

MINISTER FOR TRANSPORT SERVICES AND MINISTER FOR THE HUNTER

OVERVIEW

<i>Agency</i>	<i>Budget 2003-04 \$m</i>	<i>Budget 2004-05 \$m</i>	<i>Variation %</i>
Ministry of Transport			
Total Expenses	2,487.9	2,656.4	6.8
Asset Acquisitions	40.8	16.2	-60.2
Independent Transport Safety and Reliability Regulator			
Total Expenses	n.a.	17.1	n.a.
Asset Acquisitions	n.a.	...	n.a.
Office of Co-ordinator General of Rail			
Total Expenses	1.7	n.a.	n.a.
Asset Acquisitions	n.a.	n.a.
Waterways Authority			
Total Expenses	80.4	77.0	-4.2
Asset Acquisitions	15.3	16.0	4.3
Total, Minister for Transport Services and Minister for the Hunter			
Total Expenses	2,570.0	2,750.5	7.0
Asset Acquisitions	56.1	32.2	-42.6

TRANSPORT SERVICES RE-STRUCTURING

Important reforms have been implemented within transport services since April 2003. The changes are focussed on improving the safety, reliability and cleanliness of the public transport system within New South Wales.

These reforms include the:

- ◆ establishment of the Independent Transport Safety and Reliability Regulator, which is responsible for investigating transport accidents, setting safety standards, making recommendations on performance standards and conducting safety and performance audits;

- ◆ establishment of Rail Corporation New South Wales (RailCorp) through the integration of the greater metropolitan region functions of the Rail Infrastructure Corporation, with passenger operations of the State Rail Authority. This is to provide greater co-ordination between infrastructure delivery and service planning and increase the safety and reliability of rail services;
- ◆ implementation of initiatives resulting from the *Ministerial inquiry into sustainable transport in New South Wales*, conducted by Professor Tom Parry and the *Review of Bus Services in New South Wales*, undertaken by the Hon Barrie Unsworth; and
- ◆ implementation of the agreement between the Commonwealth Government and New South Wales for the Australian Rail Track Corporation to lease, operate and manage non-metropolitan and metropolitan freight rail lines.

MINISTRY OF TRANSPORT

The role of the Ministry of Transport is to: provide independent and considered policy advice; act as the purchaser of public transport services from government and non-government service providers; provide strategic, financial and budgetary co-ordination for the transport portfolio; and provide general support for the Minister for Transport Services. This includes strategic advice on rail, bus and ferry services, including management and reform of the school student and community transport schemes.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

During 2003-04, the Ministry oversaw two significant inquiries into public transport, the Parry Inquiry into Sustainable Public Transport and the Unsworth Review of Bus Services in New South Wales. Reforms to ferry operations were also introduced, focusing on the corporatisation of Sydney Ferries from 1 July 2004, as well as reforms to the taxi industry.

STRATEGIC DIRECTIONS

The Ministry of Transport was established from 1 July 2003 as part of a range of reforms announced by the Minister for Transport Services. Increased accountability and transparency at all levels of the transport system is essential to further improving the public transport system. Reforms are designed to clearly separate regulatory responsibility from policy and operational responsibility and to deliver efficient, reliable, safe, clean and cost effective public transport solutions that meet the community's needs.

A key strategy in 2004-05 is the further development of the Integrated Ticketing project to be introduced across the public transport network of the greater metropolitan region. Capital and development costs, estimated at \$167.5 million, are to be financed by transport operators, with \$54 million available in 2004-05. During 2004 there will be a trial of the ticketing system with students who travel to school under the School Student Transport Scheme.

2004-05 BUDGET

Total Expenses

Total expenses in 2004-05 are estimated at almost \$2.7 billion, an increase of \$168.5 million, or 6.8 percent on the 2003-04 Budget.

Reform Initiatives

- ◆ A Transport Reform Taskforce has been established to oversee the implementation of the Government's responses to the Parry Inquiry to ensure a whole-of-government approach to delivering reforms.
- ◆ Development of new contracting, planning, funding and regulatory arrangements for the provision of bus services will continue. In the metropolitan area revised contracting arrangements will result in new, larger contract regions to better reflect travel patterns. The new regions support strategic corridors providing fast, frequent and direct services between key centres.
- ◆ An amount of \$20 million including \$15 million from the Roads and Traffic Authority will be available in 2004-05 for a range of Bus Priority measures such as bus lanes, priority traffic signals and bus bays. This is an increase of \$5 million, or 30 percent on last year.
- ◆ New South Wales will provide \$4 million (\$2 million in 2004-05) to jointly fund, with the Commonwealth, the Transport and Logistics Centre of Excellence. The Centre will work with key stakeholders to support career paths for rail workers and ensure skills are maintained in the industry.

Safe, Reliable and Clean Rail Services

In the coming financial year, \$350 million more will be available for passenger rail services. Increased support is available for operating expenditures, including maintenance of rollingstock. There has also been a substantial boost to funding available for major capital works, including the Rail Clearways Program and additions to the passenger rail fleet. Fleet acquisition will be complemented by a Public Private Partnership arrangement to fast track replacement of non air-conditioned rail carriages.

The recent agreement between New South Wales and the Australian Rail Track Corporation for lease of the interstate freight lines enables the reallocation of resources to passenger rail. The agreement, which is a landmark in rail services, not only facilitates the development of a national rail freight network, but also promises to improve the standard of the country rail network with an investment of more than \$818 million over the next six years.

In 2004-05 the Ministry will provide:

- ◆ \$1.1 billion in recurrent grants to RailCorp to fund CityRail and CountryLink rail services. This is an increase of \$133.5 million, or some 13.6 percent, on last year's Budget;
- ◆ capital grants to RailCorp of \$422.1 million, an increase of \$138.9 million or nearly 50 percent on the 2003-04 Budget; and
- ◆ \$107.1 million in grants to the Transport Infrastructure Development Corporation for the the Epping to Chatswood Rail Line.

RailCorp's total asset acquisition program in 2004-05 of \$553.9 million is funded by \$422.1 million in grants, \$80 million in RailCorp borrowings and \$51.8 million from the sale of surplus RailCorp assets and other available funds. The program continues the focus on safety initiatives, as well as enhancements to customer amenity, including improved access, security and passenger information.

Key capital projects in 2004-05 are:

- ◆ \$18 million for vigilance control systems across the suburban electric fleet;
- ◆ \$18.3 million for Easy Access station upgrades at Gymea, Gordon, Granville, Thirroul, Kingsgrove, Blaxland, Helensburgh, Bulli, Lakemba, Mortdale and Wyong;
- ◆ \$28.8 million for traction power supply upgrades to improve the capacity of the network to cater for new generation trains and growth in the fleet; and
- ◆ development of a new rail station at North Warnervale.

During 2004-05, the interstate track and Hunter Valley rail freight corridors in New South Wales will be leased to the Australian Rail Track Corporation (ARTC). Under the terms of the lease, ARTC will operate and maintain the main interstate and freight lines for a period of 60 years. ARTC will also manage the country regional network, or branch lines, on behalf of New South Wales. Some \$110 million has been allocated for maintenance of the country regional network in 2004-05.

The Transport Infrastructure Development Corporation is a State owned corporation which commenced operations on 1 January 2004. It was established to deliver the Epping to Chatswood Rail line and other major transport infrastructure projects such as Rail Clearways. In 2004-05, \$495 million (financed by grants of \$107.1 million and \$387.9 million from borrowings) will be spent on construction works for the Epping to Chatswood Rail line including transport interchanges at Parramatta and Chatswood. The project is due for completion in 2008.

Rail Clearways

The complexity of the CityRail system means that delays in one part of the network cascade through the system. The Rail Clearways plan will separate the existing 14 lines into five independent sectors to deliver more frequent and reliable services, to remove bottlenecks and minimise delays on the metropolitan network. More than \$1 billion, to be funded by RailCorp borrowings, will be spent over the next six years on the plan.

An amount of \$80 million will be available in 2004-05 for various works including:

- ◆ commencement of the Revesby Turnback (\$40 million), Hornsby Platform 5 (\$60 million) and an additional platform at Berowra (\$6 million);
- ◆ completion of the Bondi Junction (\$55 million) and Macdonaldtown (\$17 million) turnbacks; and
- ◆ planning works for the Cronulla line duplication (\$145 million) and the Lidcombe (\$50 million) and Homebush (\$25 million) turnbacks.

Rollingstock

The Government will fast track the replacement of all non-air-conditioned carriages over the next six years with a \$1.5 billion program for 498 air-conditioned carriages. The carriages were scheduled to be replaced over 10 years from 2007. The accelerated program will be undertaken as a Public Private Partnership and will include both capital and on-going maintenance of the carriages.

Other key projects for 2004-05 include:

- ◆ \$102 million for ongoing delivery of Stage 2 of the Millennium train cars;
- ◆ \$50.1 million for ongoing construction of 41 new outer suburban cars to serve the Lower Blue Mountains, Illawarra, the South Coast and Central Coast; and
- ◆ \$59.5 million for ongoing construction of 14 new Hunter Valley rail cars.

Safe Reliable and Clean Bus Services

In 2004-05 recurrent funding payments for State Transit Authority bus services, including the School Student Transport Scheme and concessions, are estimated at \$237.6 million. This is a \$22.9 million increase over funding provided in the 2003-04 Budget.

State Transit Authority's \$89.9 million capital works program for 2004-05 includes:

- ◆ \$69 million for 160 new buses for the Sydney network;
- ◆ \$5 million for 12 new buses for Newcastle; and
- ◆ \$4 million for upgraded video surveillance on the existing bus fleet and the replacement of bus radio equipment.

Safe Reliable and Clean Ferry Services

Sydney Ferries is to be established as a State owned corporation, independent of the State Transit Authority from 1 July 2004. This is designed to achieve service and operational improvements and greater transparency and accountability.

Recurrent funding payments to Sydney Ferries, including the School Student Transport Scheme and concessions, are estimated at \$43.4 million in 2004-05.

Sydney Ferries' \$4.9 million capital works program includes:

- ◆ \$3 million for upgrades to Manly Ferry control systems, vessel management systems, wharf redevelopment and fleet radar; and
- ◆ \$0.8 million for refurbishment to the Balmain Shipyard wharves and environmental controls.

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 needed services, education and employment.

Payments to private transport operators and community groups are estimated at \$474.6 million in 2004-05. This represents an increase of \$30.7 million over the 2003-04 Budget. In 2004-05 the Ministry will trial an electronic card system for use by people with severe and permanent disabilities who are eligible for taxi transport subsidies. This initiative is aimed at better meeting the needs of people with disabilities and improving management of the scheme by removing the opportunity for fraudulent claims.

The Government has also introduced a three-year \$6.6 million plan to improve country and regional transport for the elderly, young people, the disabled and people living in remote areas. The Regional Transport Co-ordinators in 11 regions will be responsible for identifying and resolving local community transport problems. In 2004-05, \$2.2 million will be available for the program.

School Student Transport Scheme

The School Student Transport Scheme 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.

School Student Transport Scheme payments in 2004-05 are estimated at \$469.1 million.

The six year costs and trends under this Scheme are as follows:

School Student Transport Scheme Costs

		1999-2000	2000-01	2001-02	2002-03	2003-04 Estimate	2004-05 Estimate
Beneficiaries ^(a)	'000	664.9	671.8	674.8	649.8	658.8	667.1
Total costs ^(b)	\$m	378.1	385.7	406.1	431.5	448.3	469.1
Total cost per beneficiary	\$	568.7	574.1	601.8	663.9	680.4	703.2

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

(b) Inclusive of payments to RailCorp and STA

During 2004 there will be a trial of the new Integrated Ticketing project with students who travel to school under the School Student Transport Scheme. The trial is expected to provide a more accurate reflection of the cost of the scheme and enable the Government to more appropriately distribute funding.

Transport Infrastructure Improvement

The Transport Infrastructure Improvement program, funded from the Parking Space Levy, will continue during 2004-05. The program provides for interchanges and other commuter facilities such as car parks, to improve access to and encourage the use of public transport.

Projects scheduled for 2004-05 include:

- ◆ \$1.8 million for Emu Plains interchanges and commuter car park;
- ◆ \$15 million for Parramatta and Chatswood interchanges as part of the Epping-Chatswood Rail Link; and
- ◆ \$20 million for bus stations on the North West Transitway.

Asset Acquisitions

The Ministry's total capital program for 2004-05 is \$16.2 million. The Ministry is continuing the implementation of the SAP Integrated Information System. The project provides for improved management of the School Student Transport Scheme, concessions and travel schemes, grants and subsidies and Corporate planning. The program also includes \$11 million toward the cost of improving rail freight infrastructure in the metropolitan region.

INDEPENDENT TRANSPORT SAFETY AND RELIABILITY REGULATOR

The Independent Transport Safety and Reliability Regulator (ITSRR) was established as a statutory authority (by amendment to the *Transport Administration Act 1988*) and became operational from 1 January 2004. The principle objective of ITSRR is to ensure the safe and reliable operation of transport services in New South Wales. ITSRR's core business activities are:

- ◆ improved regulatory co-ordination in transport;
- ◆ administration of the *Rail Safety Act 2002*, including accrediting rail operators and undertaking compliance audits and investigations;
- ◆ monitoring the safety and reliability performance of transport operators; and
- ◆ investigation of serious incidents and oversight of other investigations by the Office of the Transport Safety Investigator, which is an independent arm of ITSRR.

Safety regulation and safety investigation of rail services were previously undertaken by the Transport Safety Bureau within the Ministry of Transport.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

ITSRR is the primary regulator for the rail industry in New South Wales. It is responsible for the accreditation and audit of rail infrastructure owners, operators and maintainers and also for the audit of bus and ferry operators and the operations of their accreditation authorities. ITSRR advises Government on issues related to the safety and reliability of publicly funded transport services.

Funding of \$17.1 million in 2004-05, more than doubles previous allocations for safety monitoring activities, and demonstrates the Government's commitment to transport safety and reliability in all transport modes.

A number of key projects will be undertaken in 2004-05 including:

- ◆ implementing systems to measure safety and reliability performance, researching and identifying safety issues and communicating results to Government and the community;
- ◆ establishing polices and procedures for conducting investigations, accreditation and compliance activities;

- ◆ assisting industry with safety management systems and promoting a safety culture; and
- ◆ educating the industry and the community in all aspects of safety management.

STRATEGIC DIRECTIONS

Key priorities for the Regulator in 2004-05 are:

- ◆ ensuring effective safety management systems are established;
- ◆ promoting a continuously improving safety culture;
- ◆ alerting industry to potential safety issues; and
- ◆ informing Government and the community on service reliability.

2004-05 BUDGET

Total Expenses

Total expenses for the Regulator are estimated at \$17.1 million in 2004-05.

Funding includes \$13.3 million for co-ordination of safety regulation, \$2 million for investigations into accidents and incidents involving transport services and \$1.8 million to advise the Government and the community on service reliability and the extent to which transport operators are meeting their service obligations.

OFFICE OF CO-ORDINATOR GENERAL OF RAIL

The Office of Co-ordinator General of Rail was established in June 2000 to manage and co-ordinate functions between various rail agencies. The Office was also responsible for reviewing the effectiveness of contractual arrangements between rail agencies to achieve reliable service standards for CityRail services.

Reforms announced by the Minister for Transport Services in April 2003 to address the safety and reliability of transport services, included the establishment of the Independent Transport Safety and Reliability Regulator from 1 January 2004. The Office of the Co-ordinator General of Rail was abolished on 31 December 2003.

WATERWAYS AUTHORITY

Waterways provides a range of services and funding to ensure the safety of the boating public and broader community. This includes the issue of recreational boating licences, registration of recreational, commercial and hire and drive vessels, commercial vessel surveys, on-water events, mooring management as well as promotion and education programs for the safety and protection of the marine environment.

Waterways plays a key role in the co-ordination of marine emergencies and oil pollution responses and is responsible for ensuring that the port corporations carry out the Minister's port safety functions in accordance with the Port Safety Operating License. It is the lead agency for port security in New South Wales. Waterways is also responsible for auditing the safety of commuter wharves, providing marine infrastructure such as building boat ramps and public wharves and jetties, removal of rubbish from Sydney Harbour and nearby waterways and providing sewage pump-out facilities in Sydney Harbour and Myall Lakes.

Waterways owns assets including the bed of the harbour in Sydney, Botany Bay, Port Kembla and Newcastle. Further responsibilities include the management of the regional ports of Eden and Yamba.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Waterways' core business revenues are derived from charges collected from boating clients and property and wetland management.

STRATEGIC DIRECTIONS

Waterways is committed to working with all sectors of the boating community, marine industry, all levels of government and the general community to strive for equity, safety and environmental sustainability in the use of our waterways.

Waterways has developed a number of strategies to meet its objectives of promoting safety on all navigable waterways and minimising the impact of waterways users on the marine environment, including:

- ◆ improving the knowledge of waterways users regarding the safe operation of recreational vessels through the issue of licences, educational programs (including boating safety seminars and advertising campaigns), the provision of waterways information on the internet and the establishment and support of user groups;
- ◆ licensing commercial vessels and operators and, where applicable, providing appropriate conditions under which an operation is to be carried out;

- ◆ installing and maintaining navigation aids and signs;
- ◆ licensing on-water events and providing conditions to be met by licensees;
- ◆ undertaking environmental assessments of on-water events prior to approval in order to minimise adverse environmental impacts;
- ◆ undertaking environmental services that contribute to clean waters;
- ◆ participating in government environmental and open space improvement initiatives designed to protect and enhance the natural cultural elements of the seabed and foreshores;
- ◆ reducing sewage pollution from vessels;
- ◆ protecting the marine environment from pollution from oil spills, marine pests, impact from vessel wash and noise; and
- ◆ ensuring that all NSW ports comply with Commonwealth maritime security legislation as well as ensuring that port corporations have appropriate maritime security response arrangements in place and adhere to the requirements of the Port Safety Operating License.

Strategies developed in relation to Waterways' property assets are:

- ◆ developing and maintaining maritime facilities or renewing existing assets through the capital works program and, where possible, facilitating private sector development;
- ◆ managing disposal of non-core assets and ensuring a sound financial return to Government;
- ◆ managing the regional ports of Eden and Yamba to optimise their contribution to the economic development of their respective regions and the State;
- ◆ providing advice on major planning and environmental matters involving wetland development and usage;
- ◆ assessing foreshore development plans and applications through balanced consideration of community and commercial needs; and
- ◆ managing the residual responsibilities of the former Maritime Services Board.

2004-05 BUDGET

Total Expenses

Total expenses in 2004-05 are expected to be \$77 million. This includes providing recreational boating functions involving the promotion of safety and environmental protection on the water through boat licences and registrations, patrols, education, seminars, publications, compliance and enforcement activities.

Funds will be spent conducting commercial vessel surveys, environmental services in Sydney Harbour and Myall Lakes, navigation aid maintenance, accident investigation, construction of key waterway infrastructure as well as conducting safety audits of commuter wharves.

There will also be expenditure on place management of maritime precincts and on maintenance of key assets such as commuter wharves and the remediation of Homebush Bay.

Asset Acquisitions

The total capital program for 2004-05 is \$15.9 million. This includes refurbishment and enhancement of Manly Wharf, new infrastructure for the Rozelle Bay maritime precinct, restoration of the Dawes Point seawall and completion of the redevelopment of Walsh Bay 2/3.

The renewal of assets such as vehicles and vessels to support the regulatory compliance and operational requirements is a necessary commitment. This includes the acquisition of vessels and outboard engines, the continued development of the computerised integrated management system and graphical leasing system, installation of navigation aids and waterway signage improvements.