

**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**Inquiry into budget estimates 2009–10**

Melbourne — 13 May 2009

Members

Mr R. Dalla-Riva  
Ms J. Huppert  
Ms J. Munt  
Mr W. Noonan  
Ms S. Pennicuik

Mr G. Rich-Phillips  
Mr R. Scott  
Mr B. Stensholt  
Dr W. Sykes  
Mr K. Wells

Chair: Mr B. Stensholt  
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Kosky, Minister for Public Transport,  
Mr J. Betts, Secretary,  
Mr R. Van Kuyk, Deputy Secretary,  
Mr R. Oliphant, Chief Financial Officer, and  
Mr H. McKenzie, Director of Public Transport, Department of Transport.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolio of Public Transport. I welcome on behalf of the committee the Honourable Lynne Kosky, Minister for Public Transport, and departmental officers. Members of the public and the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers requested by the minister or her chief of staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, to be verified and returned within two working days. In accordance with past practice, the transcript and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial performance information that relates to the budget estimates for the portfolio of Public Transport.

**Ms KOSKY** — Thank you, Chair, and thank you for the opportunity. Our public transport system, as you know, is carrying more people than ever before, so we are at record levels. Metropolitan travel — train, tram and bus combined — is at an all-time high, and regional rail is at a 60-year high. The growth in the number of people choosing to use metro rail has been astonishing, and this has happened in a very short period of time. Not only are Melburnians making more metro rail trips than ever before, but the trips they are making are longer, as our city has expanded.

#### **Overheads shown.**

**Ms KOSKY** — This graph shows that in 1950 the average trip distance was 12.2 kilometres; today that figure is 18 kilometres. So there are more trips and greater distances. Put simply, the train system is working far harder today carrying more people for greater distances than it ever has before. If we look at trains, on the next slide, we can see that the number of people using trains has risen from 124 million boardings in 1999 to an expected outcome for this financial year of 220 million boardings. In 2006–07 patronage rose by 12.2 per cent; in 2007–08 it rose by 12.7 per cent. These are extraordinary figures, and we are expecting patronage to increase again this year. I am not aware of any other jurisdiction with patronage growth such as this in such a short space of time.

People are also using our trams more. Whilst the growth is not as much as on the train network, it has been increasing as well. The expected outcome for this financial year is 174 million boardings. This year's jump is 9.9 per cent — that is for the calendar year. That is after growth never higher than 3.6 per cent between 2000–01 and 2007–08. So we are seeing tram patronage now starting to increase quite significantly as well.

Bus patronage has been increasing at very high levels. It has risen from 79.1 million boardings in 2005–06 to an expected outcome for this financial year of 101.2 million boardings. Last calendar year bus patronage increased by an astonishing 12.9 per cent. That was incredible growth in the calendar year and the highest rate of growth since the 1949–50 financial year. We are seeing growth that we have not seen for long periods of time. Of course, we have made major investments and improvements in bus services, so the response has been taken up by increased patronage.

Regional rail as well has shown spectacular growth. I think it is a clear vindication of our investment in reopening lines and in regional rail and it has really paid dividends to regional Victoria. In 2007–08 there were over 11 million passenger trips on regional rail, and that is a 60-year high. The expected outcome for this financial year is 13.1 million boardings. That is a 12.9 per cent increase over 2007–08. Of course we had the regional fast rail, which was launched in September–October 2006, and a 20 per cent fare reduction in April 2007. You see that reflected as well in the patronage figures.

Patronage growth over the previous two financial years was 63 per cent. It is just worth mentioning for this two-year period that on the RFR corridors, Geelong, Ballarat, Bendigo and Traralgon patronage increased by 61 per cent, 70.1 per cent, 56 per cent and 109 per cent respectively. There was also an increase in patronage on services to Shepparton at 71 per cent and Swan Hill at 299 per cent. This growth has also been supported with extra carriages. There are 54 on order, 11 are already in the fleet, and we have got a refurbishment program as well as the current fleet.

This increase in patronage growth in public transport has been matched by our record spending and government policy. As you can see from this slide, we have increased spending on public transport infrastructure markedly since 2000–01, both in regional and in metro public transport. A significant part of the dividend from economic growth in the state has been dedicated to public transport. The work we have done was necessary and has been a real step change in our rail system. We are now running a mass transit system into the CBD in the peak.

Much of the spending of recent budgets has been about maximising capacity and removing bottlenecks on the existing network in preparation for new trains, the first of which will arrive later this year. We are now getting as much as we can out of the existing system, adding over 1300 extra services since we have come to office.

This slide shows where the bottlenecks are and what we are doing to remove them and expand capacity. I will move through them very quickly. We have got the Werribee peak train being removed from the city loop, the North Melbourne station upgrade and the reversal of the direction of Epping and Hurstbridge trains in the city loop to remove the conflict between peak outbound trains and city-bound trains at the entrance to the loop and improve reliability. These changes allowed us to add additional peak services; in November 2008 alone it was 328 services.

Projects under way are the Cranbourne stabling and station upgrade, which provides stabling for five trains so that when the new trains come on the tracks they have actually got stabling capacity and they can start at that location. We have the Westall rail upgrade project. We have got the Laverton upgrade. We have got the Clifton Hill rail project, and that is now complete — the duplication over the bridge. We have put a great deal of focus in previous budgets on improving reliability and removing those bottlenecks. This budget now starts our program to expand the metro rail system. We have removed, or are in the process of removing, bottlenecks. Really the next major phase is about expansion.

This budget really delivers on what we set out in the Victorian transport plan. We have got \$562 million to duplicate the single track between Keon Park and Epping and to extend the Epping line through to South Morang. That will secure up to 460 jobs and provide train services to South Morang. It includes duplication of the line, grade separations, a new station and works at existing stations. Then we have \$204 million to electrify the Sydenham line from Watergardens to the growth suburb of Sunbury. This will allow or provide the capacity to add extra services to Sunbury and Watergardens and will secure 240 jobs in construction. We have got \$152.6 million for new railway stations in the west and the south-east in some of our major growth areas. So we have got Williams Landing, Lynbrook and Caroline Springs, which will initially be a V/Line station, with Cardinia Road to be funded once the business case has been completed. These new stations will generate up to 210 jobs in construction.

The budget has \$650 million for 20 new trains to cater for the increasing demand on the metro train network, 19 of which will be assembled in Ballarat, and that will create 50 new jobs. This is on top of the 18 new trains that have been previously ordered and funded. The first of these new trains will arrive later this year.

But it is not just about the metro trains; our trams also need to run efficiently. So while we lease the five Bumblebee trams — and that is a lease — we have allocated \$5 million in this budget to prepare the business plan to purchase up to 50 new low-floor trams and to construct new maintenance and stabling facilities in preparation for their arrival. Between 2006 and next year a total of \$129.2 million will have been spent on DDA accessibility upgrades across the system.

Of course buses are also really critical — I mentioned them earlier — both local buses and SmartBus. SmartBus has been an incredible success, and the rollout of SmartBus continues. The first stretch of the yellow orbital SmartBus commenced operation in March 2008, the red orbital opened in April this year, and this budget delivers almost \$86 million to extend the existing yellow orbital route to Melbourne Airport through Blackburn, Greensborough, South Morang, Epping and Roxburgh Park. This leaves only the green orbital for completion.

Patronage overall on the SmartBus increased 17.5 per cent in 2008. But it is not just SmartBus, it is also local bus patronage which continues to grow — up 13.1 per cent in the last 12 months. So you can see that people are voting with their feet in relation to public transport.

In addition to the further rollout of SmartBus, we have DART — the Doncaster area rapid transit — to improve public transport for people in the Manningham area. That will cost \$112.1 million and will increase bus frequencies to every 10 minutes. It will be rolled out across the four bus routes and will create 280 jobs in construction and 90 jobs for bus drivers.

Just before I finish I want to touch on two more areas, beginning with taxis. We have been working on a major program to improve taxi services. In this budget we have allocated \$4 million for at least 10 safe taxi ranks. This type of infrastructure will include things such as CCTV, improved lighting, pedestrian barriers, weather shelters, signage, seats and road treatments, and we will work in conjunction with local government in terms of the allocation of those. Regional rail, as I mentioned before, has been a great success, so in this budget we have provided \$27 million to reopen train services to Maryborough next year. This will offer 14 weekly trips between Maryborough and Ballarat with onward connections to Melbourne, and it will result in 35 jobs in construction.

Turning to the regional rail link — and you might well ask about this later — today I have had great pleasure in being with the Premier — —

**Mr WELLS** — I am sure the Labor MPs will be all organised to ask you a question.

**Ms KOSKY** — In fact it is a Nation Building project, and I am sure everyone will be interested in it. Last night in the federal budget \$3.2 billion was allocated for the regional rail link, which is a critical part of the Victorian transport plan. The project will cost over \$4 billion, and we will be providing the rest of the support for that project. This is a major project in terms of the expansion of our network. It was our highest priority to the federal government as a part of Infrastructure Australia, so we are delighted it is being funded. Chair, it is worth mentioning that Victoria got 38 per cent of the funds through Infrastructure Australia.

**The CHAIR** — That is for public transport, is it?

**Ms KOSKY** — That is for public transport. So we were the big winners, and that is because we have made a detailed case. It is a fantastic outcome, and I am happy to talk in greater detail about that project if members wish. So this is a great budget for public transport and for all Victorians.

**The CHAIR** — We have until about 4 o'clock for questions on the public transport portfolio. I note the overhead slide was about the Box Hill to Mordialloc bus, which is now the 903, of course, going right around to Altona.

**Ms KOSKY** — Yes, and some people have travelled it all the way around.

**The CHAIR** — It has proved to be very popular. A number of people have come to me and said, 'It is a long trip — particularly without any pit stops!'. I have asked other ministers this, and I would like to ask you the same question, and you might elaborate a bit further on what you were just talking about. What federal grants received by the departments and agencies in your portfolio are in our budget? Perhaps they have even been received subsequently. Could the department provide us on notice with a detailed list and description of these?

**Ms KOSKY** — Yes.

**The CHAIR** — We also want to know about what accountability mechanisms you have in order to make sure this money is spent well.

**Ms KOSKY** — We obviously had to update this information following the announcements last night in the federal budget, so I will run through the various projects. Under the Building Australia Fund, the commonwealth government announced just last night in its budget \$3.2 billion for the Regional Rail Link project. This project will build up to 50 kilometres of stand-alone rail tracks from West Werribee to the Melbourne Southern Cross station. It is the first major investment for Victoria under the Building Australia Fund.

The commonwealth government has also committed \$40 million towards the Melbourne Metro 1 east-west rail tunnel project. That is really to commence the pre-construction planning and design and engineering work. This is a two-staged project, which includes a 17-kilometre, two-track tunnel, with the first stage being between South Kensington and the Domain. This will deliver significant benefits. It is worth mentioning that under the Victorian transport plan that was always a second project, so it is great to have that planning money committed to now. In addition, through the Nation Building Program, which was formerly AusLink, the commonwealth government — I will just keep ploughing ahead.

**The CHAIR** — Keep going. I am listening, Minister, even if the rest are not.

**Ms KOSKY** — The commonwealth is providing \$80 million towards the \$140 million Springvale Road grade separation project. So the rail line at Nunawading will be lowered and a new road crossing will be built over it, which will allow for the smooth flow of traffic and trains. In the nation building and jobs package, the commonwealth government also provided \$30.3 million for the installation of boom gates for level crossings and other safety measures, allowing an additional 59 crossings to be upgraded. The commonwealth government is also continuing to fund projects in partnership with the state, including the Geelong to Mildura rail upgrade and the Wodonga rail bypass.

In terms of accountability for these projects, there is a range of different legislative instruments and bilateral agreements that have been undertaken through the national partnership agreement. These measures include: monthly project reporting, including key milestone and project completion dates; monthly project financial reporting; reporting and assessment requirements to manage and address concerns, if there are any changes to the time lines for the projects; annual audit; and post-project completion evaluation. Also, the national partnerships agreement places emphasis on the timely delivery of projects, with an outcomes-based focus to support economic growth and jobs.

The accountability mechanism for Infrastructure Australia projects funded from the Building Australia Fund, which were announced last night, are yet to be determined, but will be along similar lines, obviously, to those other projects. These are big projects, so we will be working very closely in partnership with the federal government. So that very close reporting, in terms of accountability, is important, and doing that usually on a monthly basis.

**The CHAIR** — Sure. It goes through the Gateway process and you report all that to the federal people, or what?

**Ms KOSKY** — These have already gone through our Gateway process before they were actually put up as projects, so they were.

**The CHAIR** — They went through Gateway 1 and 2; is that right?

**Ms KOSKY** — Yes.

**The CHAIR** — Thank you very much for that.

**Mr WELLS** — Minister, my question is in regard to the costings for the myki project.

**Ms KOSKY** — Yes.

**Mr WELLS** — To date, how much has been spent on recurrent and capital, how much will be spent in the forward estimates on recurrent and capital, how many variations have there been in regard to the costings between the parties, and when will myki be fully implemented and working in Melbourne?

**Ms KOSKY** — There are a few questions there, are there not?

**Mr WELLS** — I think it all relates to the one issue.

**Ms KOSKY** — There are a few parts to the question.

**The CHAIR** — Some may have to be taken on notice, in terms of the details.

**Mr WELLS** — Which ones need to be taken on notice?

**Ms KOSKY** — Okay.

**The CHAIR** — In terms of the details. You asked quite a number of details about changes to various contracts et cetera.

**Mr WELLS** — No, how many variations.

**The CHAIR** — How many variations, I meant.

**Mr WELLS** — How many variations? I'm sure that would be at the forefront of the minister's mind.

**Ms KOSKY** — The original contract value is \$494 million and the cost of operating a ticketing system for 10 years is around \$500 million. This would be the same for either the new or current existing ticketing system. In addition to that, a further \$353 million was approved to June 2017, which covered the cost of changes in scope to the project, the impact of some of the policy decisions that we have made in terms of the coverage of the myki system and also running the existing system a bit longer whilst we were getting the myki system put in place. For example, it will cover keeping the Metcard system running until public transport customers are comfortable with the new system.

So the changes in scope primarily relate to modifications to ticket machines to allow them to take notes, card memory capability, and additional equipment for new public transport services, given that we have put on a lot of extra services. There is additional equipment, obviously, that is required as a result of that. The cost to date, from 1 June 2003 to 31 March 2009: \$400 million has been spent on the project; \$232 million of this relates to capital expenditure, which includes civil works in preparing the network for the new system and the purchase of the new ticketing devices. Payments are made to Kamco when it completes contractual milestones.

So there have been two variations, the initial budget that was announced and then the change that was announced. So there has been that one change, one variation. It is probably worth mentioning the system is now in operation in Geelong, in Seymour, in Ballarat and in Bendigo and is working well. We always said we would have a staged approach to the delivery of myki, both in terms of getting it in cost modes but also the cultural change that is required. It will be introduced in Melbourne later this year. So we are on track. With the milestones that I have always indicated, we are on track to deliver that.

Then it will be fully complete early next year. That is because we have multimodal and you also have a Christmas break in between. Sometimes services change in terms of the timetable and we know that right through that Christmas period people do not necessarily want change introduced when they are focused on some other things. It will be introduced later this year, which is what I have always said, and complete by early next year.

I was down in Geelong the other day and travelled on the buses. It is interesting that there was only one person who bought a paper ticket and one person who bought a myki ticket. All other people had myki tickets. So the take-up is that for almost 50 per cent of journeys that are taken in those locations I have mentioned people are using the long-term reloadable myki cards. It has actually been picked up very, very quickly and it was quite extraordinary watching how people have shifted. But we need to take our time in order to make sure that people are comfortable with the system. Latrobe Valley is the next area to come online. Already 20 000 myki cards have been sold, so people are really moving to it. That is because we have had a very strong education campaign. We have what are called 'myki mates' out there that help people, and the bus drivers — —

**Mr WELLS** — Myki?

**Ms KOSKY** — Myki mates.

**Mr WELLS** — Myki mates?

**Ms KOSKY** — Yes, they are people who help initially. When it is first introduced they help people understand what they need to do. It is just that assistance in helping people shift across. I met two of the women in Bendigo the other day. They had enjoyed the process so much down in Geelong they were keen to do it again

in Bendigo. But also we did a strong education program with the bus drivers and they have been really, really helpful in providing support for people changing over. They have been incredibly helpful.

**Mr WELLS** — The myki mates are part of the overall costings, or is that separate to the costings?

**Ms KOSKY** — No, that is part of the overall costings.

**Mr WELLS** — So there have only been two variations of payments?

**Ms KOSKY** — Yes, that is right.

**Mr WELLS** — You are saying there have been only two variations to contract and payments?

**Ms KOSKY** — Sorry, that is budget that I am talking about.

**Mr WELLS** — No, I am talking about actual payments and variations — what has been requested.

**Ms KOSKY** — We may need to come back to you but I will ask Ray, who has been closely involved, in terms of variations.

**The CHAIR** — That is variations. Just to clarify, Minister and Deputy Chair — —

**Ms KOSKY** — You are talking about variations to contract?

**The CHAIR** — Is it variations to payments and variations to contracts or just payments?

**Mr WELLS** — No, payments and contract. The minister has answered that there have been two variations to contract. We understand that. The issue is now — —

**Ms KOSKY** — It is actually budget I am talking about.

**The CHAIR** — She talked about budget.

**Mr WELLS** — All right. Ray?

**Mr VAN KUYK** — There was a significant change or commercial adjustment in May of last year, which was based off the same budget outcomes, as the minister has indicated. In reality there have been two further adjusting deeds, which are smaller deeds associated with minor issues of scope with where we require either extra services or extra equipment on different stations. I note there has been no change to the original contract price for the supplier, and hence we are still on budget for that.

**Mr WELLS** — So is that three variations?

**Mr VAN KUYK** — Yes, three.

**Mr WELLS** — Three variations?

**Mr VAN KUYK** — Yes.

**The CHAIR** — Thank you for that.

**Ms MUNT** — Can I refer you to budget paper 3, page 235, and can I quote just a part of that:

The 2009-10 targets for the integrated metropolitan public transport services performance measures are based on the current metropolitan train and tram operator franchise agreements. These targets will be reviewed in the second half of 2009 once the new operator franchise agreements are in place.

Could you please update me on how those negotiations are progressing and do you see any benefits to the Victorian commuters coming from those negotiations and that new franchise agreement?

**Ms KOSKY** — It was August 2007 when we announced that the franchises would be put to competitive tender. Certainly the work that had been done showed that the state receives the best value for money, and the Auditor-General's report had shown that. In putting that out to the market, we have attracted very experienced

and incredibly capable public transport operators and maintainers, both domestically and from overseas, to tender for the franchises. An invitation to tender was released in October 2008 to short-listed parties, and they were given four to five months to prepare detailed tenders. The state has received two tram bids and three train bids. We have asked them to put in very detailed bids and they are currently being evaluated. So the short-listed companies for the tram tender are Keolis Downer EDI and TransdevTSL, and the short-listed companies for the train tender are Metro Trains Melbourne, Veolia Transport and Keolis Downer EDI. The new arrangements with the successful train and tram operators will be in place by 30 November 2009.

As part of the work that we did in looking at what we wanted out of the new franchise, we looked at what worked well under the previous franchise agreements but also at changes that we thought would be beneficial particularly for commuters. So there are some changes we want in the new franchise. We focus on strong partnership obviously, service delivery and passenger experience, safety, customer service, management of resources, marketing and revenue, rolling stock management, infrastructure maintenance, and assistance in project delivery.

We have enhanced the operational performance regime by adding to it a new customer experience performance regime. That will focus on bonuses and penalties, but really a range of measures that focus on what customers told us they wanted out of the system. So that has been added as part of that OPR, so that is a change. That includes such items as cleanliness, graffiti removal and customer information. So that is included with a strong emphasis around that.

So it is progressing well at the moment. All of the bids are in, and they are currently being assessed by a range of teams across government and then recommendations will be made to myself as minister and to government.

**Mr RICH-PHILLIPS** — Minister, I would like to go back to the myki implementation, indeed the rollout you spoke about earlier on the buses in the regional rollout. You indicated it was working well, and indeed spoke about your own observations of the usage. With relation to passengers buying myki tickets, can you confirm that there have been problems with the bus driver console for issuing those tickets, as distinct from using prepaid myki cards, and that as a consequence passengers who are seeking to buy tickets are being waved on to the buses without paying because the drivers cannot make the consoles work because they are freezing —

**The CHAIR** — I think, Mr Rich-Phillips, that it is probably a question for another forum, but you might wish to —

**Mr RICH-PHILLIPS** — If you would let me finish it, Chair, you will see how it relates to the budget.

**The CHAIR** — Okay, thank you.

**Dr SYKES** — Less money coming in — it is quite obvious.

**Mr RICH-PHILLIPS** — Thank you, Dr Sykes.

**Ms KOSKY** — It is good to see the coalition working well.

**Mr RICH-PHILLIPS** — Essentially, are you aware of this problem, what is the impact on the farebox if that is indeed occurring and what will you do to remedy it ahead of the rollout in Melbourne?

**Ms KOSKY** — I am not aware of that occurring. Where we have had some issues has been where some passengers touched on with the card and when they touched off they then put the card up again, worried that it had not touched off properly, and that put them back into the system. Every myki account is being checked to make sure that in every instance where this has happened the passengers have been reimbursed. So all passengers will be reimbursed for that, and there is now a modification that has been made so that there is a time delay between being able to touch off and touch on again, so that that does not occur if people are worried that they have not touched off properly.

I will ask Ray, but that particular issue has not been raised with me. There were issues with the bus driver console in terms of the lighting, initially, and the lighting was changed. I think there were some issues about the driver being able to read the console later in the day, but in terms of selling the tickets, that has not been brought to my attention.



**Mr VAN KUYK** — There has been no instance that we are aware of, of any passenger not being able to buy a ticket due to a fault with a BDC associated with buying a ticket.

**Mr NOONAN** — Minister, I would like to ask a question about the regional rail patronage growth. I note that in budget paper 3, page 237, the projected growth as part of this budget is outlined. I was also interested in your opening comments about the metro system and maximising its capacity and removing bottlenecks. So my question really is about how the government will allow for the expansion of patronage in the regional network and ensure that the metro train services can also grow.

**Ms KOSKY** — There are a number of projects under way at the moment to remove bottlenecks around the metro system, which then means that when the new trains start to come on board later in the year there is the capacity within the system to actually provide extra services. We have been progressively removing those bottlenecks. But the project which was funded in the federal budget last night, the regional rail link, is one that will make very significant changes to both the metro system and the regional system. It is up to 50 kilometres of extra track. It is worth mentioning that it is actually the first brand-new rail line that will be put down since the Glen Waverley line, which I think was in the 1930s. So this is a big shift.

**The CHAIR** — I think the Alamein line was extended to Alamein as well.

**Ms KOSKY** — No, but I think there may have been track already. This is brand-new laying of track that is actually being put down. It is not electrification and not reopening, but it is actually brand-new track. That is the Tarneit link. The first part of that work will be at platforms 15 and 16 at Southern Cross station, and that allows for the regional trains that come in to have a dedicated platform, but it will be a dedicated line all the way along for Bendigo, Ballarat and Geelong trains, so they will be separated from the metropolitan system.

At the moment, because we have had such patronage growth on both the metro and the regional, but particularly the metro, when the regional trains hit the outskirts of the metropolitan train boundary and then have to share track they get caught up with the delays that might be occurring in the metropolitan system, so it just has a knock-on effect in terms of the delays in the system. Providing the dedicated line will mean we can provide extra services on the regional lines, where we need to — and we know that quite a number of them, particularly Geelong, are growing incredibly; I mentioned the figures before in terms of the patronage increase on the different lines — but also what it will do is provide extra space in the metropolitan system. The northern group of lines — you have got the Craigieburn, Sydenham, Sunshine, Williamstown and Werribee lines — will actually be opened up because they will only focus on the metropolitan system. And it will allow for extra services to run along those.

So it is a win-win. It is a win for the regional trains and it is a win for the metropolitan trains, and this was seen as the first really important expansion for us. Before we then proceed with the metropolitan tunnel we need to actually separate the regional from the metro trains. It was mentioned in one of the papers this morning that earlier in the week we had an oil spill with a V/Line train and that then had a knock-on effect to delays with the metro system. Once this is complete, that will not be the case, so it really will provide for the massive expansion of both the metropolitan system and the regional system, and really the northern and western lines, or that northern group of lines, have been the ones that have probably been underdone in the past.

They have not had the investments that some of the other areas have had. This is a great expansion, and given the growth that is occurring in the north and the western regions, this will really provide for that incredible expansion. So it is a very exciting project. I said this morning that it sits alongside two other major projects in our history that really allowed for the incredible expansion of the metropolitan rail system. The first was electrification in the 1910s and the second was the underground city loop, which was in the 1970s. This is the next major step jump. It is incredibly exciting, and works will start later this year on platform 15-16, which is the first part of the work, and the alignment for the Tarneit line will be concluded fairly soon — about where it will actually run — and there will be at least two, probably more, stations along that Tarneit section for the growth that will occur in that corridor as well.

**Mr DALLA-RIVA** — Can I have up the second slide, which was about the rising train patronage — no. 3 on your slide. The chairman says it has just about doubled. I refer to budget paper 3, page 361, under ‘New ticketing solution’. I understand that when the former Premier announced Kemco’s selection as contractor at the time passengers would have had to scan on and scan off at the railway station or on buses and trams. You then

went on to drop that and call it tag on and tag off, and then that was dropped and now you are using the words as mentioned before, touch on and touch off.

At the time of the contract that would have been established, it would have been that passengers would not have had to take their myki cards out of their purses or wallets and place them into the readers, but now, because of the touch on, touch off, it is forcing passengers to remove the tickets, and place them onto the screens as you indicated earlier. You have indicated the rise in train patronage. What I am trying to ascertain in terms of the forward estimates and the impact to the budget is: you are talking about the increase in the train patronage, and passengers are now going to have to take their tickets out, stand and touch on and touch off. What have you actually worked out in terms of the impact on the revenue in any forward estimates where the train operators are expecting a revenue increase based on your new myki system but now they are going to have to delay and slow down the passenger throughput because of the changed position of myki? Have you anticipated anything in the forward estimates for the impact of that to the state government in making up the lost revenue to the rail operators because of that?

**Ms KOSKY** — You obviously need to use the rail system a fair bit more, because when you touch on, touch off, you will do that outside the train. When you use the train system, it is not when you are hopping on the train or when you are hopping off the train that you do it. It is actually a separate system, so that does not delay the process.

**Mr DALLA-RIVA** — The original system was that you would not have to take it out, you would have just walked straight through.

**Ms KOSKY** — No, the original system was — —

**Mr DALLA-RIVA** — You have changed it?

**Ms KOSKY** — You still had to, and you can now. If you have got the card in your wallet, you can put it up against the device; you have to make contact with the device, as you do whenever you use these devices. You cannot have a distance of 1 foot in between the card and the device; otherwise it would be going off if someone moved into the door well and backwards. You do need to touch on and touch off. You talked about the difference in the language. The reason the language has been changed from 'scan' to 'touch' is that that resonated better in terms of what people needed to do — that is, that they need to make contact with the device. You can do it if it is in your pocket or bag, but what we want people to do is to make sure that they can do it as quickly as possible.

You will have seen people when they are scanning, and if the card is in their bag and it is not right up against the outside of the bag, sometimes it does not work. Obviously if you have a busy system, which we do have, you want to make sure that it works first time — that people are not trying to do it through a bag. So that is why the language is touch on, touch off, so that people touch the device and they touch off with the device. Touching off will give them the best fare that is available for the type of travel that they have done.

With the trams, of course, and with the buses, it is actually on the vehicle, but it is actually quicker and certainly once people get used to the system — and there is a short period when people are getting used to the system, because they want to make sure it has worked for them, and they want to see that — once they get used to the system, it is quicker. I note that there were some stories in the papers about tests that were done on the trams a couple of years ago and that it did delay things. That was done in order that changes could be made to the devices and to the touching on and touching off so that there are no delays. In fact it will be much quicker, and bus drivers are reporting to us that it is a much easier system for them. It is much quicker. Because people have got the card, they are not purchasing a single ticket, and they are just moving on and moving off very quickly — much more quickly than when they were using the paper tickets. There is no drop in revenue expected as a result of the introduction of myki, so that the patronage increases that we are expecting are factored into the fare revenue going forward into the forward estimates.

**Ms HUPPERT** — Minister, I refer you to budget paper 3, page 361, under 'Asset initiatives', and I note that for the budget period there is a TEI of \$8.7 million for the metropolitan station and modal interchange upgrade program. Given the importance of car parking and buses for station access, can you tell us what has been done at stations to improve access for passengers?

**Ms KOSKY** — We have been doing a lot of work with park-and-ride facilities and with bike facilities at stations, because what we need to do is not only provide, obviously, the service for people who are using trains and buses but also provide the option for them to get to particularly the stations and the intermodal exchanges, and they can park there so they can actually travel there if the station is not close to them.

What we have wanted to do is to provide flexibility. Some people obviously walk, but some people will drive and some people will ride, and increasing numbers are riding to the station. So we are providing for better car parking and for bike cages as well as improved bus links at railway stations so that people can also get a bus to the station and they can pick the best option for them. There are 219 park-and-ride facilities across the network, so that provides for 36 950 car parking spaces. That is a lot of car parking spaces; that is 30 000 for metro and 6950 for regional. But I think probably everyone around the table knows that as soon as we build them, people do fill them up, and that is really an indication of the levels of patronage growth that we are having as well.

In this year's budget we have provided \$8.7 million over four years as part of the regional stations and modal interchange program. That will provide for in excess of 700 new car spaces, and they will be provided at Marshall, South Geelong, Bairnsdale, Clarkefield and Riddells Creek. That is in addition to new spaces to be constructed and reconfiguration of existing parking areas. The program will also deliver DDA compliance and other passenger amenities.

With the bike cages, we are in the process of putting in more bike cages. We have got 23 cages that were put in in 2008, and another 10 will be rolled out over 2009. Each cage provides for around 26 bikes. We are working with Bicycle Victoria. There is a card that you do touch on in order to get into them. It is actually using the myki technology. You register and pay for the card, and you can actually get that money back if you choose not to use it, but it is really asking for that commitment from people, and then they can access the cage. It is a secure arrangement. There is lighting that is provided at most of the bike cages, and people register.

At the moment they are taking up to 26 registrations. They will monitor how often it is used, because they can look at daily usage and the times they are used, so they will probably be able to expand that. But they are being subscribed to in quite significant numbers. A bike cage takes up about the equivalent amount of space to two car park spaces but obviously takes 26 bikes. That is proving very popular. For all new station upgrades we are including those in the upgrades. It really allows for a range of different travel modes.

**Ms PENNICUIK** — Minister, if I can refer you to budget paper 3, pages 236 and 235, at the top of page 236 it estimates, or predicts, a service increase in the trains, measured in millions of kilometres, of about 2.2 per cent. On page 235 it estimates an increase in payments for train services from \$398 million to \$433 million, which is \$35 million or an 8.8 per cent increase. Minister, my question is: given that the three tenders for the trains are still being evaluated, firstly, how can you make that estimation; why is it 8 per cent when the service is only going to be increasing by 2 per cent; and what is that \$35 million made up of?

**Ms KOSKY** — Okay, let me be clear, that is total kilometres scheduled, so that is not services. You said services will only be increased by 2.2 per cent; it is kilometres, so there is a big difference.

**Ms PENNICUIK** — As measured that way.

**Ms KOSKY** — No, because we count the number of services we provide, not in terms of kilometres, and we only have zone 1 and zone 2, so we do not charge on the basis of kilometres travelled. It is only zone 1 and zone 2. If we look at patronage — I showed you the patronage figures — we are predicting probably still over 8 per cent patronage growth in this financial year. Obviously we are not at the end of it, but that is what we are predicting for the rail system. We are predicting about 7 per cent for tram and I think around 8 per cent for bus. Hector will correct me if I am wrong on that. That is patronage; that is the number of paying customers.

**Ms PENNICUIK** — I understand that.

**Ms KOSKY** — So you need to look at that, not the increase in kilometres. But the payments there, if you actually go to the paragraph just above that table, it says:

These targets will be reviewed in the second half of 2009 once the new operator franchise agreements are in place.

We acknowledge that we cannot be complete because the new franchise agreements are not in place. In fact the bids are currently being assessed at the moment, and they will be reviewed in the second half of 2009 once they are in place.

**Ms PENNICUIK** — Minister, the second half of the question was: what are those payments made up of? What is that payment for the train services made up of; what does it consist of?

**Ms KOSKY** — There is a whole range of different factors in that. It is obviously the services that are provided, it is the kilometres that are travelled and it is all the additional services. There is maintenance that is in there; there is — —

**Ms PENNICUIK** — No, the question is: for whoever wins the franchise, what makes up their payment? What are they paid for? How are they paid; by what?

**Ms KOSKY** — Sorry, I do not understand the question.

**Ms PENNICUIK** — Is it, for example, a share of the revenue? Is it a set fee?

**Mr BETTS** — The franchisee receives payments which are basically fixed in advance and those are the costs of operating the business and providing all the services which they are required to operate under their contract with the government minus the proportion of the farebox revenue which is allocated to their business. It is a net cost arrangement; that is how we describe it. That cost basically relates to all the maintenance, the paying of employees, operating the services, power supply, insurance — all the other costs that go with the business — minus the share of the revenue, and it is fixed in advance.

**Ms PENNICUIK** — I just want to clarify something with the minister.

**The CHAIR** — I think you can ask the question next time.

**Mr SCOTT** — As a member who happens to be lucky enough to have an electorate along the Epping line, I am very interested to draw attention to budget paper 3, page 244, and the South Morang rail project. Can the minister outline what the South Morang rail project includes and how it will benefit the community of the northern suburbs?

**Ms KOSKY** — The South Morang project is quite a complicated project, because it is not just the extension from Epping to South Morang, which is 3½ kilometres of track, but there is 5 kilometres of track that will be duplicated between Keon Park and Epping. At the moment that is single track and that will be duplicated as well as a second platform that will be put in at Thomastown because of the duplication.

It also includes the new grade-separated 3.5 kilometre track between Epping and South Morang. But also there is a new premium station at South Morang, and that will also include an intermodal change for bus interchange and there will also be provision there of car parking spaces and bicycle parking as well as pedestrian facilities. It is actually quite an extensive project. It includes three grade separations as well. Dalton Road, Pindari Avenue and Civic Drive will all have grade separations incorporated into the project, which is one of the reasons why it is an expensive project. It is not just about putting the track on the ground; it is actually the duplication of the Keon Park to Epping as well as the works at stations and also the grade separations. Grade separation are quite costly things to do, but we thought it was important to put those in place so it improves the amenity and also the traffic flows around those areas.

It is a detailed project. We have already removed the bottleneck at Clifton Hill, which was really important before we could proceed with this project. Now, with the funding in the budget, obviously we will be able to proceed with the project. As I mentioned, it is more complicated. When we announced it there was a question mark over the costings, but the costings are there because it is more than just putting track on the ground. If we just put a single track all the way through to South Morang, then, yes, you could do it for a cheaper price, but I do not think the local community would be happy and I do not think that would be a proper way that we can provide that track and those services that will be required out to South Morang, so we have committed to that full, 8½-kilometre duplication of track with the surrounding station improvements and also the grade separations.

**Mr WELLS** — Following on the question I had before, you said that there were three variations that we spoke about — I think Ray mentioned three variations?

**Ms KOSKY** — Yes.

**Mr WELLS** — I suspect that one of those variations was the \$1.8 million contract variation regarding the hand-held devices that authorised officers will use to check myki. That was one of the variations?

**Mr VAN KUYK** — That is not a variation per se; that is a change in scope. The variation — —

**Mr WELLS** — Hang on! Hold it!

**The CHAIR** — Let him answer, please.

**Mr WELLS** — No. Hang on a minute. It was publicly reported as a variation.

**Mr VAN KUYK** — Would you like me to answer the question?

**Mr WELLS** — I asked you before how many variations there were and you said three, and now we have another one.

**Ms KOSKY** — Seriously!

**The CHAIR** — Mr Wells, stop interrupting please. Can we have the answer to the question?

**Mr WELLS** — So there is a change in scope?

**Ms KOSKY** — I did indicate in the funding change that was announced that that was due to change-of-scope provisions, so with that amount — that variation — if you want to talk about each individual variation, then there is a range of variations in terms of scope, but they were packaged in terms of the changes that were announced.

**Mr DALLA-RIVA** — That was not what was answered before.

**Mr WELLS** — Can we seek clarification before I ask my question? Is that fair? Is that a fair call?

**Ms KOSKY** — If it is variation in contract — —

**Mr NOONAN** — As long as you wait for an answer.

**Mr WELLS** — No. Can we seek clarification, because what you are saying now is that if there is a change of scope, that that is not a variation.

**The CHAIR** — I think the minister has explained, but try again, Minister.

**Ms KOSKY** — No. What I did say is that in the variations, and certainly when we made the funding increase, there were a range of changes of scope, but it is whether you want to call each one of those changes of scope — and I ran through them; I mentioned a range of them — as each individual variations. I would not. They are changes of scope, then there is a variation to the contract, which acknowledges those changes. Otherwise when we have changed the number of services we have put on, that has had an impact on the cost, which is included in that amount I mentioned. But we have bundled those changes of scope, and then there is a variation to the contract.

**The CHAIR** — That seems an adequate explanation.

**Mr WELLS** — Before I ask my question, can we seek clarification — —

**Ms MUNT** — I thought that was the question.

**Mr WELLS** — No. I asked the question before about how many variations there were. I was told there were three. We have now found out that there are what the minister calls changes of scope. I am wondering whether we can have, before I ask my question, a number — —

**Mr NOONAN** — This is the question.

**Mr WELLS** — No. I got an inaccurate answer on the first one. I got a very inaccurate answer on the first question.

**The CHAIR** — No. You received — —

**Ms MUNT** — That is not true.

**Mr WELLS** — It is. I asked how many variations.

**Ms MUNT** — It is not true.

**Mr WELLS** — I gave an example of a variation, and they do not include that variation.

**The CHAIR** — Mr Wells!

**Ms KOSKY** — The difficulty is a definitional one. If you wanted to ask about changes of scope, you should have asked about that. You should have!

**Mr WELLS** — A contract variation is different from a change of scope?

**Ms KOSKY** — Yes, you do, and in commercial negotiations — —

**Mr WELLS** — So can I ask my question now? Let me ask my question.

**Ms KOSKY** — In commercial negotiations they would clearly make the distinction between both. In commercial negotiations they would make the distinction, so the question — —

**Mr DALLA-RIVA** — Get on, get off !

**Ms KOSKY** — Pardon?

**Mr WELLS** — No, he is talking about the scan on and scan off.

**The CHAIR** — Can we have — —

**Ms KOSKY** — The question has been answered correctly.

**The CHAIR** — I would like members to be respectful, please.

**Mr WELLS** — We would like some accurate answers to our questions. I gave an example, and it was already an increase in variations.

**The CHAIR** — I do not think you are being very respectful, full stop. Do you have a question, now that we have sorted out some definitional issues, to ask the minister regarding the estimates?

**Mr WELLS** — Minister, I would like to ask you about a \$1.8 million contract variation, or change of scope or variation, or words to that effect — —

**Ms KOSKY** — Change of scope, yes.

**Mr WELLS** — Which was agreed to. There was an invoice issued on 22 August 2008, and it was publicly reported. Have there been any problems with the training of authorised officers in country locations where myki is operating in the use of the hand-held devices and with ensuring they are suitable under occupational health and safety standards? And why was there such a large price variation? I would have thought that when you were organising a contract the hand-held devices would be part of the contract anyway, so why pay an extra \$1.8 million? And maybe for some clarity, can a list of the variations or changes of scope be presented to the committee? Could we get a list of them, please?

**The CHAIR** — I am happy for the minister to take the latter part of the question on notice. Insofar as the rest of the question which relates to something that has happened in the past and does not relate to the estimates, Minister, you can elect to answer that one on notice if you wish, but I will pass to the next question.

**Mr WELLS** — No, hang on! In fairness, the hand-held device is part of the ongoing contract, so as part of the forward estimates there are obviously going to be some costs. What we want to know is: why did the authority make the \$1.8 million payment when it would have been part of the overall contract, and in training these officers at the moment are there any problems with OH&S?

**The CHAIR** — I still judge that the question is something to do with the current year and the past and not to do with the forward estimates.

**Ms KOSKY** — I am happy to answer it.

**Mr WELLS** — Thank you.

**Ms KOSKY** — You talked about the regional services and AOs.

**Mr WELLS** — The authorised officers and the hand-held devices.

**Ms KOSKY** — Can I just clarify that it has only been introduced in the buses in regional services and authorised officers are not used on the buses in regional locations where Myki has been introduced, so it actually does not apply there. I will get Ray to respond in terms of the hand-held devices and the additional amount, and then I will respond.

**Mr VAN KUYK** — In accord with the requirements of V/Line and Connex, the capabilities of the hand-held devices, as requested by the users of those particular devices, was changed; that was a scope change, which was bundled into a subsequent variation at a later stage. That capability included the ability for enhanced hardness — that is, shock-proofing of the devices; ease of operation of the devices, so there were software adjustments; plus, in general, the ability of the device to be a more user-friendly device, such that it had a graphical interface that made sense to the operators using those devices. So in all aspects it was due to a capability change and a capability adjustment required by the operators.

**Mr WELLS** — When you said bundled into a variation, that is one of the three?

**Ms KOSKY** — Yes.

**Mr VAN KUYK** — There are three commercial variations, to which there are a range of scope changes bundled into those variations.

**Mr WELLS** — This was eventually bundled into a variation?

**Mr VAN KUYK** — That has been bundled into a variation and is included in the recurrent costs for the ticketing system.

**Ms MUNT** — I refer you to the graphic that is actually on show at the moment which shows that for parts of 2008–09 there were 220 million boardings, and also to budget paper 3, page 235, under ‘Integrated metropolitan public transport services’, where there is a considerable increase in the forecast number of passengers to be carried across our network by bus, train and tram. I know there has been a significant increase in patronage on the Frankston line in my own electorate. Do you have any plans for how to actually cope with that increase in patronage across all modes?

**Ms KOSKY** — You are right; patronage growth has been quite extraordinary and continues to grow. Whilst I think in this next financial year the patronage increase on rail will be somewhat less than it has been in the last two years, it will still be quite high, so it is still tracking at quite significant levels. It is worth mentioning that the major patronage increase is during the peak periods, so that is where we are probably seeing some of the stresses in the system, when we are getting significant numbers of people who are wanting to travel, usually into the CBD. One of the reasons that has occurred is that we have had very significant jobs growth in the CBD, so people are travelling by train. Obviously petrol prices and car parking costs play a part in that, but the

congestion on the roads does as well, so people are moving to all modes of public transport, as I mentioned before, but particularly rail.

I mentioned before that we are doing quite a number of works to actually unblock the network or to remove some of the blockages or bottlenecks that occur in the system. The works that are currently under way include works at Westall which will provide for stabling but will also provide for what are called short starters. It will allow for the trains to be housed there, because when we get the new trains — which will start to arrive later in the year — they do need to be housed around the system so that they are ready to start in the morning. But also, the stabling at Westall means that they can commence from there and they do not have to travel from somewhere else to actually start service there. That will free up capacity along that line. We will be able to provide more services as we get the new trains.

We are doing work at Laverton as well, which separates the Altona loop from the Werribee line. That will help both the V/Line services and the Werribee services. At the moment the tracks cross over one another, so if there is a slight delay, it actually has a knock-on effect right along that Werribee corridor.

We are doing works at Craigieburn, so there are some crossovers that are being provided there. We have finished the works at Clifton Hill. Cranbourne has been completed, and that has got stabling capacity there as well. We are doing all of those works.

At North Melbourne it is more to do with station works and passenger flow because that is a major interchange. They are the bottlenecks that exist in the system. They are all quite costly projects, and they all take a couple of years to deliver. Having said that, we will start to see the benefit of some of those projects even though they may not be complete by the end of next year. We will actually start to see the benefits some time through next year as we remove some of those bottlenecks and the crossing over of tracks, which just have that knock-on effect.

As I mentioned before, following on from that, obviously the regional rail link becomes really important because that will provide for the extra capacity in the system and then followed by the metro tunnel.

We also have the 38 new trains on order, the first of which will arrive later this year. That then means we can actually put on extra services as we untangle the network. We have also removed Werribee from the city loop during the peak period — that goes straight to Flinders Street now, and that actually allows for extra capacity on some of the other lines.

As well what we will be doing — there will be some timetable changes in the middle of this year, which will really focus more on the out-of-peak period and increasing some of the frequencies there. Werribee gets some improvements in frequency on their line in the out-of-peak period as some compensation — there were probably about 30 per cent of people who were disadvantaged from taking Werribee out of the loop; about 30 per cent were advantaged; and for 30 per cent it did not matter.

There is a lot happening right around the system, which is all-important in terms of removing the bottlenecks. That is why the budgets have been so high in public transport — so that we can progressively remove the bottlenecks and then deliver additional services with the extra trains and expand the system that we have.

**Dr SYKES** — Minister, I refer to budget paper 3, page 361. About a quarter of the way down the table there is a line item, ‘improving train operations, rail service efficiencies’ with a total amount of \$111 million. How much of that will be allocated to further works involving Metrol, and what is the total revised cost for Metrol and the completion date?

**Ms KOSKY** — It does not include Metrol. If I can just run through what that package includes: the rail efficiencies package is focused on improvements that need to be made over the next 12 to 16 months to improve services and support major infrastructure as it is delivered. So there are additional station staff who will be provided at CBD stations — 24 full-time staff — to assist passenger flow once they are at stations. Given the growth in patronage that we have seen, it really helps people know where they are going and provides that information and supports them to move around, to really try to reduce the dwell times that are being impacted on by the patronage increases.



There is also the Flinders Street driver decentralisation. The metropolitan network's ability to accommodate additional services during peak periods is currently constrained at Flinders Street station by the need for drivers to change over service at this location. By shifting the driver changeovers to suburban locations, the platform dwell time at Flinders Street station will significantly decrease. Flinders Street is obviously a very busy station.

It also includes train supervisory control and data acquisition replacement. That relates to the system that monitors and controls electrical traction overhead. There is the tram automated vehicle monitoring system replacement. There is V/Line disaster recovery, which is to do with its IT systems. There is V/Line passenger information display systems. That is roughly it, and there are some extra V/Line buses.

That is the rail efficiency package, but Metrol is on time and on budget. The end of 2010 is the time, and the budget is \$87.9 million.

**The CHAIR** — Thank you, Minister. Can we get the slide up regarding the SmartBuses?

**Overhead shown.**

**The CHAIR** — As you can see, it covers a lot of tramlines and train lines and goes through a number of interchanges: Box Hill, Doncaster et cetera. How is this going to actually improve connectivity in the way this has been built?

**Ms KOSKY** — SmartBuses do a range of things. They travel the orbital routes. Even though some people have travelled from one end to the other — —

**The CHAIR** — Yes, from my electorate they have gone right around and then back.

**Ms KOSKY** — It is 4½ hours on the yellow orbital, but it is 9 hours if you actually go back, which some people have done. Believe it or not, there was a competition on a website about who could do it first. It is really about making those cross-town connections. The rail system is a radial system; it really heads into the CBD. And then we have really expanded the suburban bus routes within communities. But the SmartBus orbital is really those cross-town connections.

What is terrific about it is the frequency that they travel at. The yellow SmartBus orbital is every 15 minutes. We know that frequency makes a real difference to patronage, so that where you do increase the frequencies people then do shift and rely on it, so if they miss one they are actually not waiting for a really long period for the next.

Also what is great about the SmartBus is the improvements on the road so that the buses, particularly as they are heading into the traffic light area, have their own particular dedicated bus lane and they can get priority at lights. That makes a huge difference for their running. They are much more reliable and much more frequent, and that is why we have seen incredible patronage growth.

We have got the five SmartBus services that are already in place — the Blackburn Road route 703, routes 888 and 889 on Springvale Road, which is green; we have got route 903, which is red orbital; route 900, which is Wellington Road; and route 901, which is Stud Road. Since each service started patronage has increased between 50 per cent and 110 per cent, and around 9 million trips had been made over the last year.

It is worth mentioning a couple of extra things. The SmartBus service also connects with a lot of the train services, so the timetables complement one another. The red orbital SmartBus from Mordialloc to Altona, which has just recently opened, connects to 11 train stations, 9 tram routes, over 100 bus routes and 11 major shopping centres. It makes those connections for people. The three-star bus services that are orbiting around Melbourne — the red, green and yellow — will connect to 28 train stations, 12 tram routes, over 270 bus routes and 35 major shopping centres.

We have had fantastic customer feedback. I want to share a couple of these. We have had lots of thank-you letters, which is great — as public transport minister I need to say that.

**The CHAIR** — I have had some, too.

**Dr SYKES** — Put this one up on your Facebook! Keep going.

**Ms KOSKY** — When I get time to do a Facebook, I will do that.

**Mr WELLS** — I bet you the myki people are reading the same letter too.

**Ms KOSKY** — They are actually very happy with myki. I have had great feedback on myki.

**Mr WELLS** — I am sure the people who actually own myki would be very happy.

**Mr DALLA-RIVA** — Do you reply to the emails or not?

**Ms KOSKY** — I do reply to emails, actually. You should try me at times.

**Dr SYKES** — I have, Minister. We will talk about that later, Minister.

**Ms KOSKY** — That is right; Bill can speak. So we have got a group of elderly ladies who had a day out travelling the full 4-hour trip from Altona to Mordialloc. There was a traveller who hopped aboard the first service at Mordialloc at 5.00 a.m. and got off at Altona station at 8.35 a.m. He then had a look around Altona — a very good electorate, I have to say.

**Ms MUNT** — Almost as good as Mordialloc!

**Ms KOSKY** — Then he got back on the bus to Mordialloc in time for lunch.

**Ms MUNT** — There you go!

**Ms KOSKY** — And there was an elderly lady travelling the bus on her birthday as a birthday present. It has been incredibly successful. Obviously, the buses are the local, accessible buses, so they have been incredibly successful. But I think what we are seeing in Melbourne in particular now with the bus service is what other cities around Australia have already experienced, because buses have played such a significant role in their public transport. We are now seeing this sort of growth because of the frequencies and also because of the priority that the SmartBuses get. We are just seeing an incredible uptake. It is a whole range of people who are using the SmartBus services. It has been fantastic and obviously complements what is happening with rail and tram.

**Ms MUNT** — Can I just say that the buses themselves are fabulous, too — easy to get on and off.

**Ms KOSKY** — And the bus drivers are terrific as well.

**The CHAIR** — I had some feedback too, Minister, and there was one regret that it did not go to Altona Beach.

**Ms KOSKY** — It is only two blocks to walk down to it.

**The CHAIR** — I know, from the station.

**Ms MUNT** — But it does go to Mordialloc Beach!

**Mr RICH-PHILLIPS** — Minister, I ask you about the status of the Footscray-to-Caulfield rail tunnel, which was an Eddington project. I think it was estimated at about \$4.9 billion in the Eddington report. It does not appear to have been picked up in the projects you have listed in the transport plan in these budget papers. Given the funding that came from commonwealth last night, what is the status and time frame for the implementation of that project?

**Ms KOSKY** — We were always clear with the Melbourne metro tunnel in the VTP — the Victorian transport plan. If you go to the last page you will see it actually indicates that that was never intended to commence until 2013, so that was the plan that was in place. That is because we need to get the works done on the regional rail link. That is really the first part of the project so that we can get the dedicated tracks and we can separate regional and metro, and then you go to the next stage, which is the metro tunnel.

The money that was in the budget last night — \$40 million — is really for the detailed design work that needs to be done, because tunnels are very complicated so there is obviously a lot of very detailed work that needs to

be done, including the exact alignment, where the stations will be located and a range of those issues. So that work will now commence.

It is not anticipated that that design phase — the pre-construction phase — will be complete until probably early 2011 or late 2010. Then, obviously, it will feed into the timetable that we have got in place under the Victorian transport plan. They are certainly the discussions that we had with the commonwealth government, and it understands the time frame that we had in place and the importance of doing the regional rail link first. That was our first priority, and that is why it funded it in the way it has.

Certainly it will be great to have that \$40 million. It is worth saying that we got 38 per cent of those Building Australia Fund projects for public transport here in Victoria. It is a really important project, and it will be really significant in terms of that next shift in public transport, but the metro tunnel comes after the regional rail link. We will be doing the work beforehand so that we can commence the work, obviously, according to the timetable in the VTP.

**Mr RICH-PHILLIPS** — What is the timetable to complete that work, if you are commencing in 2013?

**Ms KOSKY** — Yes, again that is in the Victorian transport plan. There are two stages we are talking about. So the Victorian transport plan final completion is around 2017, but there will be works done along the way.

**Mr VAN KUYK** — That assumes a start date of 2012.

**Ms KOSKY** — Right, 2012.

**The CHAIR** — I am sure you can provide a copy of that plan to the committee.

**Ms KOSKY** — It is on the website, but we are very happy to.

**Mr RICH-PHILLIPS** — Does that depend upon budget funding?

**Ms KOSKY** — Yes. With the Victorian transport plan we always said it was a 12-year plan, and we have put in this budget the projects that we committed to under the Victorian transport plan in the first year, so that will continue to roll out. It is important to have a plan, given the complex nature of public transport but particularly the rail system and the fact that we really do need to go that next major step in our rail network and it needs to happen over a period of time.

It cannot all happen at once — you cannot disrupt your rail network totally to get all the works done. So we are still running a rail network whilst these works are under way. So it is very clear in the Victorian transport plan, and what will happen each year is that I will put forward the proposals that are identified in the Victorian transport plan, and they will be supported through the budget.

**Mr NOONAN** — Minister, I want to ask about taxis, which you touched on in your opening presentation. I draw your attention to budget paper 3, pages 365, the ‘taxi rank safety program’, and I ask how this grants scheme which is outlined in the budget paper along with other initiatives will help to improve safety for taxi users and importantly the drivers.

**Ms KOSKY** — We have been doing a lot in relation to the safety of our taxi system. The department or the Victorian Taxi Directorate meets on a very regular basis with a group of taxidriviers who are representative of the taxidriviers in the industry. They are all nominated. We have tried to get a coverage of the different groupings of taxidriviers in the different geographical areas that they cover. So the VTD — the Victorian Taxi Directorate — meets with them on a regular basis. I meet with them about once every three months to talk about the issues they have had. This arose out of some of the concerns early last year, and I meet with them regularly.

They raised clearly with me that safety was a major concern to them; this was after the stabbing last year. We have worked through a range of different responses to address the safety issues. So safe taxi ranks are one of those. The mandatory prepaid fares between 10.00 p.m. and 5.00 a.m. in the morning, and the safety screens, were the other two areas that they mentioned.

With the safe taxi ranks there is \$4 million provided in this budget over a four-year period, which will allow us to expand the safe taxi ranks. So we have already got safe taxi ranks in place: there are six that we fund and six

that are funded by local government. They are in a range of different locations. So there are 12 safe taxi ranks, and they include things such as CCTV; they will often include security people at them. Often what will happen is security people will take numbers — they will write down the taxi license plate for the passenger, but also they will organise passengers so that they can share rides; obviously if people are being difficult, they can manage those. The ranks have also got very good lighting and they have got particular road treatments.

So we have committed; out of the \$4 million we will get at least 10 safe taxi ranks. We will probably get more. But what we will ask councils to do is to put in proposals because we want this to be a partnership, and they will put forward proposals. We are expecting some in the Melbourne metro area but also some in the regional centres where they have been very successful and made a real difference.

So it is about safety for taxidriviers and for passengers. Monash University Accident Research Centre reviewed the trial that was initially in place, and it really highlighted the need for this additional infrastructure. So they have been very good — the taxidriviers do feel safer. It is really during those night hours — the late hours of the night and early hours of the morning — because taxidriviers' greatest concern is around violence. So these taxi ranks will be very good.

It is worth mentioning that we have been doing quite a bit of work with Melbourne City Council. They have got a number of safe taxi ranks at the moment. I met with Robert Doyle, the Lord Mayor; he is really keen to push forward on a number of projects so we will wait to see what proposals come forward and they will be judged on their merits, but I think it is really good to see Melbourne City Council starting to play a really significant role in that, because we know in some of the nightclub areas there are some real issues, and safety is a real concern for people.

**Mr NOONAN** — Just a point of clarification: of the 10, 6 were funded — —

**Ms KOSKY** — There are six that are already funded by local government with the funding that we have provided. We are obviously wanting a partnership so we are wanting local government to put in some funding, but we are expecting to get far more than 10. At a minimum we will get 10, and at that price it is the full treatment. In lots of locations you will not want all of the full treatment.

**The CHAIR** — Thanks, Minister. We will have a break for 5 minutes.

#### **Proceedings interrupted.**

**Mr DALLA-RIVA** — Earlier, Minister, when I was talking about the scan-on, scan-off, tag-on, tag-off technology there was also discussion about the screen displays freezing. I asked in particular what the impact on the revenue in the forward estimates would be, and it was pointed out to me that during the course of that discussion, Ray, who is the deputy secretary, conferred with the Transport Ticketing Authority CEO, Gary Thwaites, who was in the audience. I ask again: do you and Ray stand by your previous assertions that the malfunctions of the bus drivers' screens has not had any impact in the forward estimates in terms of revenue to the government?

**The CHAIR** — If you wish to call someone else up to the table, Minister, it is up to you.

**Ms KOSKY** — Do you want me to do that?

**The CHAIR** — You mentioned somebody else's name.

**Mr DALLA-RIVA** — It is up to you, Minister.

**Ms KOSKY** — Ray can probably answer, but I checked as well, and there is no impact on the forward revenue. There was not a problem with bus drivers being able to sell the tickets, so I confirmed that. Ray?

**Mr VAN KUYK** — Would you mind repeating the question, because it sounds like a different question you are now posing.

**Mr DALLA-RIVA** — When I asked earlier about whether there was any impact on the forward estimates in terms of revenue received as a result of the new myki ticketing system I understand that you went up to the

CEO of the Transport Ticketing Authority — I gather to confer about what I had asked — unless you suggest there are other things that perhaps you discussed?

I reaffirm for the minister my statement: was there an impact? My understanding is of the revenue received as a result of what is occurring out there in the trial runs or the runs of myki is that it is a substantial reduction of revenue?

**Ms KOSKY** — That is a different question than what was asked before, because you were talking about the freezing of the console.

**Mr DALLA-RIVA** — The freezing of the screens is having an impact — —

**The CHAIR** — As far as I know he has been sitting here all the time and not gone up to anybody.

**Ms KOSKY** — It was when we had a break — they both like football.

**The CHAIR** — Insofar as this question is able to be understood.

**Mr VAN KUYK** — I am not aware of any revenue impacts.

**Mr DALLA-RIVA** — No bus drivers have come to any one of you guys and said, ‘Listen, the revenue we are getting is going to have an impact on the forward — —

**The CHAIR** — ‘The forward estimates’ — I don’t think so!

**Mr DALLA-RIVA** — The revenue, the impact — they will not say ‘the forward estimates’, but I am asking about it. No bus driver has come to you and said, ‘Look, Ray, the revenue coming in, because of the freezing of the screens — —

**Ms KOSKY** — That is a ‘no’.

**Mr VAN KUYK** — No bus driver has approached me.

**Ms HUPPERT** — Minister, referring you to budget paper 3, pages 246 and 247, under your ‘outputs under freight’ I understand there are some considerable initiatives to improve the regional freight network. I wonder if you could outline those? I know my electorate is not in a regional area, but I do get asked questions about people who live in my electorate whose businesses use the regional freight network and it is of great interest to them.

**Ms KOSKY** — We have made major investments in the rail freight network. As you would be aware, it really commenced with the commitment we made to the upgrade of the Mildura-Geelong rail freight upgrade, which is well and truly under way and continuing. But then we bought back the track, which occurred just after the last election. Buying or acquiring that track has meant that we have been being able to do a lot more works on the track. Part of the problem with the previous contract for the control of the track is that it did not include the need to maintain the network.

So we bought it back for \$133.8 million. In this state budget we have allocated \$49 million for the ongoing maintenance of what are called the gold and silver rail freight lines. The platinum is first and they are the interstate; they are controlled by ARTC (Australian Rail Track Corporation); then the gold lines were seen to be the most important lines next for upgrade; and then the silver freight lines were identified as needing upgrade but only if we got a commitment by industry as well in terms of their access of them.

We have already invested \$601 million, so that \$49 million in this year’s budget comes on top of that \$601 million, which also includes the buyback amount. I commissioned a review headed up by Tim Fischer, and he gave advice at the end of the year before last. We have acted very quickly to respond to that review. We have the Mildura line upgrade, which is a \$73 million project and is a joint commonwealth-state funded project. Then there is \$612 million going into the north-east rail upgrade, which Dr Sykes is well aware of.

**Dr SYKES** — I did not get Glenrowan re-opened, though.

**Ms KOSKY** — I was waiting for you to ask a question about that, because I am ready to answer that.

That is a fantastic upgrade of that whole rail corridor which will benefit both rail freight and passenger services along the north-east rail corridor. It is converting it to standard gauge for that north-east rail corridor which will basically mean a duplicated track for both rail freight and passenger services. That is our busiest line all the way through to Sydney, so we are doing that in conjunction with the Australian Rail Track Corporation.

As part of that project as well we have included gauge conversion of the Benalla–Oaklands line, otherwise it would have been basically marooned from the north-east rail corridor, so we have included the standardisation of that line as well. Seventy-five per cent of the regional rail network has been or is in the process now of being upgraded by this government; 75 per cent is an extraordinary amount of the rail freight network that is being upgraded, which does give a sense of the condition it was in, but we are making that commitment and doing an incredible amount of work.

I was at Seymour in March with the member of the Seymour as part of the north-east rail standardisation project and witnessed the last of the sleepers being put down. So 285 000 sleepers have been replaced last year.

**Dr SYKES** — They are the ALP voters!

**Ms KOSKY** — The sleepers?

**Dr SYKES** — Yes.

**Ms KOSKY** — There are no sleepers who vote for the ALP! Almost 200 kilometres of the track is being converted. That was a great milestone that I witnessed, and there are more than 200 jobs on that project. The crew moves all the way down the line as the works are under way.

We have replaced some of the length of that track whilst the works are under way on the passenger line, replacing the sleepers. We have had buses put in place and they run from Seymour to Wodonga whilst those works under way. The rail freight is still managing to run but it obviously has an impact on that system as well while the work is under way.

In terms of the industry response, we have had really strong industry response to our commitment, our investment and our upgrade. Last August the Australian Wheat Board announced that it would construct 84 new rail wagons and signed an agreement with the private rail operator El Zorro to provide rail services; and in September Iluka Resources contracted El Zorro to begin a new service carrying containerised mineral sands from Portland for export through the port of Melbourne.

We are getting the commitment of industry, which is obviously really important. If we are upgrading the track, then they are making that commitment to utilise the track; that commitment is being made. At the time that we said that we would upgrade the track, the view was that industry would not come on board, and it was all doom and gloom. But that has not been the case; we have more players in the industry in terms of the rail operators, and we have those commitments from the wheat board and from Iluka Resources. We are making the investment and the commitment is following.

**Ms PENNICUIK** — Minister, can we look at page 238 of budget paper 3 where under ‘Disability Discrimination Act’ there is a quantity listing for public transport infrastructure measured against the DDA. I would be interested to see an output measure which tracks the percentage compliance with the disability plan for public transport under the commonwealth disability standards for public transport. Do you have that information? Would you be looking to include it in further budget papers?

**Ms KOSKY** — We report on DDA compliance. We have a commitment with the commonwealth as a response to the act, and we met the milestone by December 2007, apart from the trams — and I will come back to that. In terms of the measures, measures are changed from time to time but we are reluctant to do it. PAEC is usually reluctant for us to keep changing measures, because it becomes really difficult to do comparisons with previous years. We report on the DDA compliance. We have to, and I think that is probably available on our website.

**Mr McKENZIE** — Yes, we publish it from time to time. We have made it available.

**Ms KOSKY** — We publish other measures apart from those that are in the budget papers and I can provide the committee with the details of where they can get that information. In this state budget we have provided

\$39 million to progress the commonwealth Disability Discrimination Act, and we are making significant progress in meeting the milestones. As I said, by December 2007 we met the first milestone of 25 per cent compliance, and there is a view by quite a lot of the commentators that Victoria, despite having one of the largest and most complex public transport systems, is regarded as leading in this area.

We have put in a lot of funding and made a lot of changes to platform stops, to facilities on board trams, buses and also in the sections leading up to the vehicles. I am trying to think of what they are called — the tactile tiles. So doing a lot of that work — the signage that has been provided.

All the A and B and Z-type trams have now been upgraded with colour contrast handrails and audible announcements. We have got 107 metro and regional stations which now have tactile tiles. We are purchasing 270 low-floor buses over the next three years; 85 access ramps have been upgraded at metro stations and 23 ramps at regional stations.

Having said that, obviously we have met the 25 per cent target apart from for trams, and obviously while we are doing the work for the tram stops, the purchase of the new trams is really critical in terms of that DDA compliance. In the budget we have brought forward the funding for the business case to be developed for the purchase of trams, and obviously the purchase of trams will respond to the 50 trams that are identified in the Victorian transport plan, which will really go a long way to addressing some of the issues — not all of the issues — with trams, because trams are where we have got some really significant issues. Whilst we can do the work at the tram stops, it is actually more difficult, and we generally purchase the trams in one larger tranche rather than as individual units for replacement. We know we need to keep going with the work that we have already got under way in relation to all the modes but we need to have a particular focus on the trams, and I am pleased that we were able to bring forward the business case for the purchase of the trams.

**Ms PENNICUIK** — Minister, when would you think that you would have all the trams compliant? You have got a target date for that, I suppose?

**Ms KOSKY** — The commitment with the commonwealth is — —

**Mr McKENZIE** — I think 2026.

**Ms KOSKY** — I think 2026. That is a fair way out, but that is the 100 per cent compliance. We have agreements with the commonwealth about the types of compliance in each of the different areas, so we will be keen to meet those compliance targets, but I do acknowledge that because of the purchase of the low-floor trams, we have not been able to make that particular element of the target for the 25 per cent.

**Ms PENNICUIK** — Can you just clarify why you cannot put that in here, why the measures cannot be in here?

**Ms KOSKY** — It is usually a set of measures that are agreed to which have been consistent over quite a few different years.

**Ms PENNICUIK** — Maybe I will follow that up with you later.

**The CHAIR** — Yes, if you have got any more information, provide it to the committee, Minister.

**Mr SCOTT** — Minister, I refer you to budget paper 3 and the bottom of page 359, appendix A where there is a section on the Sunbury electrification. Can you please explain how the residents on the Sunbury–Sydenham corridor will benefit from electrification of the Sunbury line?

**Ms KOSKY** — The Sunbury electrification is a really important project. At the moment we have V/Line trains operating from Sunbury to Melbourne, to the CBD, and as V/Line trains they actually take train spots but V/Line trains do not take as many passengers. They carry around 364 passengers?

**Mr McKENZIE** — I believe that is right, yes.

**Ms KOSKY** — Dependent on the actual train, but it is around the 360 mark, whereas obviously if we have the metropolitan trains that have to run on an electrified line, they carry 800-plus per train, so in peak period that makes a significant difference in terms of the number of passengers that can be moved.

It is not just about Sunbury, it is along that whole Sydenham corridor. At the moment the Sydenham corridor is essentially at capacity in terms of the number of services that you can safely and reliably run along that system. If we were to run more, they would just get caught up and would not run reliably, so they would not stick to the timetable.

In electrifying up to Sunbury, we free up capacity for metropolitan trains that can actually carry a lot more passengers per train during that peak period; that is really critical. The electrification is really important to create that capacity along the Sydenham line, which, at the moment, is very congested in terms of traffic. We cannot put on extra services, and trains during the peak period are at capacity, so we need to do that work on the Sydenham line.

Patronage on the Sydenham line has grown by 55 per cent over the last three years. It is the most rapid growth on the network. It has been just extraordinary, which gives you a sense of why in a very short space of time we are at capacity. So we provided extra services through the timetable changes previously but we are now at a point where we cannot provide additional services unless we electrify to Sunbury.

The electrification will mean more services for Sunbury, because they will be running on the metro system, not the V/Line system. It will provide a lot more services, and particularly more services during the peak period, which is important for Sunbury as a growth area. Its population is growing significantly, and they need those extra services, but in addition right along the Sydenham line. That is one of the next projects which will allow for additional capacity in the metro system.

Once the extra trains start to come on board as this work is complete, then they will be able to get extra services. But it is one of the really critical projects, given the patronage growth and given that they are at capacity and very much in need of the electrification.

It is 15 kilometres of rail infrastructure that is electrified, and it will include, as I mentioned before, a number of projects. It will include stabling facilities for five trains at Sunbury so they can start from Sunbury, and there is additional car parking space. One of the concerns from the community was that they would have a whole lot of people travelling to Sunbury and parking there, so there will be 500 car parking spaces at Diggers Rest railway station and 100 at Sunbury.

It just shares the parking around, because people travel from outside Sunbury to get the train. It will be a premium station, so it will be staffed from first train in the morning until last train at night. Construction will start next year, and it is due for completion in 2012.

**Dr SYKES** — Minister, my issue this time is V/Line's failure to complete punctuality targets and the number of coach substitutions as summarised near the bottom of page 237 of budget paper 3. I note that in detailed punctuality reports V/Line does not identify many of the reasons that the coach substitutions occur. In fact, in March 2009, V/Line claimed that 10 of the 26 times that coach substitutions occurred on the Bendigo line and 120 of the 275 delays on the Geelong line were due to 'unspecified, other or miscellaneous' reasons. I am wondering what the reasons for these substitutions and delays are. Suggestions have been made that drivers are taking sickies and rolling stock is failing in service or between scheduled events. Can you expand on the reasons?

**Ms KOSKY** — Let me go to punctuality first. I talked previously about why the regional rail link is important. The real difficulty for punctuality with the V/Line services is the congestion once they hit the metropolitan boundary, and it just has a knock-on effect, particularly for the regional rail services that do not stop at all stations, so they have more of an express pattern.

Express trains take up more train spots than, say, a metropolitan train or a train that stops at all stations because they are going faster, so they take up more train spots. If there is a delay in the metropolitan system, it has a really significant effect. So what happens is you end up with the regional trains still stopping; they just do not stop at the stations, but they get caught in traffic.

It is exactly what happens with congestion on the roads; they get caught in the traffic. That has a major impact on punctuality, which is why the regional rail link is such a critical project for separating the metro and the regional rail.



In terms of the replacement by buses, I will ask Hector to comment, but there are a whole variety of reasons. Sometimes there are a significant number of drivers sick on particular lines, there are issues on occasions with trains — and we have been refurbishing as well, as you know; we have been refurbishing the N sets and doing work there, so that means that sometimes you do not have as many trains at bay in order to replace. In that very extreme heat, that had an impact.

V/Line has a contingency plan that if there is going to be a really significant impact, rather than having really long delays to a service, they immediately go to a bus replacement program. They have that in place so they can immediately shift to it. We do unfortunately have incidents on the rail system where there are suicides, and that does close down a rail line for a period of time whilst the coroner comes to investigate, so V/Line has the buses in place so they can immediately move to the bus system.

**Mr McKENZIE** — I think you have covered most of them, Minister, but if there is a failure of a train, they have processes in place with local bus operators to get the buses into place to keep the journey going. If there is an infrastructure problem of some sort, such as a signal failure or something like that, the same thing can happen, so the intention would always be to make sure that the people who are going from A to B get to their destination as fast as they can. I am not aware that sickies is in fact a major reason, although it is a reason.

**Ms KOSKY** — Sorry, with the driver sickies sometimes what will happen is a driver will ring in just fairly close to when the service has to leave, so it is very difficult to do the replacement — in that case it is difficult. The other area I mentioned was the heat. We do get some buckling of the track. There is a major concrete replacement program for the regional lines, so that that will reduce where we have significant heat and particularly in areas going to Swan Hill and Bendigo; they obviously are affected. The north-east rail corridor will have concrete sleepers, so that issue will be addressed, but we can get back to you if there is — —

**Dr SYKES** — I think if you could, because basically 30 to 40 per cent of the reasons for these delays or substitutions are listed as ‘other’ or ‘miscellaneous’, so if that could be more detailed out and provided.

**Mr BETTS** — May I ask which lines you are looking at because this appears to show on page 237, 98.3 per cent of V/line services — —

**Dr SYKES** — I am looking at the timeliness on page 237.

**Ms KOSKY** — It is punctuality rather than cancellations.

**Mr McKENZIE** — A very high proportion of V/Line trains run with no substitution, but they do have problems, as the minister has already said, about timeliness coming through the metropolitan area. In the instances that there is a problem where the train can not run, there will be a substitution.

**Dr SYKES** — My request is to have a further clarification, quantifying the reasons for the delays or substitutions.

**Ms KOSKY** — The punctuality, which will be timeliness, is the delays, and that is to do with the congestion on the metro system. It is really the cancellations that you are seeking?

**Dr SYKES** — And the substitutions.

**Ms KOSKY** — Yes.

**The CHAIR** — Footnote (j) provides some explanation of that, but if you can provide us anything further in that regard, we would appreciate it.

**Ms MUNT** — I refer to budget paper 3, page 242 under ‘Development of new integrated public transport ticketing solution’. There has been some limited discussion today already of the new ticketing system, mainly about touchpads and such. I was wondering if you could broaden the discussion out a little bit for us, please, and tell us the overall progress to date of the development of the system and any benefits that might flow from that to commuters on our train system?

**Ms KOSKY** — I will not repeat what I said earlier; I will add to it. The ticketing system is being rolled out, as I mentioned, across those regional areas, and the feedback at this stage has been very positive and there has

been a range of feedback. Customers are shifting to it in quite strong numbers. I mentioned that 20 000 myki cards have been sold already. At the moment what happens when you purchase a myki card — I did it the other day — is you pay \$5 for the card and you get \$5 worth of value on the card. So it is an encouragement for people to purchase the card. You get \$5 worth of travel, and that is encouraging people to take up the card. That is factored into the costs of the project. We are getting significant take-up. As I mentioned, the other day when I was on the bus there was only one person who bought a paper ticket. It was quite extraordinary. Families, older people and younger people had all shifted to the myki cards.

There is a range of benefits. Obviously it is much easier to people, and they can get the information online or at a variety of facilities about how much value they have got on their cards. They can top up either at the different facilities or they can do it online, so it is actually easier for them to do that. But also what the Bus Association Victoria has told us is it gives the whole bus network much more sophisticated information than they have ever had before. It operates on a GPS. It means they can get the information about how many people are on the bus, where they get on the bus, where they get off the bus, whether it is concession cardholders or whether it is full-fare-paying customers.

They get a sense of travel patterns which can help them to plan for different routes and for different stops. They can find out whether people are using particular stops, and it really helps them in their planning. It also gives them the information, with the GPS, about the timeliness of the buses — their being on time. They have not had this information before. So not only does it provide the myki card, but for the buses in particular it provides them with a lot of information that they can then use for planning on their network. That will also occur on trains and trams. We have probably had more of that information before, but we will be able to get a lot more information.

What is under way at the moment — it is obviously a very significant change that is occurring for people getting used to it, but there is also an amount of infrastructure that has to be put in place before you can roll out the system. The card readers are now being installed. There are more than 17 000 items of equipment, including the card readers and driver consoles, that will be installed on trams, at train stations and on buses over the next few months. There will then be a series of tests undertaken in metropolitan Melbourne across all modes of transport throughout 2009 prior to it being rolled out in Melbourne later this year. The myki back office, where all the information goes to, will automatically generate trip and patronage data, which for some of the operators has been manual and a fairly laborious process for them.

In some instances there have been additional payments for people to do research. For instance, when we introduced the early bird travel we had to have the research done by individuals asking people whether they had shifted mode of travel. When you have got myki in place, you can actually see all that; you can just get all that information. It does not personally identify, but it provides you with that information.

Of course all of this has been ticked off with the privacy commissioner. It will provide us with a lot more detail of who is using the system, when they are using it and travel patterns, so that it then allows you to do better planning in the future. But the feedback we have had from the bus companies, particularly down in Geelong — McHarry's and Benders — were really keen to come on board because they could get so much information. As I mentioned before, the bus drivers have been fantastic. They have been really supportive, which helps with that customer shift over.

**Mr DALLA-RIVA** — At least the minister talks to the bus drivers, which is good.

**Ms KOSKY** — Are you saying you do not talk to the bus drivers?

**Mr DALLA-RIVA** — Your department secretary did not; there are no problems. Can I go to rising tram patronage? There is your forecast. We keep on growing in the current financial year, so I gather, Minister, in the forward estimates there would be an increase as well?

**Ms KOSKY** — Sorry?

**Mr DALLA-RIVA** — In the forward estimates I gather you are anticipating —

**The CHAIR** — In 2009–10.

**Ms KOSKY** — We are. In the Victorian transport plan we have forecast 4.4.

**Mr DALLA-RIVA** — Right, it is a 4.4. per cent increase. I go to the point of my question, on page 361 of budget paper 3 in relation to new trams.

**Mr DALLA-RIVA** — I note, and it is referenced at page 363, that it says 'New Trams'. There is a commitment to funding of only \$5 million in the forward estimates, 2009–10. There is nothing for 2010–11, 2011–12, 2012–13, so the TEI for new trams for Melbourne is \$5 million. When I go to what the explanation is, it says:

Funding is provided to commence planning for the procurement of up to 50 new low-floor trams, upgrade of power supply works, and an upgrade to the Preston workshop site.

My question is: given that there is no money available, apart from a plan to procure new trams, and given that you have explained that there is going to be a rise in tram patronage and including a 4.4 per cent increase in the forward estimates, you cannot be serious in saying \$5 million is going to be enough for the crammed-tram situation that is occurring currently today?

**Ms KOSKY** — The \$5 million, as I indicated before, is for the business case, and that is identified in the budget. We are required to do the business case before. I will then put the case, having done the detailed business case, about the costings. It is not only the costings; it is actually the specifications that we need for the particular types of trams here. I will do that work. That has been brought forward from the VTP timetable because of the patronage increases that we are seeing. Then I will go back on the basis of that business plan. The \$5 million is there for the business plan; it is not there for the procurement of the trams. I will be going back once that work is done, and that will be dealt with in the next budget. It is not saying that \$5 million is all that is there; that is there whilst we do the business case.

Having said that, we have leased the five bumblebees from Mulhouse in France. We were able to secure that arrangement — that is till, I think, the end of 2011. We were able to secure that because they were available. It will surprise you to know that over in France, in Mulhouse, they had delays with getting their tracks down so they could not use the trams that they had, so we could take the opportunity of those trams. They are much longer trams, so they carry 240 passengers.

One of the issues with trams is that you can lengthen them. Obviously we will be looking at the length of the trams and the carrying capacity of the trams, given our conditions. We are a little bit different than, say, new tram networks overseas. Whereas they are straight, ours do curve a lot more; they are not just on a straight line. So that impacts on the specifications you have for the trams. That work will be done in the business plan, but we have got those five trams which we are running on our busiest route at the moment, and that has freed up some of the smaller trams for some of the other routes. We have responded earlier to having those trams whilst we wait for the business plan to be done, the specifications and the building of them.

**Mr DALLA-RIVA** — How long do you expect? It is in the forward estimates for this year.

**Ms KOSKY** — Yes.

**Mr DALLA-RIVA** — I gather you are anticipating the business plan will be completed this financial year?

**Ms KOSKY** — Yes.

**Mr DALLA-RIVA** — From an industry perspective — —

**Ms KOSKY** — Not this financial year, but 2009-10.

**Mr DALLA-RIVA** — I gather as part of the procurement, with the industry hat on, you will be sourcing locally, I hope?

**Ms KOSKY** — You will notice, too, in the budget there was funding around local procurement. It is called TMS, which is about local procurement for rolling stock. That is trying to establish a national approach. Obviously we have a certain amount of investment, but if we can link in with investments that other jurisdictions are engaged in, then it gives you that pipeline of projects, which is what you need for a sustainable

industry. So, yes, we will be keen to do that. With the trains, 19 of the 38 trains that have recently been ordered, they will be assembled at Ballarat. So, yes, we are very keen to do that, and we will be doing quite a bit of work to look at how we can build local content in.

**The CHAIR** — I am sure Mr Piper is very pleased about the TMS program.

**Ms KOSKY** — Yes.

**Mr DALLA-RIVA** — When will they be delivered? When are you anticipating the trams?

**Ms KOSKY** — I have to complete the business plan first, and then I have to go to ERC and through a budget process, so I do not pre-empt that.

**Mr DALLA-RIVA** — So what, 2015?

**Ms KOSKY** — No, in the *Victorian Transport Plan* it has 2012–13, but we have brought the business plan forward by a year, so I am optimistic that that will bring forward the procurement by at least a year. So it will coincide with the lease arrangements around the bumblebees. It is probably fair to say — Hector will jump in if I am wrong — that with the new trams that we are looking at purchasing we probably will not go to the 240 quite. It will be just a little less than that because the length on our track conditions needs to be taken into account. So we will probably look at slightly less than 240. Obviously we could not design the bumblebees. It was an opportunity that we had to get them immediately.

**The CHAIR** — I presume that includes going through the first couple of stages of Gateway in the business plan?

**Ms KOSKY** — Yes.

**The CHAIR** — Okay. So you will start that from now on?

**Ms KOSKY** — Yes. Can I just say on the tram patronage, prior to the significant increase that we have had over the last calendar year, we have been tracking at around 3.4 per cent patronage growth. That is steady growth, but we are now seeing that quite significant growth. Whether it continues is hard to — —

**Mr DALLA-RIVA** — That is what I was just saying to Mr Wells, you are saying it is 4.4.

**Ms KOSKY** — Yes.

**Mr DALLA-RIVA** — But there is nothing there for a couple of years, so I am just wondering if there is going to be — —

**Ms KOSKY** — What I am saying is the bumblebees had been provided prior to the patronage growth of the last calendar year, so we did anticipate and that is why we moved to lease the bumblebees and get them immediately.

**Mr NOONAN** — Minister, I just want to return to the regional rail again, as a follow-on to my initial question about 2 hours ago now. I just wonder whether you can outline where the increases have occurred on regional rail and where they are forecast to occur over the estimates period in terms of increases. The second part of the question is what impact the off-peak initiatives are having on patronage and what impact they are likely to have going forward.

**Ms KOSKY** — As I mentioned in my initial presentation, we have seen really significant patronage growth, particularly on the RFR corridors. On the RFR corridors, we have made a significant investment: we have put the V/Locity trains in place and we have improved the delivery — remembering as well that we have reduced fares by an average of 20 per cent for V/Line trains. We have made major investments, which have meant that people are using the regional rail network a lot more. Obviously petrol prices have had an impact as well, and the city traffic congestion.

If we look at patronage growth over the last financial year, on the Geelong line it was 20.11 per cent, but over the last two financial years for Geelong it has been 61 per cent. I will do the RFR corridors first. For Ballarat

and Bacchus Marsh over last two years it has been 71 per cent; for Bendigo it has been 56.5 per cent; and for Traralgon it has been 109 per cent. Then if we look at some of the other corridors, for Warrnambool it has been 13 per cent; for Ararat it has been 101 per cent — it was worth reopening that line; and for Swan Hill it has been 299 per cent. Today on the way down on the train there were quite a lot of people who come from Swan Hill. People will often travel from New South Wales down to Swan Hill and come down.

For Albury-Wodonga, where we are doing the works at the moment, so you would not expect timeliness on that track — and there have been issues with timeliness on that track — it has been only 12.27 per cent over the last two years. Having said that, if we look at the last financial year, it has been 19.10 per cent, so it has actually jumped very much in the last 12 months. For Shepparton it has been 71 per cent and for Bairnsdale and Sale it has been 42 per cent. So you start to see the sorts of patronage increases, particularly where we have made those major investments on RFR lines. As well as providing the V/Locity trains, we have been refurbishing all the N sets, so travel is much more comfortable now.

The regional rail link will obviously make a big difference in terms of being able to provide extra services. But with Echuca, for instance, we have put on four services each day for Echuca down to Bendigo. They have had patronage growth over the last financial year — we did those about 12 months ago — at 107 per cent. It is in time for work and university, so there are significant numbers of people using that now.

What we have tried to do with lots of the services is to provide them in peak times but also we have increased the number of services in off-peak times as well. Some people are travelling for work, but today, for instance — we talk with a whole range of people — there were people were coming down to *Billy Elliott*, so they were coming down for the arts; there were people who were coming down for medical appointments; there were people who were going for job interviews; and there were people who were going to visit friends. So in the off-peak period or the hours outside that peak period, they were there for a whole range of reasons, and the train was basically full today. There has been an incredible uptake, which is why the regional rail link is really important.

We have a lot of people coming into the CBD. There are strategies and programs now in place to encourage counter-peak directional travel, so out to the regions. V/Line has an outbound campaign under way which to date has been really successful, so we are seeing increasing numbers of people travelling out to regional centres. It is a great price for a ticket. You can get a family ticket — that is, two adults and up to three children. It is much, much cheaper than normal travel, so we are seeing a really significant uptake in that, and that sits alongside an advertising campaign as well.

Just to give you an example, they had the Golden Age of Couture up in Bendigo, 20 per cent of people who travelled to that actually went by train. They did the surveys of people. That is starting to work where we connect it with different tourism opportunities.

**Mr WELLS** — Minister, could you please confirm that the myki software being developed by Kamco's partner ACS is now at its final version? Has the development of the software for myki been completed?

**Ms KOSKY** — The software has been completed, but — —

**Mr WELLS** — Completely finalised and signed off?

**Mr VAN KUYK** — The software is still a beta version, as all software is for this sort of development and, in accord with the schedule that we currently have for the delivery of myki, version 1.1, which is the production version of software, will be due in October this year.

**Ms KOSKY** — But what we are doing and one of the things we can do when we are rolling it out is that we are able to make adjustments, which are essentially to the software, to respond to how people behave and interact with the system. For example, I mentioned before the touch-on and touch-off. What the TTA found down in Geelong was that the beep when you touched on or touched off was not quite loud enough for people to hear, so they kept touching on. So that was just increased. That is a change to software that occurs, and you would want to be able always to do that in order to respond to customer behaviour.

**Mr WELLS** — Will there be any additional costs for any of these variations in the run-up to October 2009?

**Ms KOSKY** — No.

**Mr WELLS** — So it is all part of the — —

**Ms KOSKY** — No, that is part of the — —

**Mr WELLS** — So there will not be any variations or changes to the scope?

**Mr VAN KUYK** — There could be scope and variation changes, subject to need.

**Mr WELLS** — But that will not alter the cost?

**Ms KOSKY** — No.

**Mr VAN KUYK** — But it will not alter the total cost, nor the budget envelope.

**The CHAIR** — Thank you very much for that. I also thank the minister for accepting in principle the responses to our last year's report. I thank the witnesses from the Department of Transport for their attendance.