

Address to the State Chamber of Commerce Luncheon
August 21, 2003 (check against delivery)

I'll take the chance to proudly announce I've appointed Margy Osmond to the Board of the State Transit Authority.

I'm delighted she's accepted the appointment – so Margy – welcome to the smooth running, problem free public transport portfolio.

The expression – 'never a dull moment' comes to mind.

In a former job I appointed Margy to the Police Minister's Advisory Council – where she's still doing a great job.

Today

I want to concentrate mainly on rail today – rail has received a lot of recent public attention.

That's fair because it is so important.

Before talking about plans to improve the railways I want to clearly identify the problems.

Problems:

Let me summarise the problems by saying this:

With cost recovery through the farebox shrinking –

And plans to make the most complex railway system in the world even more complex –

Our railways over the next 20 years are heading for 'gridlock' – both financial and operational.

In the last three years cost recovery through the farebox has fallen from 33 per cent to 26 per cent.

In other words taxpayers, the majority of whom do not regularly use public transport are paying \$200 a year more in subsidies than three years ago.

As for 'complexity,' consider this – two weeks ago when the Millennium train broke down at Milson's Point –

that's one train, at one station, on one line –

45 peak hour services were delayed right across the entire CityRail network.

On time running dropped from its 90 per cent average to 60 per cent.

And 50,000 people were very late getting home.

Why? Because our system is so interconnected - so complex that problems spread right across the network immediately.

Quite literally, a late running train at Hornsby, can delay passengers at Penrith.

A points failure at Carlingford can cause delays at Bankstown.

Put simply: the problem is - our system promotes snowballing unreliability.

I can tell you what the solution definitely is not:

Large scale big budget projects are definitely not the solution.

More complexity layered on existing complexity is not the way ahead.

So what are the solutions:

I'll break my address into the following parts:

First; simplifying the network – making what we've got work.

Second; breaking what I call the 'spend first', 'think second' railways culture; and

Third, what the railway's priorities need to be.

Simplifying the Network

The CityRail network covers 40,000 square kilometres serviced by 14 different train line - only two – the Eastern Suburbs/Illawarra Line and its South Coast connection are virtually independent.

These independent rail lines are consistently the most reliable.

On time running for the Illawarra Line averages around 93.4 per cent and the Eastern Suburbs line around 96 per cent.

This is 6 to 10 per cent consistently better than the rest of the rest of the network.

The remaining lines are highly integrated causing the sorts of problems I've already referred to.

The Lesson:

The lesson from this and from other train systems like the New York Subway, London Underground, Paris Metro, Hong Kong and Melbourne is:

The more independent the line the greater that line's reliability.

Less complexity, more independence means greater reliability.

It's not possible to generate widespread reliability improvements on the current interconnected system.

That why I can announce today the Government will align its rail capital works program to developing independent rail lines or 'rail clearways.'

The development over time of five independent or discrete lines:

- The Illawarra line;
- The Bankstown line;
- A Campbelltown Express line;
- An East Hill and Liverpool line; and
- A north - west line.

The advantages of rail clearways are:

Dramatic improvements in reliability – routine 95 per cent on time running as we see currently with the Eastern Suburbs line;

Simpler timetables with:

- the potential for trains every 3 to 4 minutes in peak periods on some city routes;
- regular 15 minute and sometimes 10 minute services at other times; and
- more frequent fast services.

Reliability problems can not infect the entire network; and

A core system of rail clearways is a better base for future expansion of the rail network.

Further more detailed plans will be released in the coming months.

But this is a significant shift in the government's thinking.

Its a sensible, staged investment in making the current system work – a tradesmen's approach.

It means in the short term saying no to large scale projects bringing more complexity to the system.

Which brings me to stage two of the Parramatta to Chatswood Rail Link – Parramatta to Epping.

Parramatta to Epping

Construction of the Parramatta to Epping link will be deferred.

Spending \$1.2 billion on a project providing only 15,000 new passenger trips when we provide over one million passenger trips a day – cannot be justified.

Again we provide over 1 million passenger trips every day.

To spend \$1.2 billion for only 15,000 extra trips cannot be justified.

Not against the needs of the other one million passenger trips, or against the needs of the hospital, education and police portfolios.

Because it may be justifiable at some later stage I've instructed the project team to:

- make the necessary acquisitions in the Parramatta to Epping corridor for future consideration;
- develop the Parramatta interchange; and
- secure the space necessary for future further Parramatta interchange development consideration.

I've also convened a Parramatta Transport working Group to develop a transport blueprint for Parramatta – including better improved bus services.

I've explained this to the Parramatta Taskforce.

Stage one of the – Epping to Chatswood project is proceeding – it can be justified because it removes train traffic from the northern and western line.

So again I state the principle – there will be a capital works focus on making the existing system more reliable.

Maintenance

Currently rail car maintenance takes place at five depots – three StateRail facilities at Mortdale, Flemington and Hornsby and at the privately-operated facilities at Eveleigh and MainTrain.

That means:

- Each day there are about 30 carriages taken out of peak operating service for routine maintenance and a similar number for repair; and
- Decentralised and out-of-date facilities precluding the most efficient maintenance practice.

State Rail CEO Vince Graham has sought approval for a review of maintenance procedures and facilities.

That review will take place in consultation with the trade unions.

State Rail are investigating centralising all major inspections at a new purpose built facility whilst continuing minor repairs and routine brake inspections at the existing maintenance centres.

This would improve productivity and release more carriages for peak time operation

One point is clear – a maintenance model that keeps 30 carriages out of the peak every day is unacceptable.

Not when we are paying millions of dollars for new rolling stock.

Which brings me to:

2. The Spend First, Plan Later Rail Culture.

This culture is best observed in the current procurement of rolling stock.

The Millennium Train is a case in point.

To date over 200 million dollars spent on whiz bang technology when people just want to get to and from work on time.

I compare the Millennium Train to the internet fridge

– I mean why??

No one expects it to do your homework and make a baked dinner for you.

People want reliability, cleanliness and security.

That's why we are developing a Steady Fleet Purchasing plan with

- standardisation on one or two simpler train types – tried and tested rolling stock;
- long term regular supply of trains; and
- long term maintenance contract as part of any acquisition.

This plan has the advantages of:

- long term certainty;
- a stable and experienced work force;
- evolutionary development of tested train designs; and

- blending of construction and maintenance skills
- ongoing maintenance and construction capabilities in NSW through active StateRail involvement.

Integrated Ticketing:

A worse example of expenditure gone mad is the first stages of the Integrated Ticketing Project.

A so called 'smart' card.

A \$320 million ten year plan – that's \$320 million so only 20 percent of public transport users can benefit from having only one ticket for cross modal transport.

Smart card – dumb process.

It's an attempt to use technology to put 73 different fares on the one ticket.

Why is that a problem?

Well no one has asked if the structure of having 73 fares is sensible in the first place.

I'm not convinced it is!!

So I'm reconsidering our fare structure and the entire integrated ticketing project.

There is an existing \$120 million capital contract.

I believe the specifications for the project need to be remodelled – and aim to do this within the existing contract.

I'm convinced if we don't the integrated ticket will be a technological failure.

Another example - consultants and lawyers

State Rail and RIC spent over \$40 million in the last two years on legal fees and non engineering consultants. That doesn't include Waterfall legal fees.

Now \$40 million is more than the entire community transport grants program. This has to stop.

I'd rather fund buses and drivers for transporting people with disabilities to work in bush towns than furnish board rooms of inner city law firms.

We clearly need to refocus the portfolio.

Which brings me to:

3. Rail Priorities

The priorities in rail are simple.

I asked the public for their priorities when I became Minister.

They accord with mine:

Reliability – rail clearways will deliver reliability over time – I've discussed that already.

Cleanliness – We are putting mobile cleaners back onto the network. There'll be more of those; and

Security – we'll have 500 transit officers by the end of next year. I want more of them over time.

And securing the right people to deliver these changes is the top priority

I can announce today that Vince Graham will be the CEO of the new rail entity – the amalgamated State Rail and Metropolitan RIC.

And I've asked Ross Bunyon to Chair the common board to integrate the new organisation.

I welcome Ross – I'm sure many of you know him.

I'll add that yesterday I reluctantly accepted the resignation of Rod Simms as Chair of State Rail, former Chair of RIC.

Rod managed key changes to the railways that ensured opening up the railways to more operators.

A critical change.

And he piloted \$200 million worth of investment into our infrastructure addressing decades of underinvestment.

I have other plans for using Rod's skills in the future. I'll announce these shortly.

Vince Graham and Ross Bunyon are presently managing two processes.

The integration of state Rail and metropolitan RIC –that's on track so we'll have a new rail entity on January 2004.

And they are managing negotiations with the Australian Rail Track Corporation and Federal Government over the proposal for ARTC to lease New South Wales track.

Indeed I flew to Canberra on Tuesday to meet with the Deputy Prime Minister. I can report today we've agreed to the key principles of:

- A 60-year lease of the NSW interstate and Hunter Valley rail corridors and track to ARTC, including the dedicated metropolitan freight lines to the Sydney ports;
- With NSW to maintain ownership of the track;
- Safety standards across the country network will be set by the NSW Transport Safety and Reliability Regulator; and
- Clearly defined key performance indicators to be established for track performance and maintenance standards.

The key issues of staffing and train control will be discussed with the unions in the coming weeks.

But I believe we are on the way to securing an agreement for a stronger more competitive NSW and national rail freight system.

Conclusion:

I've sketched our agenda today.

I'm happy to take questions.