

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Minister Allan, Public Transport, Wednesday, 30 May 2018

Question

1. With respect to renegotiating public transport contracts:

a. Please provide details of some of the specific activities that will need to be undertaken by public transport operators in order to receive the increased payments?

b. Why would the increased payments go to operators now rather than after these required activities?

Response

1a. Over the life of the seven-year franchise contracts, which commenced on 30 November 2017, Metro Trains Melbourne is expected to be paid approximately \$786 million per year, and Yarra Trams is expected to be paid approximately \$297 million per year to operate and maintain the network.

These increased payments are as a result of an expanded maintenance and renewal programme. The additional funding will be invested in renewing and improving the network to ensure the hundreds of millions of passengers who use trains and trams each year are able to get to their destinations on time and safely.

Increasing the funding to operators to undertake works such as upgrades to overhead and signalling infrastructure, tracks, depots, stations and stops, bridges, service roads and operational control systems allows the Government to boost the reliability and performance of the network and provide better services.

The operators are obliged to deliver the maintenance and renewal program committed in the contract, and can be penalised for faults in the network that impact services.

1b. Maintenance and renewal funding for these asset classes are held in escrow, and are not paid to the operators until associated works are complete.

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Question 3

3. With respect to High Value, High Risk projects related to the portfolio, please advise the full budget, including: construction component; project management component; governance component; risk component; advertising and marketing component; and preprocurement component (i.e. preparation of tenders and specifications).

Response

A list of projects monitored under the High Value High Risk Framework, including those falling within the Public Transport portfolio, is available on page 20 of Budget Paper 4.

Budget Paper 4 also provides details of total estimated investment (TEI) for capital projects, including High Value High Risk projects, with projected expenditure to 30 June 2018 and beyond.

Full project budget breakdowns are unable to be disclosed due to this information being commercial in confidence or commercially sensitive.

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Question 4

4. For the \$103 million payment for four additional X'Trapolis trains, please advise how much is:

- a. to be paid directly to Alstom
- b. for the tender process
- c. for the oversight of the contract.

Response

The 2018-19 State Budget provides \$103.5 million to purchase an additional five 6-car X'Trapolis trains to meet increasing demand on the metropolitan network, retaining high skilled jobs in Ballarat where the trains are manufactured by Alstom. The amount to be paid directly to Alstom is commercially sensitive. The \$103.5 million total includes a standard percentage for Victorian Government project management, contractual costs, spare parts and ancillary items (such as communications equipment), risk, and contingency. Government project management costs, including oversight of the contract, are less than two per cent of the \$103.5 million total.

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Question 5

5. With respect to the InnoTrans Conference in Berlin in September 2018, please advise:

- a. How many employees are expected to attend the conference?
- b. What is the expected cost of this attendance?

Response

5a. InnoTrans is the world's largest transport technology trade fair, held every two years in Berlin, Germany. The composition of Victorian Government representation is not yet confirmed. A Victorian delegation to InnoTrans 2018 would provide a key opportunity to promote the Victorian rolling stock industry to the global market, in line with the Government's Transport Technologies Sector Strategy and the Victorian Rolling Stock Strategy – Trains, Trams, Jobs 2015-2025.

5b. The cost of attendance is expected to be in line with public sector guidelines for overseas travel.

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Question 6

6. With respect to the performance measure ‘commercial passenger vehicle industry participants conform to key safety requirements’, given that the taxi commission will be in operation on 1 July, please advise what the target will be going forward.

Response

This is a new measure and the 2018-19 target will be set later in 2018 following the making of the new Commercial Passenger Vehicle Industry Regulations in June 2018. Following a period of public consultation on the Regulations, the new requirements in the Regulations have staged commencement, as published in the Victorian Government Gazette on 21 May 2018. New requirements in the Regulations, which will commence from 1 March 2019, are the introduction of the requirement for maintaining a register of safety risks, and the requirement for notifying the regulator of notifiable incidents. A target will be set later in 2018 when appropriate safety data becomes available and the new requirements are being implemented. In the meantime, the Taxi Services Commission will continue to work closely with the regulated industry participants and other safety regulators (in Victoria and interstate) to deliver the strengthened safety requirements introduced by the Government’s recent legislative reforms.

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Question 7

7. With respect to the performance measure 'Overall satisfaction with level of commercial passenger vehicle regulatory service provided by the Taxi Services Commission', please advise

- a. Why is the target for this measure is set so low?
- b. Is the measure directed at passenger satisfaction or operator satisfaction?

Response

The measure is directed at the commercial passenger vehicle services industry. That is, the people and businesses who are in contact with the Taxi Services Commission for regulatory services such as driver accreditation, or vehicle registration. This is a new measure to capture satisfaction levels from the existing and new industry participants in a much larger regulated sector.

The target has been set at 55 per cent because regulatory services in 2018-19 are being delivered during a period of unprecedented change and adjustment for the industry and the regulator. The regulated industry is many times larger than previously was the case. For example, the number of licensed vehicles has grown by over 400 per cent since October 2017 when previously high taxi and hire car licence fees were abolished.

Following the implementation of the final legislation and new Regulations from July 2018, the Taxi Services Commission will review this performance measure's results, use those results to improve its regulatory services, and consider increasing the target for future years.

There is a separate performance measure which is passenger-focussed: *Safety and quality rating for commercial passenger vehicles available for booked and unbooked services.*

PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Question 8

8. What modelling has been undertaken of the improvements that will result for regional travellers from the signalling works on the Dandenong line?

Response

Regional travellers will benefit from a range of works on the Gippsland corridor. Projects that will improve services for Gippsland line passengers include the Metro Tunnel project, the removal of twelve level crossings, with nine already gone and a massive signalling upgrade.

The signalling project allows more trains to run closer together and will improve the operation of both Metro and Regional trains.

New signalling is required on the Dandenong corridor to manage the transition to the new High Capacity Metro Trains and enable additional services to run on the corridor. Performance is expected to improve once the full complement of new trains has been deployed on the corridor. Modelling is currently being undertaken by Metro Trains Melbourne and V/Line to confirm this assessment as part of the timetable development process.