

MINISTER FOR TRANSPORT

OVERVIEW

<i>Agency</i>	<i>Budget 2004-05 \$m</i>	<i>Budget 2005-06 \$m</i>	<i>Variation %</i>
Ministry of Transport			
Total Expenses	2,656.4	2,993.7	12.7
Capital Expenditure	16.2	11.2	-30.8
Independent Transport Safety and Reliability Regulator			
Total Expenses	17.1	17.4	1.8
Capital Expenditure	0.7	n.a.
Total, Minister for Transport			
Total Expenses	2,673.5	3,011.1	12.6
Capital Expenditure	16.2	11.9	-26.5

TRANSPORT

The transport portfolio includes the Ministry of Transport, the Independent Transport Safety and Reliability Regulator (ITSRR) and the State owned transport service providers – Rail Corporation New South Wales (RailCorp), State Rail Authority (SRA), Transport Infrastructure Development Corporation (TIDC), Rail Infrastructure Corporation (RIC), Sydney Ferries and the State Transit Authority (STA).

All agencies are focussed on improving the safety, reliability, comfort and convenience of the public transport system within New South Wales. The portfolio is also developing new strategies to improve communications with the travelling public.

The Ministry of Transport and ITSRR are funded directly by Budget appropriations. Transport service providers are funded from their own revenues, by grants and service payments made by the Ministry of Transport and from borrowings.

MINISTRY OF TRANSPORT

The Ministry of Transport provides independent policy advice to the Minister for Transport and contracts and funds public transport services from government and non-government service providers. The Ministry also co-ordinates strategic, financial and budgetary issues for the transport portfolio. Major areas of responsibility include strategic advice on rail, bus and ferry services, including management and reform of the school student and community transport schemes and regulation of taxis and hire cars.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Budget funded expenditure on transport has grown over the past three years. Forecast total expenses for 2004-05 of \$2.8 billion represent a net increase of nearly \$550 million (or 24 percent) over the level in 2001-02.

Increased funding for CityRail and CountryLink services is the major reason for the increase. The operating subsidy for passenger rail, excluding concessions, grew from \$565 million in 2001-02 to a forecast \$1 billion in 2004-05. This reflects major spending initiatives to improve performance and safety, including increased maintenance, improved security as well as general cost increases. Fare revenues, which are regulated by the Independent Pricing and Regulatory Tribunal (IPART), only grew modestly over this period. Expenditure growth was therefore largely financed by the Government.

During 2003-04, the Ministry oversaw the *Review of Bus Services in New South Wales* by the Honourable Barrie Unsworth and the *Ministerial inquiry into sustainable transport in New South Wales* by Professor Tom Parry. The Ministry is responsible for implementing the recommendations accepted by the Government.

The major outcomes to date are:

- ◆ the delivery of a new bus contract model for both private and Government owned bus services in the metropolitan area. This will result in new, larger contract regions that enhance efficient and financially sustainable bus operations. The new regions will support strategic transport corridors that provide fast, frequent and direct services between key centres across Sydney, supported by an expanded bus priority program;
- ◆ reform of bus fares (following a determination by IPART) equalising fares across the whole metropolitan area, including major fare reductions in Western Sydney;

- ◆ corporatisation of Sydney Ferries (from 1 July 2004), as a business separate from State Transit Authority, which will achieve service and operational improvements in ferry services;
- ◆ extension of the Pensioner Excursion Ticket across the whole of Sydney;
- ◆ reform of the School Student Transport Scheme through the progressive introduction of electronic ticketing. This will allow Government payments to operators to be based on actual students carried rather than estimates; and
- ◆ appointment of Regional Transport Co-ordinators charged with improving the utilisation and effectiveness of existing transport resources in regional communities.

The Ministry has also been actively working with the service delivery agencies to improve the financial and operational performance of rail services.

The recent major reform initiatives have been:

- ◆ the leasing of the State's interstate passenger and freight lines, including the Hunter Valley corridor, to the Australian Rail Track Corporation (ARTC), effective from 4 September 2004. The ARTC also manages, on behalf of the Rail Infrastructure Corporation, the balance of the country regional network. The ARTC and the Commonwealth Government have given major commitments to New South Wales to upgrade the leased rail network as part of the arrangements;
- ◆ the creation of an integrated passenger railway entity, Rail Corporation New South Wales, from 1 January 2004, combining the passenger rail services of the State Rail Authority with the metropolitan track infrastructure owned by Rail Infrastructure Corporation; and
- ◆ the establishment of the Independent Transport Safety and Reliability Regulator (ITSRR) from 1 January 2004, as an independent transport safety regulator, separate from both the Ministry of Transport and transport operators.

The structural reforms in rail have in turn been supported by operational programs to improve rail services. Programs that are now underway include:

- ◆ a rail improvement plan developed from the 127 recommendations of the Special Commission of Inquiry into the Waterfall Rail Accident. Around \$250 million will be spent over three years on the first stage of the plan, including \$43 million on vigilance control systems;

- ◆ development of the Rail Clearways Program, which will untangle the CityRail network from 14 interconnected lines into five rail clearways, capable of independent operation. This will involve more than \$1 billion of major works across the network designed to increase network capacity and operating flexibility;
- ◆ a major program to acquire new rollingstock. This includes the fast tracking, through a Public Private Partnership, of the replacement of 498 non air-conditioned carriages by 2010 and, separately, the purchase of 122 new Outer Suburban carriages and 14 Hunter Valley carriages to address anticipated growth; and
- ◆ a new timetable to be introduced in the second half of 2005, which better matches the capacity of the system and will improve reliability particularly during peak periods.

STRATEGIC DIRECTIONS AND REFORM INITIATIVES

The key service improvement strategies include:

- ◆ safer, more reliable and cleaner rail services through major operational improvement initiatives outlined above, including the implementation of key recommendations of the Waterfall Inquiry, delivery of the Rail Clearways Program and the acquisition of over 600 new rail carriages. New South Wales is also funding the Transport and Logistics Centre to work with key stakeholders in supporting career paths for rail workers and ensuring skills are maintained in the industry;
- ◆ more frequent and direct bus services on “strategic corridors” linking key centres across Sydney, supported by an expanded bus priority program, along with improved regional contract arrangements and service reforms developed through community consultation. New contracts are expected to be finalised by the end of 2004-05; and
- ◆ development of a contact-less smart card integrated ticketing system for all public transport operators in the Greater Sydney region. This will eliminate the need to have separate tickets for train, bus and ferry travel and improve the convenience and attraction of using public transport.

2005-06 BUDGET

Total Expenses

Total expenses in 2005-06 are estimated at almost \$3 billion, an increase of \$337.3 million, or 12.7 percent on the 2004-05 Budget.

Safe, Reliable and Clean Rail Services

In 2005-06 Budget support for rail services, including funding for concessions, is \$2,024 million, an increase of \$257 million or 14.5 percent on the 2004-05 Budget. Increased funding will support operating expenditures, including maintenance of rollingstock and continued investment in capital works across the rail system.

In 2005-06 the Ministry will provide:

- ◆ \$1.3 billion in recurrent grants to RailCorp to fund CityRail and CountryLink rail services, including \$15 million for initiatives in response to the Special Commission of Inquiry into the Waterfall rail accident;
- ◆ capital grants to RailCorp of \$362.7 million; and
- ◆ \$138.8 million in grants to the Transport Infrastructure Development Corporation for the Epping to Chatswood Rail Line.

New South Wales will also provide \$2 million in 2005-06 (taking the total contribution to \$4 million), to jointly fund, with the Commonwealth, the Transport and Logistics Centre.

RailCorp's capital expenditure program in 2005-06 is \$587 million, an increase of \$33 million on last year. The program is funded by \$362.7 million in grants, \$186.6 million in borrowings and \$37.7 million from the sale of surplus RailCorp assets and other available funds. The program continues the focus on safety initiatives and improved reliability, as well as enhancements to customer amenity, including improved access, security and passenger information.

Rail Clearways

The Rail Clearways Program, announced in last year's Budget, will untangle the existing 14 lines into five independent sectors to deliver more reliable services, to remove bottlenecks and minimise delays on the metropolitan network. More than \$1 billion, funded by RailCorp borrowings, will be spent on the plan.

In 2005-06 \$97.5 million will be available for works that include:

- ◆ the Bondi Junction turnback, an extra platform at Berowra and duplication of the Cronulla line;
- ◆ turnbacks at Homebush, Lidcombe and Revesby and an Easy Access upgrade at Revesby; and
- ◆ Macdonaldtown stabling facilities.

Rollingstock

The fast tracking of replacement of all non-air-conditioned carriages under a Public Private Partnership arrangement is in progress. The project is on schedule to replace 498 carriages by 2010.

Other key rollingstock projects for 2005-06 include:

- ◆ \$58.6 million for the ongoing construction of 41 Outer Suburban cars and \$21 million to complete 14 Hunter Valley rail cars;
- ◆ commencing a second tranche of 81 carriages, at a total cost of \$267.9 million, under the contract for Outer Suburban cars to meet forecast growth on the system; and
- ◆ \$9 million for continued refurbishment of the XPT fleet, \$14.3 million for improved vigilance control, \$2.6 million for enhanced on board train communications and \$5 million for investigation of replacement of the train radio network following from the Government's commitments after Waterfall.

Rail Infrastructure

In 2005-06 the program includes:

- ◆ continuation of the current Easy Access station upgrades at Gymea, Gordon, Thirroul, Kingsgrove, Blaxland, Helensburgh, Bulli, Lakemba, Mortdale and Granville;
- ◆ commencement, including planning and design, of new Easy Access upgrades at Auburn, Belmore, Bomaderry, Bowral, Carlton, Eastwood, Kingswood, Meadowbank, Merrylands, North Wollongong, Penshurst, Seven Hills, Turramurra and Werrington. A total of \$22.9 million is available in 2005-06 for Easy Access works;

- ◆ \$74 million for infrastructure upgrades including works on the electrical network and the signalbox arrangements;
- ◆ \$7 million for development of a Station Passenger Information (SPI) system to improve network communications to passengers;
- ◆ \$15.5 million for resignalling on the Illawarra line between Oatley and Cronulla;
- ◆ \$13.4 million for investigation into upgrades for North Sydney and Town Hall stations;
- ◆ \$10.5 million to complete the Rhodes station upgrade; and
- ◆ \$0.6 million for investigations for a new station at North Warnervale.

The lease of the interstate passenger and freight lines by New South Wales to the ARTC has been completed and implemented as planned. In 2005-06 \$167 million is available to Rail Infrastructure Corporation (RIC) to meet its ongoing business activities. This includes \$110 million for maintenance of the country regional network, which is managed by the ARTC on behalf of RIC.

Epping to Chatswood Rail Line

The Transport Infrastructure Development Corporation (TIDC), a State owned corporation established on 1 January 2004, is responsible for delivering the Epping to Chatswood Rail line and other major transport infrastructure projects such as Rail Clearways.

Some \$434 million will be available in 2005-06 for continuation of works on the line and works on the Chatswood and Parramatta transport interchanges. The \$2 billion project is due for completion in 2008 and will provide a major transport improvement for Sydney.

Safe, Reliable and Clean Bus Services

The Ministry funds bus services operated by the State Transit Authority and a number of private operators.

The key reform is a new contract regime that applies to all operators, both private and Government owned. Contracts are based around 15 new regions with a single operator to lead each region. This replaces current individual contracts with around 40 operators.

Bus Priority

New metropolitan bus contracts will provide for more frequent and direct bus services on “strategic corridors” linking key centres across Sydney. In 2005-06 \$155 million has been allocated for bus priority measures. This is made up of \$25 million for strategic bus corridors (including an additional \$10 million in 2005-06) and \$130 million for the North West Transitway.

The additional \$10 million in 2005-06 is part of a new \$90 million, three year program, to be delivered by the Roads and Traffic Authority. The program will give priority to buses at key congestion points, to deliver faster and more reliable services that can attract greater patronage and reduce the use of private cars.

State Transit Bus Services

In 2005-06 recurrent funding payments for State Transit Authority bus services, including reimbursement for free and concessional travel provided to school students, pensioners and others, are estimated at \$257 million. This is a \$19.4 million increase over funding provided in 2004-05.

The State Transit Authority’s \$83.7 million capital works program aims to improve the bus fleet to a level required to meet customer expectations and Government regulation. Provision has been made to upgrade infrastructure to meet regulatory requirements, safety standards and growth targets and to provide service equipment and facilities needed to support a changing fleet configuration.

Key projects for 2005-06 include:

- ◆ \$60.1 million for 79 high capacity buses and 45 standard buses for the Sydney and Newcastle networks;
- ◆ \$13.3 million for workshop modifications and upgrade to Depot facilities; and
- ◆ \$2 million for Leichhardt Depot redevelopment.

School Student Transport Scheme

The School Student Transport Scheme (SSTS) provides free travel to and from school for eligible students on government and private bus, rail, and ferry services, long distance coaches and in private vehicles where no public transport services exist.

Budget estimates below are based on this funding model, although a portion of this funding will be reclassified under new metropolitan contracts, which are expected to be in place by the end of 2004-05.

School Student Transport Scheme payments in 2005-06 are estimated at \$498 million. The six-year costs and trends under this Scheme are as follows:

School Student Transport Scheme Costs

		2000-01	2001-02	2002-03	2003-04	2004-05 Revised	2005-06 Projection
Beneficiaries ^(a)	'000	671.8	674.8	649.8	660.1	660.5	661.2
Total costs ^(b)	\$m	385.7	406.1	431.5	451.3	479.6	498.0
Total cost per beneficiary	\$	574.1	601.8	663.9	683.7	726.1	753.2

(a) Improved analysis of eligibility data has resulted in lower beneficiary numbers from 2002-03.

(b) Inclusive of payments to RailCorp and STA.

The above table is based on the existing method of calculating SSTS payments. The Ministry of Transport is currently developing a new methodology for metropolitan bus operators which will result in the above numbers varying from 2005-06.

Safe Reliable and Clean Ferry Services

Sydney Ferries Corporation, formerly a business unit of the State Transit Authority, was established on 1 July 2004. The Corporation will be focused on improving services to customers, both commuters and tourists and providing better value for money in business operations.

Recurrent funding payments to Sydney Ferries, including the School Student Transport Scheme and concessions, are estimated at \$32.7 million in 2005-06.

Sydney Ferries' \$5.8 million capital works program includes:

- ◆ installation of a vessel management system on all vessels, a security upgrade on vessels, wharves and sites owned or leased by Sydney Ferries and upgrades to passenger facilities; and
- ◆ refurbishment of the wharves at Balmain Shipyard and upgrade of the liquid handling systems at the yard to comply with environmental standards.

Integrated Ticketing Project

Development of the "Tcard", a contact-less smart card integrated ticketing system for all public transport operators in the Greater Sydney region, is progressing. Capital expenditure in 2005-06 is projected at \$65.3 million.

The project involves a trial of the system in 2005-06, with system introduction commencing mid 2006.

A field trial of the technology was undertaken in 2004, with 7,000 school students and three private bus operators. In January 2005 Tcard was introduced for over 270,000 school students entitled to travel under the School Student Transport Scheme on private bus services in the greater Sydney metropolitan area. The Tcard system is expected to provide a more accurate reflection of the cost of the Scheme and enable the Government to more appropriately distribute funding. Under new metropolitan bus contracts, payments for school travel will be made on the basis of actual student usage.

Community Groups and Private Operators

The Government will continue its commitment to a wide range of concessions and subsidies to various groups so that public transport can continue to assist those groups in accessing services, education and employment.

Payments to private transport operators and community groups, including funding for concessions, are estimated at \$556 million in 2005-06.

In 2004-05 Regional Transport Coordinators within the Ministry of Transport funded over 100 trials of new transport services and other initiatives. These new services are providing reliable access to essential services and recreational activities, in some cases for the first time. In 2005-06 Regional Transport Coordinators will continue trials of new transport services in regional communities.

Transport Infrastructure Improvement

The Transport Infrastructure Improvement Program, funded from the Parking Space Levy, will continue during 2005-06. The Program provides for the construction of interchanges and commuter car parks to improve access to and encourage the use of public transport.

Projects scheduled for 2005-06 include:

- ◆ \$15 million for the Parramatta Transport Interchange; and
- ◆ \$25.9 million for bus stations on the North West Transitway, linking Mungerie Park, Blacktown and Parramatta.

Capital Expenditure

The Ministry of Transport's capital program of \$11.2 million for 2005-06 includes \$11 million as a contribution toward the cost of improving rail freight infrastructure in the metropolitan region.

INDEPENDENT TRANSPORT SAFETY AND RELIABILITY REGULATOR

The principal objective of the Independent Transport Safety and Reliability Regulator (ITSRR) is to facilitate the safe and reliable operation of transport services in New South Wales. ITSRR's core business activities are:

- ◆ strategic coordination across rail, bus and ferry transport modes to promote consistency in transport safety regulation;
- ◆ administration of the *Rail Safety Act 2002*, which involves accrediting rail operators and undertaking compliance audits and investigations; and
- ◆ monitoring the safety and reliability performance of rail, bus and ferry sectors and undertaking related research projects.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

ITSRR is the primary regulator for the rail industry in New South Wales and monitors and advises Government on issues related to the safety and reliability of publicly funded transport services. ITSRR also undertakes a co-ordination role for safety of rail, bus and ferry transport.

Expenditure of \$17.4 million in 2005-06, ITSRR's second full year of operation, provides services for accreditation, audit and compliance of rail operators, monitoring and reporting on safety of rail, bus and ferry and promoting consistency of safety regulation across the transport sectors. ITSRR will also have a major role in monitoring and reporting to Government on the implementation of the final recommendations of the Waterfall Special Commission of Inquiry.

Following the outcome of the Waterfall Inquiry, conduct of independent investigations to determine the cause of a major transport accident or incident will be undertaken by the Chief Investigator of the Office of Transport Safety Investigation which will be independent from ITSRR. Full separation of the Chief Investigator's functions from ITSRR will take place from 1 July 2005. In 2005-06 \$1.9 million will be available for the Chief Investigator and the Office of Transport Safety Investigation. Compliance investigations will be retained within ITSRR.

STRATEGIC DIRECTIONS

Key priorities for the Regulator working in partnership with stakeholders in 2005-06 are:

- ◆ ensuring operators have effective safety management systems;
- ◆ facilitating a continuously improving safety culture for operators;
- ◆ alerting industry to potential safety issues;
- ◆ informing Government and the community on service reliability; and
- ◆ ensuring consistent application of safety activity and reporting across transport modes.

ITSRR will provide assistance to industry to implement safety management systems and to promote a safety culture. ITSRR will also conduct safety investigations, provide safety regulation in line with legislative standards, conduct education programs and monitor and report on service reliability.

2005-06 BUDGET

Total Expenses

Total expenses for the Regulator are estimated at \$17.4 million in 2005-06.

Funding includes \$14.1 million for safety regulation, \$1.9 million for investigations into accidents and incidents involving transport services and \$1.4 million to advise the Government and the community on service reliability and the extent to which transport operators are meeting their service obligations.