to take voluntary redundancy. But having been through those two steps, if the employee then says, "There are no redeployment opportunities. No, I don't want to take voluntary redundancy," we would then look at the broader organisation and attempt to identify positions that may be at a similar level and require similar competencies, and inquire of the individual occupying that position whether they have an interest in voluntary redundancy. That would allow a job swap on the basis of those who may be interested in voluntary redundancy for personal purposes and those who are not. There is a process that we go through. At the end of that process, clearly you can be left with

surplus employees and, given the policy of no forced redundancies, you are in fact carrying a surplus number of employees until you can position them.

The Hon. DAVID OLDFIELD: What do they do in the interim while you are waiting to position them?

Mr GRAHAM: Clearly, this particular policy is an issue across all of government. In fact, you attempt to identify work that they may be able to productively do in the circumstances, but there is, as I say, a broader government policy of no forced redundancies.

The Hon. DAVID OLDFIELD: You are really trying to find work for people that you do not really have work for?

Mr GRAHAM: As a last resort, that is certainly the circumstance but I re-emphasise the process that one goes through beforehand to avoid that circumstance.

The Hon. DAVID OLDFIELD: No-one is going to lose their job; they have the option of choosing to go, and anyone who chooses not to go will be found something to do?

Mr GRAHAM: Yes, and given the opportunities—and, as I get around the organisation, locations, and across a range of levels and classifications—I would have to say that there is a solid interest in the voluntary redundancy program.

The Hon. DAVID OLDFIELD: So plenty of people want to go?

Mr GRAHAM: Whether they are the right people in the right positions—clearly, we are not in a position to allow people to go where they occupy positions in a competency area, for example where we are in short supply. Signal electricians and train drivers would be in that category.

The Hon. DAVID OLDFIELD: Is the solid desire to go a consequence of dissatisfaction in their work?

Mr GRAHAM: I do not think so. I think we have people in the baby boomer age profile whose personal circumstances are such that it might offer good opportunity in terms of where they are up to with their mortgage and having their children off their hands.

The Hon. DAVID OLDFIELD: Through redundancy payouts?

Mr GRAHAM: Whatever their retirement plans may have been, they may be brought forward, so there is a range of interest through the age profiles that is very personal.

Ms LEE RHIANNON: I refer to page 21 of the estimates transcripts where my Greens colleague Ms Sylvia Hale asked the Minister and Mr Graham some questions about CountryLink. Does the Government plan to end CountryLink as a rail-based service early next year?

Mr GRAHAM: I am not aware of any stated intent by the Government along that line at all. Perhaps by way of background I could indicate to the Committee the process that has been initiated and which is very much a work in progress, if that is appropriate?

Ms LEE RHIANNON: Yes. I would appreciate that.

Mr GRAHAM: I think the matters relating recently to CountryLink were generated by comments in the interim Parry inquiry.

Ms LEE RHIANNON: Yes, and by the Minister.

Mr GRAHAM: The Parry inquiry specifically referred, I think, to the financial unsustainability of the CountryLink services as they currently operate. The Minister, in the wake of that interim report, has formally written to me as the Acting Chief Executive of State Rail and sought the development of a range of options that we should develop to advise the Government on the

opportunities for improving the financial performance of the CountryLink services. As with any business, we can improve the financial performance by looking at any one of three areas. We can look to the revenue side of the business and determine whether you can improve the financial performance by improving the revenue stream either through patronage improvement or yield improvement through a range of initiatives.

Secondly, one can look at the service levels and the service frequencies currently being operated by CountryLink. Thirdly, one can look at the range of business inputs and overheads. You can look at all of your costs of running the existing service levels and determining what can be done more efficiently to improve the business. Together with the Minister, a couple of weeks ago I attended a public meeting in Armidale, where clearly the citizens were concerned about the potential impact on services between Tamworth and Armidale.

The Hon. MICHAEL GALLACHER: Are you going back?

Mr GRAHAM: Every time. I think that was a very productive discussion and it led to the development of a consultative group involving the local community, referred to as the CountryLink solutions team. I think there were further discussions and meetings earlier this week of that Armidale CountryLink solutions team. I note the comments of Richard Torbay in the media earlier this week. There is a recognition that, in order to maintain the current service levels, the solutions team will need to look to the initiatives to improve revenue yield and potentially support a range of initiatives to improve the business inputs and operating efficiencies, including areas like the current cost of operating the reservations system, the current cost of running Travelink centres and the opportunities to do that more efficiently.

I understand that similar concerns to those expressed in Armidale have been expressed in Canberra and on the North Coast. I understand that a similar consultative process will be undertaken in those areas. I simply emphasise, first in response to your specific question, that there has been no Government decision to shut down or even modify any services at this point in time. What there has been—

Ms LEE RHIANNON: Can I just say to you there that my question was on rail services.

Mr GRAHAM: Yes.

Ms LEE RHIANNON: We are hearing that it is going from rail services to coach. You just said "services" at that point.

Mr GRAHAM: No. Let me be specific: rail services. There is no intention at this point in time to modify rail services. Indeed, the program of community consultation outlined by the Minister is very clearly focusing on opportunities other than service level reduction to improve the financial performance of CountryLink as a business.

Ms LEE RHIANNON: You spoke about the CountryLink solutions team that came out of the Armidale meeting. Are you looking to set up similar bodies in other areas where commuters are concerned? For instance, I am aware that the Southern Highlands is one area where there have been concerns. I think they were talking about a Southern Highlands-Burrinjuck solutions team, as proposed by Peta Seaton. I understood that could be in line with the CountryLink solutions team. Are you looking to expand these bodies?

Mr GRAHAM: The CountryLink solutions team initiative is a consultative initiative of the Minister for Transport Services, Michael Costa. I am aware of discussions that led to its establishment at Armidale. I am aware of discussions to replicate it for the Canberra-Queanbeyan services and the upper North Coast services. I am not aware of any discussions relating to Southern Highlands.

Ms LEE RHIANNON: Would you be open to their being opened up in other areas where CountryLink services are facing financial difficulties?

Mr GRAHAM: State Rail is but a participant in these processes. Again, I think that is a question best directed to the Minister.

Ms LEE RHIANNON: Just staying with CountryLink, I have been contacted by a number of commuters who have been unable to make bookings for services next year. They are being told that it will be a coach-based service next year, or to ring back because major track work is scheduled. That is fuelling these rumours. When you answered my earlier question I thought there was an emphasis on the words "at this point in time". I am still fairly uncertain about the future of CountryLink. When you say "at this point in time", is there an anticipation that there could be an announcement in the New Year? I will leave that question there and also ask you to respond to the Parry report, because you acknowledged at the start of your answer to my earlier question that this had been fuelled by the Parry report. Could you give me a response, please?

Mr GRAHAM: I think the interim Parry report invited more broad-based submissions from the community. My understanding is that the final Parry report is due later this year, so I cannot offer you any further input on that. But to deal specifically with the question you asked about the customers who may have contacted you about the difficulty in booking services, if that was services on the North Coast I can answer the question, if that is the area of concern that was being expressed.

Ms LEE RHIANNON: There were some out west and some up north.

Mr GRAHAM: Specifically with ones up north, because of modifications to the freight timetables on the North Coast that were scheduled for March next year, and concern about the actual running times of the XPT services on the North Coast, the opening of bookings was delayed for that period. My understanding is that all bookings for that period are now open and I believe there should not be any remaining issues for customers being able to book in advance, both on the western corridor and on the North Coast corridor. I acknowledge that there was an issue relating to freight timetables. My understanding is that that issue has been resolved operationally and that those bookings are open.

Ms LEE RHIANNON: For clarification, you are saying therefore that there are no problems west and north for rail-based services.

Mr GRAHAM: There is no modification proposed to the rail-based CountryLink services that we are currently operating at this point in time. I have outlined the processes of reviewing the financial viability of CountryLink, including the CountryLink solutions team. Let me reinforce that there are three ways to improve the financial performance of CountryLink, including looking at the revenue service level and overheads and business inputs. At this point in time we are very much concentrating on understanding what we can do on the first and last of those. I think the public comments of Richard Torbay following the solutions team in Armidale earlier this week are very much focused on giving us every support in looking at what can be done to improve revenue and the overheads and operating costs of the business to ensure that the best possible solution remains in terms of the services that are provided to rural New South Wales.

The Hon. JAN BURNSWOODS: What facilities that have been constructed and maintained in 2002-03 using the parking space levy that was introduced a while ago?

Mr LEE: More and more in the commuter's mind is the need to provide fast and convenient interchanges, especially when commuters are transferring from one mode to another. One example is West Ryde, where people will come from their local suburbs into a interchange via bus to use rail to get to the central business district. There have been a number of improved public transport facilities that encourage better interchange movement and a safer transfer, obviously with increased lighting and openness to a lot of our facilities.

The parking space levy is a specific program designed to promote the use of public transport by collecting a levy on car parking spaces to fund the construction and maintenance of these types of facilities. In 2002-03 the levy was charged at a rate of \$800 for the city of Sydney and the North Sydney and Milson's Point business districts, while it was \$400 for the business areas of Parramatta, Chatswood, St Leonards and Bondi Junction. The levy revenue is used to construct new infrastructure, such as the interchanges I mentioned but also commuter car parks for those people who prefer to park and ride, and for the maintenance of ferry wharves within the harbour area.

There have been continuing maintenance works at commuter car parks and some work at the Central to Lilyfield light rail corridor. Specifically, there have been five major projects over the past 12 months, these being new bus interchanges and commuter car parks. At Oak Flats down south there is a new \$3 million bus interchange and commuter car park, which was completed in January of this year. It was undertaken concurrently with the construction of a new \$3 million platform, which was funded by the State Rail Authority.

The new facility there is supporting the rapid growth in residential activity around Shellharbour, and it provides rail customers with a modern, safe and easily accessible rail and bus station. At the moment approximately 2,000 rail passengers are using Oak Flats station each week, and about 350 people are boarding buses each week in that area, which is a good public transport result. The new facilities have also combined with the electrification of the rail line between Dapto and Kiama, which also gives greater options for the operating railway.

Another major development has been at Rockdale, where there has been a new \$5.5 million bus interchange and commuter car park. That was completed in February of this year. It was funded with revenue raised from the parking space levy, and it worked in tandem with State rail's easy access upgrade of Rockdale Station, which was valued at \$8.7 million. There are 126 commuter car parking spaces in the new arrangement. The actual interchange opened in December, just before the February opening. It was a very easy transition that was well supported by the community. The other major works that have taken place in the past 12 months have been commuter car parks constructed to the west at Emu Plains, where there is also some urban residential growth, to the south at Jannali and Loftus plus a major bus and rail interchange at Mount Druitt. They are just some of the examples of how the parking space levy has been utilised in the past 12 months.

The Hon. JAN BURNSWOODS: Certainly the West Ryde program has been excellent. That is one I know.

The Hon. MICHAEL GALLACHER: Mr Graham, can you give us an indication what the current cost of the Millennium train project is as of today?

Mr GRAHAM: The cost has not changed since we responded to that question previously. I can both take that on notice and re-supply those very specific numbers if you desire, but it has not changed since the previous answer.

The Hon. MICHAEL GALLACHER: Can you indicate to the Committee why there are still only four trains, eight sets, in revenue service?

Mr GRAHAM: Yes I can. I am sure members of the Committee will be aware that the contractor, EDI, has been having significant problems with the reliability of the Millennium train. Back in April, as a result of those concerns, the Millennium train was withdrawn from service for a period of approximately six weeks. Since that time the contractor has been working to address the reliability concerns of the Millennium train. I have indicated publicly that we would constrain the operation of the Millennium train both in terms of those parts of the network on which it operated and the hours of the day that it operated until we had increased confidence of the improving reliability of the Millennium train.

We have also publicly indicated that as of 16 October we have not taken delivery of any additional Millennium trains under the contract until the reliability of those sets that we have delivered has improved to the quality nominated within the contract. We currently have 18 four-car sets delivered. The reliability performance of the Millennium trains for the months of September and October has improved significantly—I believe of the order of two incidents in September and either two or three in October. I pay credit publicly for the considerable effort that the management team at EDI has poured into improving reliability. As we gain increasing confidence with the reliability of the trains we will progressively extend their operation both in terms of the geographical network and the times of day. In fact, we are progressively doing that during November, and I expect that to continue through December and January.

The Hon. MICHAEL GALLACHER: Being in politics, you always think the worst. Since August the web site for the Millennium train has not been updated in many key areas. You will recall

that prior to that a lot of the information that was asked of the Minister came from the web site. I looked at your web site for the Millennium train and noted that today's message is that some trains have been withdrawn for routine maintenance and returned for operating service. One four-car set has been retained out of service pending further investigation of an identified technical default. Can you indicate what that identified technical default would be?

Mr GRAHAM: No, I could not. I am prepared to take that on notice. I simply reinforce that the performance of the trains has increased very significantly. To do justice to the contractor, I would like to give a reasonably positive perspective on the improving reliability of those trains, particularly considering the effort that the workforce at EDI Downer have put in to improving it.

The Hon. MICHAEL GALLACHER: Can you indicate why so many key areas within the web site have not been updated since August?

Mr GRAHAM: We are continually recording incidents on the Millennium trains on the web site. Any specific areas that have not been updated—because there is considerable effort going into ensuring that the reliability statistics are there on a daily and weekly basis—in your areas of concern, I am prepared to take on notice and come back to you as to what they are.

The Hon. MICHAEL GALLACHER: What are the total routine maintenance costs for July, August, September and October for the train, bearing in mind that in June it was \$2.6 million?

Mr GRAHAM: The routine maintenance costs?

The Hon. MICHAEL GALLACHER: Routine maintenance, yes.

Mr GRAHAM: No, my understanding is, and please do not hold me to the decimal point, that the monthly routine maintenance cost of the Millennium trains that are delivered is probably in the range of \$400,000 to \$500,000. Net of that under the contract is a requirement for us to deduct what is broadly referred to as the disruption payment for. I am aware that in June and July, for example, while the actual payment for maintenance would have been of the order of \$350,000, the actual amount paid was closer to \$50,000 or \$60,000, because of the considerable reliability issues that were evident at that point.

The Hon. MICHAEL GALLACHER: The maintenance costs as at June, do you recall that figure of \$2.6 million?

Mr GRAHAM: No, I am sorry, I do not have that.

The Hon. MICHAEL GALLACHER: I will not press that. Can you tell us whether technicians are still travelling on the Millennium trains? At one stage every Millennium train carried a technician.

Mr GRAHAM: Yes, the technicians are still on board, travelling with the Millennium train.

The Hon. MICHAEL GALLACHER: Frequent fliers!

Mr GRAHAM: Yes. Obviously, as we expand them onto the network and the training of the train crew improves, we will take a more strategic view of that allocation of the technicians.

The Hon. MICHAEL GALLACHER: You mentioned earlier in answer to a question from the Hon. Lee Rhiannon that you had prepared a report to the Parry inquiry. Is that correct?

Mr GRAHAM: The original Parry inquiry, yes. I believe that that is on the ministry web site.

The Hon. MICHAEL GALLACHER: What about the current Parry inquiry?

Mr GRAHAM: I am not aware of a further submission that we have made to the Parry inquiry.

The Hon. MICHAEL GALLACHER: To assist all witnesses and Committee members, I sent a list of questions to give a bit of a head start, so we did not have to take questions on notice. Mr Graham, how much money was spent by the State Rail Authority on media monitoring for 2002-3 for Rehome Australia Monitoring, as outlined in the Premier's departmental circular?

Mr GRAHAM: By way of explanation, in my office at about 10.15 a.m. today, I received a list of questions from Mr Gallacher's office. Given the number of questions and the detail required I am not able to respond within only 3½ hours before coming to the hearing. I am more than happy to take the questions on notice and come back to the Committee on them. My colleagues are probably in the same position.

The Hon. MICHAEL GALLACHER: I make a plea to the four of you, in your capacity as witnesses, to please not give the answers "I complied with the circular" or "I complied with the guidelines". It is obvious that we really want the figures. The reason I have put that plea is, quite simply, that the purpose of this rehearing was as a result of answers we were given during the previous hearing which were "We complied with the guidelines", or "We complied with the circular". The Committee is seeking figures. It would save as having to recall witnesses if we could get the answers on this occasion. I ask all four of you to reply to the questions I sent to you today to actually reply in that context. Does anyone have a problem with that?

Mr GRAHAM: I think we understand the point you have made. Probably, Madam Chair, to maintain the formalities we probably have to ensure that the Committee is comfortable for those questions to be questions of the Committee on notice. That being the case, we would be notified of those in the normal way that the Committee provides the questions, is that suitable.

CHAIR: Yes, we undertake to provide the questions to all Committee members and you can take them from the Committee and respond to them. We will talk about a deadline for their return at a later stage.

The Hon. MICHAEL GALLACHER: My last question is to Mr Lee. You might recall in the previous estimates hearing you spoke about integrated ticketing. I notice you do not have a copy of the budget papers with you, but I was going to refer you to the budget papers on the issue of the capitalisation of \$4.7 million spent last year. The answer the Committee was given, subsequent, was that they integrated ticketing was now under review. As that question was asked on 1 September, are you now in a position to give further information to the Committee as to the capitalisation of \$4.7 million for that program?

Mr LEE: No, I will have to take that question on notice. I do not have any supplementary information to provide to the Committee today.

The Hon. MICHAEL GALLACHER: Could you indicate what the review has done in the past almost 2½ months?

Mr LEE: Yes. The review specifically examined the possibility of bringing forward some parts of the integrated ticketing delivery, as requested by the Minister. In undertaking that review there was a need to look at a number of design elements in the rolling out of those elements, and the consequential impact that those design changes might have on milestones to the project and the contract.

The Hon. MICHAEL GALLACHER: Are you part of that review?

Mr LEE: I participate in the project control group, known as the PCG, which examines such issues.

The Hon. MICHAEL GALLACHER: So you are aware of what stage the review is up to?

Mr LEE: Yes, I am.

The Hon. MICHAEL GALLACHER: What stage is it up to?

Mr LEE: The review committee is currently examining the possibility of being able to bring forward some elements of the project, specifically in relation to providing transponders for bus services in the greater metropolitan area. There is a concern about some of the current infrastructure on some State Transit Authority buses, its useful life is coming to an end. So the review team thought it was appropriate to look at all aspects of the roll out, which are really commences with field trials right through to the full implementation of that project over the next four to five years.

The Hon. MICHAEL GALLACHER: On an earlier occasion the Minister referred to integrated ticketing as expenditure gone mad. Do you agree that nearly 2½ months have expired but there is no sense of urgency about what is occurring to capitalise that \$4.7 million?

Mr LEE: I will say that there has been a substantial commitment by staff to ensure that the process and design of the ticketing system is delivered in an appropriate manner. Their energies have been dedicated to ensuring that that process is worked through, both in a technical and delivery sense. I am quite comfortable that the staff working through those issues, have been reporting both in an accurate and timely manner.

The Hon. MICHAEL GALLACHER: Have you put a deadline on it?

Mr LEE: They have been working in a timely and accurate manner, and reported back to the review group.

The Hon. MICHAEL GALLACHER: Have you put a deadline on finalising this? It cannot linger for ever. It seems to be limping on. Have you said that you want it finalised by a certain date?

Mr LEE: A number of milestones fall due throughout the project. With the next milestone coming up before the end of 2003, I have indicated to the project director that I would like to see the elements that are subject to the bringing forward—the fast tracking, if you like—clarified and agreed to before Christmas.

The Hon. MICHAEL GALLACHER: So, by the end of this year, December, you will therefore be in a position to make a public statement on where the capitalisation of the \$4.7 million is going?

Mr LEE: We hope to be able to.

The Hon. MICHAEL GALLACHER: You hope to be able to?

Mr LEE: Yes.

Ms LEE RHIANNON: Mr Graham, at the previous hearing my colleague Sylvia Vale asked a question about the air link. It is among some questions that were taken on notice. It is question No. 10. The answer you provided was about the millennium train stamp option, which I presume was a mistake, unless there is a connection. The question was:

What are the current operating capital losses for the Government on the airport rail line?

Your answer was:

Proceeds of the State Rail Millennium Train stamp option would \$6,000,798.

Then it went on to talk about where it was donated. I am presuming that is a mistake, so I wonder whether you can again take it on notice please?

Mr GRAHAM: Yes. I think the answer was transposed from another question, and I suggest there will probably be another answer that does not relate to the question. My apologies for that, we will get that corrected.

Ms LEE RHIANNON: Can you also provide today, or maybe you can take it on notice, any estimates the department has made of the effect major new residential development projects at Green Square will have on patronage of the airport rail link?

Mr GRAHAM: Yes. I think that sort of projection would not normally, under the current processes of government, be dealt with by State Rail. I think it is appropriately a matter for the Department of Infrastructure, Planning and Natural Resources to deal with.

Ms LEE RHIANNON: Maybe I can ask it in another way. Has any assessment been made of the impact the increase in population around Green Square will have on the financial fortunes of the airport rail link?

Mr GRAHAM: Just as an overview comment, the current patronage on the airport line is running at about 30 per cent of the patronage originally projected for it. Clearly, over time, any increase in the density of potential passengers along the route will improve that, but it is obviously going to be coming from a very low base given that it is currently only performing at 30 per cent of the projected patronage.

Ms LEE RHIANNON: Mr Lee, I would like to ask you about the bus review. You mentioned integrated ticketing and other issues relating to bus services in your previous answer.

Mr LEE: Yes.

Ms LEE RHIANNON: Has Mr Barrie Unsworth and his team completed the interim report into bus services in New South Wales?

Mr LEE: I understand their review is nearing completion.

Ms LEE RHIANNON: When will it be released?

Mr LEE: In the terms of reference for the review, it was proposed that the interim report would be available sometime in November, and it is anticipated that Mr Unsworth will report before the end of this month.

The Hon. KAYEE GRIFFIN: What involvement has the Ministry had in the co-ordination of transport services to major events at Sydney Olympic Park?

Mr LEE: The Ministry at the moment co-ordinates eight regional bus routes for Sydney Olympic Park and works very closely with State Rail, who have become very proficient at delivering large numbers of spectators to major events within the precincts. It is fair to say that one of the great legacies of the Olympics being held in Sydney is that when major events are staged in that precinct the great majority of people who attend those events do so on public transport.

In percentage terms, on average 70 per cent of people use public transport to attend an event at Sydney Olympic Park. The break-up of the percentage is just over 50 per cent on rail and some 16 per cent to 20 per cent on buses. The eight regional routes have different demands for different types of sports. If you were to draw an imaginary line from Sydney Olympic Park upwards to the north and downwards to the south, somewhere near Bankstown and below, we define either side of that imaginary line as east and west. What is interesting about the origin of a lot of spectators for major events is that for major rugby league events like the State of Origin or the rugby league grand final, we usually get a split of 55 per cent of people from the west and about 45 per cent of people from the east. For other events like the rugby union this Saturday, we would expect the split to be 85 per cent from the east and only 15 per cent from the west. What is also very particular about the World Cup series is that we have our eight regional routes. Routes 1A and 1B come from the northern beaches and the bus component makes up about 20 per cent. Of that 20 per cent there is a fairly large increase in the number of people using 1A and 1B for the current World Cup series—quite different to even a Bledisloe Cup or an Australia-Wales rugby game.

The other point I would make is there are going to be four major events at Sydney Olympic Park over the next two weeks, and preparations are well in hand. Again, I think, through Mr Graham's

involvement they are even taking customer service to a new level. Mobile ticket sellers have been available at some major stations to prevent people from having to queue for long periods to access public transport. I do not pretend to be a public transport zealot but it is good to know that the car parks are not currently full for some of the next four games that will take place there. They have not been sold out, because people are choosing to use public transport for those events.

The other point I would make at this stage is, although there has not been a public uprising for an integrated ticket like the one used for the Olympic Games, where the cost of transport was added to the cost of the event and integrated, we did trial such an integrated ticket for the rugby league grand final this year. I am pleased to report that the percentage take up on public transport was the highest ever at Olympic Park for a non-Olympic event.

We had over 75 per cent of people using public transport. We did a quick survey at Sydney Olympic Park that night. Twenty-five per cent, or one in four people, chose public transport because they knew it would be free, that is, it was included in their ticket price. I think that was a highly successful trial and it is another, if you like, enhancement that we can build on for future events at Sydney Olympic Park.

The Hon. MICHAEL GALLACHER: Mr Seabury, are you in charge of infrastructure?

Mr SEABURY: That is correct.

The Hon. MICHAEL GALLACHER: Do you have responsibility for the XPTs?

Mr SEABURY: No, just for fixed infrastructure.

The Hon. MICHAEL GALLACHER: I address my question, therefore, to Mr Graham. With the 45 XPTs rapidly approaching their expiry date or economic life—between 2006 and 2010—what replacement strategy do you have in place for those XPTs? What will be the overall cost to New South Wales to replace those trains?

Mr GRAHAM: I will broaden the current XPT fleet a little because the CountryLink services are also obviously operated by Xplorer cars. Over the last few years the XPT power cars have all had a major engine change with a more modern diesel engine. That program is substantially complete. We are seeing the benefits of that in the mechanical reliability of the XPT cars. The more immediate concerns with the XPT cars are to ensure that the internal seats and furnishings such as curtains, et cetera, which in some of the cars are getting a little drab, have some investment progressively. I think the structural condition of the XPT passenger cars is good. I anticipate that, even though we are running those trains, in particular the power cars, upwards of 3,500 to 4,000 kilometres per annum, their performance and the asset management strategies that are being applied to them seem to be fairly effective.

I refer to the replacement time frame for the XPT fleet. Given what we know of their performance and mechanical reliability and the engine upgrades that they have had, it is probably towards the back end of the next 10 years. I am sure that the products that would be available at that time to replace them, given developments in engine technology around the world, will be many and varied. At this point in time on the three-year to four-year capital program we do not propose to replace the XPT or Xplorer fleet, nor do I think it would be warranted in that time frame.

The Hon. MICHAEL GALLACHER: The Government will not be making an announcement about its replacement strategies for the XPTs until it has identified what the strategy is for the overall maintenance of CountryLink services?

Mr GRAHAM: Even if the issue of the maintenance of CountryLink services was not currently an issue, the reality is that the intended replacement of the XPT fleet, given the current asset management plan, would not be an issue anyway over the next four to five years.

The Hon. MICHAEL GALLACHER: Can you assure the Committee that the XPTs and Xplorers will not be replaced with a Scania or Mercedes Benz, as opposed to rolling stock?

Mr GRAHAM: There is nothing in the current capital works program to reflect that.

The Hon. MICHAEL GALLACHER: Unfortunately, people on the North Coast will not take that as gospel. Mr Lee, during the previous Committee hearing the Minister was asked questions relating to the Parramatta to Chatswood rail link. You might recall that he spoke about an acquisition program for that deferred stage two. He told the Committee that he had acquired property at a cost in the vicinity of \$300,000 for the Epping to Parramatta rail link. Are you aware of that amount of \$300,00?

Mr LEE: I am not specifically aware of the quantum that you mentioned. However, you should be made aware that for that corridor on the whole the land is already in government ownership. As I recall it, the commitment the Minister referred to related to the substratum for the Parramatta to Chatswood interchange, ensuring that that land was protected for the station box for the future rollout of the next stage.

The Hon. MICHAEL GALLACHER: Are you now telling the Committee that it is only a matter of putting a date on it, getting in the bobcats and starting work, as you have secured all the land? Is that correct?

Mr LEE: That is my understanding.

The Hon. MICHAEL GALLACHER: I refer next to the XPT power cars. Will Mr Graham indicate to the Committee whether we have an insufficient number of XPT power cars in the system?

Mr GRAHAM: No, there is not.

The Hon. MICHAEL GALLACHER: How many do you currently have?

Mr GRAHAM: I stand corrected on this, but I believe it is somewhere between 25 and 30—I think of the order 29 powers cars. I will take that question on notice so that I can be precise.

The Hon. MICHAEL GALLACHER: Is that the highest number of power cars that we have had?

Mr GRAHAM: That number probably has not changed over the last 10 years for the XPT fleet. Certainly the total number of power cars in the XPT fleet has been stable over that period.

The Hon. MICHAEL GALLACHER: When does State Rail intend to reinstate the third daily Sydney to Canberra Xplorer service?

Mr GRAHAM: I will deal with that issue by way of background for the Committee. Earlier this year we were running three passenger services in each direction between Sydney and Canberra, nominally, a morning, midday and evening service. As a result of the staff shortage problem that we had for on-board train crew—not train drivers but on-board train crew—there was a cancellation of the service to Murwillumbah. I took the decision that, rather than leave ourselves exposed to short notice and ad hoc cancellation of XPT services when we had an abnormal amount of sickness among CountryLink on-board crew, the better decision was to allow us to consolidate and finish the training of on-board crew, which was then in progress, and subsequently bring back the appropriate number of services.

We suspended rail operations altogether on the Sydney to Canberra corridor to allow us to get over the on-board crewing issue. Subsequently we brought back two of the three services in each direction to Canberra. Since we have returned the two rail services in each direction to Canberra we have had no difficulty in coping with the demand for rail services on that corridor. Indeed, the two services in each direction adequately coped with the passenger demand during the normal peak Floriade season that we experience in Canberra. There have been concerns, which have been both registered and heard, from the travelling community in Canberra concerning their inability to have a daily return service from Canberra to Sydney and back to Canberra on one day so that they can conduct business in Sydney.

That specific issue, which is of concern to the travelling community in Canberra, has been taken on board. We have developed a number of options to have a better timetable, albeit still two rail services in each direction, but we have responded to the concern expressed by the local community. I would expect that issue to be considered by the CountryLink solutions team that is to consider the broader issues of CountryLink in the Canberra area. We will provide some input into the CountryLink solutions team in Canberra on the available options. On the basis of the patronage that we are experiencing with the two services a day, I believe that the service is adequately coping, even in a peak period.

The Hon. MICHAEL GALLACHER: It is a fair observation that passengers on that route cannot travel from Canberra to Sydney and back in one day. Is it correct that they are forced to stay overnight in Sydney?

Mr GRAHAM: That is the specific issue that we have developed options to deal with. I believe there are solutions that would be satisfactory to resolving the particular issue that has been expressed.

The Hon. MICHAEL GALLACHER: Drug and alcohol testing has been a matter of interest over the past couple of weeks. Has the testing commenced?

Mr GRAHAM: Yes. Can I divide that into two parts?

The Hon. MICHAEL GALLACHER: I am conscious of the time. I am sure everyone would like a lengthy breakdown, but I do not want to labour the point with my colleagues. Is there anything further you would like to add?

Mr GRAHAM: You would be concerned if I did not give you an appropriate response to your questions. Having been asked it, I will attempt to deal with it. Drug and alcohol testing, as the question implies, is in two parts. Historically, rail employees were subject to pre-sign-on alcohol testing, an incident-based drug testing. As of 20 October we have instituted a random alcohol testing program across both organisations, State Rail and Rail Infrastructure Corporation [RIC]. Our program is to implement random urine-based drug testing in February next year. The preparations, the communication and education plan for the implementation of the urine-based drug testing are now well under way and we would expect to deliver implementation of that program early in the New Year.

The Hon. MICHAEL GALLACHER: Did you take any overseas trips in 2002-03?

Mr GRAHAM: No. I was employed as Co-ordinator General Chief Executive in early April.

The Hon. MICHAEL GALLACHER: Do you have any trips proposed at this stage for the next financial year?

Mr GRAHAM: No, I do not.

The Hon. MICHAEL GALLACHER: As to the drug and alcohol testing, when someone is found taking drugs as opposed to taking alcohol, who investigates the matters? Are the drug matters investigated by your investigative units or as a human resources issue? Are the alcohol matters handled in the same way or differently?

Mr GRAHAM: They are handled fundamentally differently. The alcohol testing program and the testing regime is very much what you would experience as a motor vehicle driver with the random breath testing police units. There is a handheld device.

The Hon. MICHAEL GALLACHER: I am more interested in the penalty side of it.

Mr GRAHAM: The penalty side for our alcohol testing program has not been modified in moving from pre-sign-on to random-based alcohol testing. The performance management disciplinary regime remains exactly the same as it was. We have simply changed from a pre-sign-on testing regime to a random alcohol testing regime. The implementation of the random urine-based drug testing is a

reasonably sophisticated testing process that needs to respect the dignity of the individuals concerned in the testing process. The chain of responsibility required to ensure the veracity of the sample is adequately documented and is in two parts to enable a part B examination, if required, by the employee as a result of a positive test.

All of those protocols that you would expect for urine-based drug testing of a football team or Olympic athlete need to be put in place in order to have the robustness of this program. Because of the technical nature of this program, we would expect to use an outsource supplier to deliver our urine-based drug testing program. In my previous employment with National Rail we had fully implemented that program for approximately three to four years. So I am reasonably well experienced in applying that to the railway operating environment. Could I add to the previous question about planned overseas trips? I draw to the Committee's attention the recommendation of the Glenbrook inquiry that reinforced, and sensibly so, the need for railway personnel to be continually acquainted with best national and international practice.

The Hon. MICHAEL GALLACHER: I make the observation that I would be very surprised if that recommendation of the Glenbrook inquiry was not acted upon quickly as opposed to some of the other recommendations that have not been quickly adopted.

Ms LEE RHIANNON: In your answer to one of my earlier questions you said that the Minister had formally written to you and asked for options to improve the financial performance of CountryLink. Those words of the Minister suggest to me that if the financial performance of CountryLink cannot be improved the CountryLink rail services could be cut. Would you agree that the Minister's words have that implication?

Mr GRAHAM: I think the Minister's words, if I heard you quote them correctly, are " unless the financial performance can be improved". In answer to your earlier question I indicated that there were three avenues of improving the financial performance of CountryLink, that is, firstly, to improve the revenue yield of the business; secondly, to modify the service levels; or, thirdly, to improve the overhead or the cost of the business inputs. I would dissect the Minister's statement in the context of those three potential areas for financial improvement to say that unless the revenue can be improved or the business costs and overhead reduced, then the issue of service level would need to be considered. I emphasise to you that the process that we are currently undertaking is to ensure that we understand the financial improvement of the business that can be extracted in dealing with revenue and in improving the efficiency of business cost inputs so that we minimise the need for concentrating on the service level issue. That is certainly where the energy is being directed at the moment.

Ms LEE RHIANNON: From the way you have phrased your answer, I take it that your role and the role of your colleagues is about the financial health and possibly profit of CountryLink rather than to ensure that the customers across the State are well serviced with a reliable train service?

Mr GRAHAM: No, I take my remarks as being the exact opposite. What we are attempting to do is to ensure that by improving both the revenue yield and reducing the cost of operating the business that we provide the maximum opportunity to maintain the maximum service levels that currently exist. Quite the contrary, the focus is very much on improving the financial performance by dealing with revenue and the cost of inputs.

Ms LEE RHIANNON: Mr Stott, in the State Transit Authority [STA] submission to the Parry inquiry the STA describes the RiverCat "as primarily a tourism operation". What do you base that comment on?

Mr STOTT: That reference was to the RiverCat service to Parramatta, which takes approximately one hour and 10 minutes. The patronage is overwhelmingly leisure travel—people travelling for leisure purposes. Commuters are in the minority.

Ms LEE RHIANNON: I asked what the statement was based on. I am aware how long the whole trip takes. Was the statement that it is primarily a tourism operation based on surveys?

Mr STOTT: It was based on our operational experience. That is what I am saying. Our operational experience is that that service does not attract commuters.

Ms LEE RHIANNON: Is it true that more customers use the RiverCat service at morning and afternoon peak times?

Mr STOTT: No, there is no morning peak service. The first service in the morning is at 10 o'clock. There used to be an earlier service but it was very much underpatronised.

Ms LEE RHIANNON: I take your point about the early morning service, but are you saying that a great number of people do not use the afternoon service?

Mr STOTT: The Parramatta services are paralleled by the Sydney to Parramatta bus service and rail service, both of which are quicker and operate at lower fares. Commuters are generally attracted to those services.

Ms LEE RHIANNON: Could we break up the service—for example, Abbotsford Point to Circular Quay and Wolseley Street, Drummoyne to Circular Quay? You have given a time frame for the entire trip but it can be broken up and commuters can use it in that way.

Mr STOTT: Our comment to Dr Parry was specifically about the Circular Quay to Parramatta service, which is a direct service. Other services stop at Abbotsford, Chiswick, Meadowbank and so forth. Our comments to Dr Parry do not apply to those services. They are certainly commuter services.

Ms LEE RHIANNON: Do you maintain the argument that it is basically a tourist operation and therefore not viable?

Mr STOTT: Our comment was that west of Silverwater—Silverwater is probably as good a position as any—there is very little commuter interest. It is too long a service. The most popular commuter services are Meadowbank and, across the river, Abbotsford, Chiswick and Drummoyne.

Mr GRAHAM: By way of clarification regarding Mr Gallacher's earlier question about overseas travel, before taking up my position of Co-ordinator General in early April I had prearranged a personal overseas trip with my wife. I think your question related to overseas travel funded by the employer or the Government. For absolute clarification, I confirm that I had an overseas trip. Not only was not a dollar of it paid for by the Government but my wages were not paid during that time because I obviously did not have any annual leave at that stage.

The Hon. MICHAEL GALLACHER: Mr Lee, when did you become Director-General?

Mr LEE: I think in the September hearings I stated that I commenced duties some time in early May.

The Hon. MICHAEL GALLACHER: Are any professional trips overseas proposed in the next financial year in connection with your position?

Mr LEE: No.

The Hon. MICHAEL GALLACHER: I asked the Minister the reasons why integrated ticketing should be kept. Is the review looking at those sorts of questions? Is it trying to balance whether integrated ticketing is worthwhile in its current form?

Mr LEE: I think the Minister has placed on the public record the importance, especially within the bus industry, of reducing opportunities for phantom riders on the school student transport system. He has suggested that the integrated ticketing project might provide a good opportunity to reduce the likelihood of phantom riders, and therefore move to a system of use whereby users of the system would tag on and be recorded as having travelled on a to-school service or a to-home service in the afternoon. That is what I understand to have been the main thrust.

The Hon. MICHAEL GALLACHER: How do you allay the fears of bus operators that the services they consider to be line ball now will become uneconomical, resulting in their removal and a subsequent flow-on effect for parents and students?

Mr LEE: As I understand the contract for commercial services especially in Sydney, there is a requirement for those operators to transport students to and from school under certain criteria. For example, no distance limitation applies to students who are in kindergarten, first and second class as to whether they are entitled to a pass. Older students, such as secondary school students, must live more than two kilometres from the school in order to be eligible. At present the system has some perverse incentives. I was a private bus company managing director and I am aware that some operators are driven by the incentive of growing bus pass applications rather than serving the community.

The second part of that contract, by its name—"commercial"—places the patronage risk with the operator. The operator signs the contract and signs off on that risk with his eyes open. There are conditions attached to the contract, such as minimum service levels, that require the operator, having a monopoly region or a designated area, to fulfil his obligations in running route services for the transport disadvantaged and for commuters and other community members. I think Mr Unsworth, in his report, will articulate a view about the way forward. However, as part of the review team I was asked to engage with the principal of that contract to see whether we might be able to enhance the current system and the current roll-out.

The Hon. MICHAEL GALLACHER: Mr Lee, have you in your position as Director-General of Transport made a submission to the Parry inquiry?

Mr LEE: The Ministry of Transport made a submission to the Parry inquiry before the interim report but it has not made a supplementary submission.

The Hon. MICHAEL GALLACHER: Was it a fairly broad submission?

Mr LEE: The submission was available on the Internet and gained some media coverage at one stage before the interim report was finalised.

The Hon. MICHAEL GALLACHER: I assume you pulled together quite a large amount of resources that were available to the ministry when making that submission.

Mr LEE: Obviously with the restructure, and moving away from being a transport operational agency to being a policy-based ministry, yes, I was able to utilise some of that policy resource within the ministry to compile a response to the terms of reference during that time.

The Hon. MICHAEL GALLACHER: Were the resources you are talking about readily available to people outside the ministry?

Mr LEE: I do not really understand your question.

The Hon. MICHAEL GALLACHER: Were the documents publicly available or were you using internal ministerial and policy documents?

Mr LEE: A number of the documents we accessed were public documents, including the Action for Air Program and other major studies and work that had been done previously on transport planning, funding and fares. I think even a Public Accounts Committee report into the School Student Transport Scheme was utilised as a resource and documented.

The Hon. MICHAEL GALLACHER: Did you also incorporate in your submission access to information such as future proposals for infrastructure and other information regarding the Government's long-term strategy? I am not asking for anything specific; I am interested in the breadth of information that was available to you in putting the submission together.

Mr LEE: I cannot announce that we have any further information.

The Hon. MICHAEL GALLACHER: Have you investigated whether the scrapping of the integrated ticketing project would result in ERG becoming eligible for a major contract payout?

Mr LEE: Our focus as part of the review has been looking at how we can enhance the contract, not remove ourselves. We have been looking at how best to bring forward some of the implementation and manage the milestones in a way that will make the system readily available, firstly, to school students and, secondly, to the public in a wider fashion.

The Hon. MICHAEL GALLACHER: Has there been an investigation of an exit strategy?

Mr LEE: No.

CHAIR: That draws the public hearing to a conclusion. I thank the witnesses who have appeared. The Committee will have a short deliberative meeting, at which it will decide on the timetable for answers to questions on notice. The Committee will inform you of that as soon as possible.

The Committee proceeded to deliberate.