

CORRECTED VERSION

SELECT COMMITTEE ON TRAIN SERVICES

Inquiry into the factors leading to and causes of failures in the provision of metropolitan and V/Line train services

Melbourne — 21 July 2009

Members

Mr B. Atkinson
Mr G. Barber
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Mr E. O'Donohue
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Executive Officer: Mr R. Willis
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Witnesses

Mr J. Metcalfe, executive chairman, and
Mr B. Hughes, deputy chairman, Connex Melbourne Pty Ltd;
Mr N. Grady, chief executive officer, Mainco Melbourne Pty Ltd; and
Ms C. Baxter, general manager, United Group Melbourne Transport Ltd.

The CHAIR — We will reconvene the select committee and welcome this afternoon's witnesses. I indicate that today's hearings are in relation to factors leading to and the causes of failures in the provision of metropolitan and V/Line train services. They are the terms of reference that the committee has been dealing with and to which Connex has responded — and we appreciate the response — in the submission that was made to the committee.

I welcome each of you and indicate to you that all the evidence taken at this hearing is protected by parliamentary privilege, as provided under the Constitution Act 1975, and further subject to the provisions of the Legislative Council standing orders. The remarks that you make here are under privilege, but I indicate that any comments you make outside the hearing may not be afforded that privilege. If you are a guest of the press at the front door, if you actually refer to evidence that you have given here, that might not also be covered by privilege, but generally for the purposes of the hearing you are.

The evidence is being recorded by Hansard and each witness will be provided with proof versions of the transcript within a couple of days, which you can have a look at and just check particularly any names, spellings and so forth and key matters, but obviously revisions of the official record are not possible.

Is there an intention of one of you to make some introductory remarks?

Mr METCALFE — Yes, I will make some introductory remarks.

The CHAIR — That is fine. I will proceed to that in just a moment. Recognising that we have quite a large gallery, I ask everyone to make sure that their mobile phones are turned off or turned to silent. I now invite Mr Metcalfe to begin.

Mr METCALFE — Thank you, Chair, for the introductions. First of all my colleagues and I are very happy to be here because we believe it is vital to Melbourne's future prosperity, and the train network is critically important to that; and also we are proud of our achievements. But it is important that we, as the train operator for the past decade, take the opportunity to explain how the network works, and also to explain how and when things go wrong. Through our submission and our appearance here today it is our hope the community will learn a little bit more about its train network.

The committee would be aware that the consortium, led by Connex and our parent company, Veolia, along with our partners, Bombardier and SMRT, have not been successful in the tender for the next Melbourne rail franchise. People may wonder why we care and why we are interested in being here at all. Very simply, we believe the Melbourne community has a right to hear the honest views of the professionals who have been entrusted to operate this network for the past 10 years. We believe the complexities of the network should be explained in the right context. The community does need to know about patronage growth, infrastructure investment, rolling stock, maintenance, weather and customer behaviour, for it is only if we understand all of these factors and how they interact that we can begin to understand what happened to the network earlier this year.

We believe it is also imperative that the erroneous commentary and simplistic solutions proposed by some so-called transport experts are challenged. We are here to give voice to the thousands of very dedicated railway staff and professionals who toil night, day, rain and shine to serve the 200 million or more customers who travel with us annually. We are here to answer the committee's questions and to help with its important deliberations. I propose to make a short presentation to cover some of the key issues facing the network earlier this year, after which my colleagues and I will be very happy to take questions.

The CHAIR — Thank you.

Overheads shown.

Mr METCALFE — By way of background, the franchise model in Melbourne commenced in 1999. It is based on the premise of finding the right balance between, if you like, government direction/specification and utilising the operational expertise of the franchisee. Having been initially responsible for the eastern and north-eastern suburbs of the franchise operations, Connex took over the whole operation in 2004 following the exit of the previous operator, National Express.

We acted, with government, quickly and decisively to integrate two networks, and as quickly as possible, to ensure they operated seamlessly. I think it is without question a prerequisite that the franchise model relies on a true partnership between both the government and the operator itself.

Just briefly, I shall give a few facts. I will not labour any of these, but it is a big and complex operation, involving over 3000 staff if you include the maintenance operations; 360 000 passengers travelling every weekday; and 382 kilometres of track. So it is a very big operation, which is more than comparable with lots of other very big metropolitan rail operations around the world, and I think it is important for it to be viewed in that context.

By way of some further comparison, it does very much stand up there right among some of the more well-known metropolitan networks, but there are also some quite huge differences. I think this chart illustrates that very well. For example, Melbourne being very widespread, being suburban, above ground and underground, is an even more complex system to operate than many other metropolitan systems.

To put it into perspective and dispel some myths, it is not a metro operation in the sense of the word. We do not have discrete lines and dedicated lines. We have significant numbers of level crossings, which have a very significant impact on operational performance and limit capacity availability, and we share paths with freight and regional trains. They are all just statements of fact, but they do make this a very specific network. Other than New York, of all of the different networks listed there, Melbourne is probably the biggest and most complex. Important to say, it is not a Hong Kong or a Singapore. We may like it to be, but it is not a true metro; it is much larger, it is a lot older, it has not had the scale of investment in recent years, and we do not have the dedicated network or dedicated lines that those systems do have — facts that are not always reported or recognised.

I wanted to touch on value for money. In 2005 the Auditor-General released a report where he said that the 2004 franchise renegotiations resulted in good value to the state. He also said that the train and tram franchises represent reasonable value for money, and that the payments negotiated with the operators were as close to the best possible that could have been achieved to ensure ongoing sustainable operations.

Separate studies have also shown that the Melbourne system is now the most highly utilised network operation in Australia — double the number of passengers per train kilometre in Brisbane and 30 per cent more than Sydney. Separate studies undertaken by independent consultants also show that the Melbourne operation, in terms of cost per passenger kilometre, is around half that of Sydney or Brisbane — some really quite important measures and value-for-money comparatives.

Turning to the issue of patronage growth, this chart shows graphically what has happened. In this particular case it is for the three years up until the end of 2008. What it shows is that compared to other Australian cities and other transport modes we have seen this exceptional level of growth. If we look at the last four years we have grown 47 per cent — from 145 million passenger numbers per year to 214. We welcome it. We think that is great, and it is a great sign of success, but it brings us some challenges. Since the beginning of the franchise, growth has been around 80 per cent. We are now at levels that were not anticipated until beyond 2016. Since 1999 and the beginning of the franchise the fleet has grown by around 9 per cent and track only marginally, hence the much-needed investment that we are now starting to see being delivered and committed to. But notwithstanding this growth in passenger volumes, we have also significantly increased the numbers of services, particularly over recent years.

This chart shows the growth in a slightly different way. This is looking at it not in percentage growth but in terms of absolute millions of passengers; the key point really being that Melbourne has grown quadruple the rate of other Australian cities, other than New South Wales where we have grown at double the rate. So looked at in pure passenger numbers, that makes this growth even more stark. And if you measured it against other similar locations overseas or similar networks, you would see the same trends also. So it is a sign of success, and we would argue that it is a sign that Melbourne is actually doing some things right.

But that does mean that it is a system that is under some pressure. That extraordinary growth basically does mean that the task and the challenge facing the Melbourne rail network is in a new era. Whilst growth is welcomed, it has created major stresses on the system. Notwithstanding this, and using largely the existing

rolling stock, we have increased services by over 1500 per week since the beginning of the franchise. Despite all this, it does mean that the system is now significantly more congested than it was.

I want to talk about the important issue of the November timetable, because this very much is a clear representation of a lot of the planning work that was going on between Connex and the government in really addressing and beginning to put right the, if you like, pressures and the challenges and the strains on the system, and to really address and accommodate managing through that growth. In the years preceding 2008 we developed a very robust plan with the government. We spent a lot of time and effort and energy developing this. The plan was to begin to mitigate the impacts of congestion on operational performance and capacity. The November 2008 timetable change and the new operating plan that underpinned that were key components of the strategy. It involved a combination of more services, but also beginning to entangle the network to enable more services to also make the operation more robust, particularly as trains entered the city loop tunnels.

The plan has already proven to be successful. For example, in December 2008, a month following the timetable change, punctuality increased to 94.8 per cent — the best level since 2006. Train loads have also started to show reductions, particularly on busy lines such as the Sydenham line. So there are some really clear signs that that strategy, that plan, is delivering success. It is worth noting that to achieve this the November timetable required us to increase the number of trains we had in the system in the morning peak to 148. Several years ago we used to operate 134 trains in the morning peak. From last year we basically needed 148, and as of now we need 149. To do that we basically need 94 per cent of our trains working and available every day in the peak. That means we have to work them harder and we do more maintenance during the night — we have invested in more maintenance staff and more maintenance facilities — to really get the very, very most out of our fleet to underpin this level of service.

The other important change that it required — and this is important and I will come back to it — is an improvement in the fault management protocol, which is known as the FMP. I am sure you heard about that this morning. The FMP very much is the arrangement that determines when trains are either kept in service or taken out of service based on faults, and determines whether trains are taken out immediately or may be continued in service for a short period of time. Both of those factors — the 94 per cent and the FMP — were critical to underpin the ongoing delivery of this higher level of service and more services.

But it is not just about operating trains and delivering more services. Increasingly and as importantly it is about delivering a wider level of service to passengers. We have been making real improvements to the network for passengers very significantly over the last two or three years, and whilst passengers particularly focus on punctuality, reliability, getting a seat and obviously safety, they also want cleanliness, adequate staffing numbers, professionally trained staff and clear information, and well-presented train interiors — this is a service business no different to any other business.

I travel on trains pretty much every day of the week and I see it through my own eyes. I see what passengers want and do not want, so a lot of it is pretty straightforward stuff, and it is that that has led us to investing around \$10 million over the last two years in more staff, in more cleaners, in replacing seat covers on trains and putting in more grab handles, to lift the overall wider level of service that passengers experience because that is just as important in our view as purely operating trains.

Another key element of our role is to work with government in operating and delivering key projects, so under a joint venture which we have formed with our partners, United Group, we basically are involved in managing and overseeing a large number of very significant projects, and under this arrangement we will continue to do that.

We have seen the oversight of important projects such as those listed on this chart here — all key planks of the ongoing investment strategy that are going to create more capacity in the system in the years ahead.

Obviously one of the important elements to this inquiry is the question of what was underpinning some of the difficulties in January and February, so I want to turn to the subject of the industrial environment. As I said earlier, the fault management protocol was a key requirement to support the introduction of new services but also to provide more reliable services. An improved FMP requires the support clearly of our employees and also the recognised trade unions. On 12 June 2008 a memorandum of understanding was signed by both Connex and the RTBU, a recognised trade union.

This MOU incorporated a process to achieve an improved FMP as well as a number of other benefits for the operation and the industry, as well as providing for a potential 15 per cent pay increase over a period of three years. Regrettably, and despite the existence of a signed agreement, in practice the MOU was not honoured, and whereas previously we had enjoyed excellent cooperation in managing change and industrial relations — and I think that has been one of the great successes of the decade of the current franchise operations — on this occasion the discussions unfortunately became intractable and the issue flared up publicly in December 2008 when a more rigid application of the FMP arrangements caused a significant spike in train faults, leading to 784 cancellations in total in December alone, and that overspilt also through into January and February.

Ultimately these industrial tensions led Connex to seek the assistance of the Australian Industrial Relations Commission on 18 February 2009, and I am delighted to say that as a result of that we now have full implementation of the new revised FMP arrangements, and these are yielding significant operational benefits and improvements and I believe will provide a much stronger, improved platform for delivery of services and operations for many years to come.

We also were clearly plagued by the particular circumstances of the weather in January and February. In January and February, as I am sure you have heard, we had some of the most extreme weather conditions ever recorded in Victoria. For the first time in 150 years of recording we saw three successive days over 43 degrees Centigrade — two days, 46.4 degrees on 7 February and 45.1 degrees on 30 January, were the highest and third highest ever recorded. Over a 30-year period Melbourne has experienced an average of one day over 40 degrees each year.

In January and February this year we had five such days. Why is that relevant? In extreme heat the railway does experience difficulties, and by way of example of the sorts of difficulties we experienced, probably the most well-recognised or public one is the impact on the air conditioning units, particularly on the Comeng trains, which represent 56 per cent of our fleet and on which the air conditioning is specified to operate up to 34.5 degrees, so that was probably one of the most significant impacts of the weather on the capability of the system in January, but there was also track. Whilst it had a less significant impact on services, track also does suffer through extreme heat and through track misalignment. We had some of those instances and, as I say, in relative terms it did not have a major contribution but we did suffer from that.

Signalling also suffers through failures of electronic components and joints, and typically you see double the number of failures in signalling systems in hot weather. Finally, the electrical power supply to the trains also suffers, not least of which because we have a large number of high voltage supply inputs across the network, which we also share with the grid and the street feeds, and when they go down with the power shedding basically we suffer like everybody else.

If we look at what all of this did to service delivery during those months and more generally, and the point really in this slide is to try and depict the correlation between extreme heat and cancellations — the orange spikes being the heat and the blue spikes being the cancellations — you can see there is a very clear correlation there.

Throughout the franchise we have typically delivered above the 98 per cent franchise threshold, but clearly we dipped below this in January and February as a result of the high levels of cancellations and the ongoing industrial tensions. Since February, however, I am very pleased to say that service delivery has begun to improve again, and in June — the month just gone by — we saw our highest service delivery figure in six years with 99.6 per cent of all services being delivered, and again I think a recognition that the underlying operating plan and the changes that we have delivered and brought about are really now paying dividends and have brought about a much stronger and better level of operational capability in the system.

It is worth pointing out that even in January and February 48 per cent of the cancellations took place on the four hottest days, so if you took those four days out we would have still hit on 98 per cent service delivery target. Those four days really did have a profound effect on overall performance.

A similar story on punctuality: punctuality in the system did begin to decline from 2003 onwards, largely because of the linkage with passenger volumes and increased dwell times and the impact that has on the punctuality capability.

It was also impacted in 2007 because of the problems with the Siemens trains fleet, but through the introduction of a new operating plan in December I believe that we now have actually laid the foundations for much higher levels, as evidenced by the 94.8 per cent that we saw in December 2008.

Earlier this year we also saw some deterioration because of the implications of the cancellations in January and February, and the interface between cancellations and punctuality, and also because of some further Siemens trains overruns that we incurred earlier this year as well. I am pleased to say we are making good progress with that now.

As we speak today, our punctuality has returned above the 92 per cent threshold and for the month of July to date it is sitting above 93 per cent.

In looking forward, as far as the Victorian transport plan is concerned, Connex strongly supports the stated commonwealth investment plans for the future and we work hard with government to help prepare, support and provide information to underpin those plans.

Our view is that the current level of passenger loading and network congestion is unsatisfactory. This congestion causes unacceptable discomfort and delay, and it is our view that also going forward levels of comfort should also continue to increase and also be invested in and actually restored to previous levels as well, as well as just more services.

This all means that we need to continue improving in areas such as staffing, cleanliness, information, comfort, accessibility and transport integration. Such a goal of improvement is essential to ensure Melbourne's ongoing livability.

In summary, despite the many challenges and the undoubted setbacks that have been incurred over the previous 10 years, we would argue that there have been a great many achievements of the current franchising model. We have talked about quite a number of them so I would not propose to particularly go through them again, but managing the patronage growth, more staff onto the system, delivering the additional services and re-integrating two networks.

In short we believe that through tackling what have been a number of very tough issues over the years and in recent years also, as well as being an excellent partner with government, we are now handing this franchise over in excellent shape to our successors, MTM, to take it forward into the next era.

Mr LEANE — Going back to your opening statement where you included maintenance and around 3000 staff, and I suppose the comments you are making when you include the maintenance interest me as well, but how many extra staff has Connex actually introduced over the period of the contract?

Mr METCALFE — Around 40 per cent.

Mr LEANE — And inside that 40 per cent can you break down — I know you spoke about cleaners and extra cleaners and that, and service delivery — in that 40 per cent can you break down who you have actually introduced into the system and how many technical-type jobs, skilled jobs would be involved in that?

Mr METCALFE — Sure. I believe we can give you some of that detail. I know we have recruited over 300 drivers but I will ask Bruce if he would like to answer.

Mr HUGHES — Yes, I will run through that. Unfortunately I have not got all the technical detail here. I know 36 additional staff have gone into the fleet maintenance area as part of setting the system up for increased performance in that particular area and in meeting our target of 94 per cent availability. That is an extra 36. There are some apprentices in there as well that are not included in that, and there are also some apprentices on the infrastructure maintenance side.

On the operational side of the business, I will skip management and administration because there is hardly any extra increase in that, as you would expect, but in terms of the base operation in the areas of train control and those sorts of areas, they have increased by 12 per cent. Station staff have increased by 55 per cent. Train drivers had increased by 31 per cent since the beginning of the franchise and customer service operators have increased by 36 per cent. On average overall it is a 41 per cent increase across the franchise.

Mr LEANE — Has there been a point in time when it has been hard to attract skilled workers or find the skilled workers that you need?

Mr HUGHES — I might let my colleague talk about the skilled worker side of the business, in particular with the engineering and maintenance work.

Mr GRADY — Yes, it has been difficult to get skilled workers. Particularly when the economy was booming, tradesmen were harder to get and getting engineers in was harder to get, of late that has changed, but notwithstanding that about four years ago we undertook a process where we brought in about 28 apprentices all up over the last four years, of which 12 have now completed their first round of training and are now counted as trainees in the signal area. We have still got 12 more apprentices in the signal area and I have got four apprentices in the overhead line area, so we have been trying to build up our skill base as well. I have managed to get hold of some younger engineers because too many of the engineers are approximately my age, which is a little too old to be going forward for a long period of time.

The CHAIR — Just to clarify: we heard this morning about some underinvestment in staff resources from the franchise that you took over from when National was incorporated into your operations. Can we just understand, of the 41 per cent increase, are you able to estimate a percentage of that 41 per cent that related to top up or rebuilding the workforce that National had not invested in, or had reduced?

Mr HUGHES — I would have to come back to you on that, I am not exactly sure in percentage terms. The particular area that was short at the beginning of the franchise in 2004 was in the train-driver area. I am not sure what the percentage of shortage was at that time. It would have been around about 10 or 12 per cent I would estimate, but if you need a number on that I would have to come back to you on that.

Mr METCALFE — We are happy to take that on notice and provide that information to you.

The CHAIR — That would be fine.

Mr BARBER — Mr Metcalfe, thanks for your submission, where you have been very forthcoming about the proximal causes, I suppose, of a whole range of different issues, some of which have been quite traumatic. I suppose my interest is in the contractual arrangement between yourself and the government and how that works. We hear that it is a franchise and there is steering and rowing and you have your different tasks or responsibilities, and then we hear that it is also a partnership. It goes without saying on major projects that those are joint exercises, but on things like day-to-day operational issues, how do you relate to the government on that? Do you have a contract manager? Do you meet them daily, monthly or weekly? Do you log issues? How do you deal with that side of it?

Mr METCALFE — There is a close interface. We have dedicated people who act as the dedicated interfaces between the organisations. On a day-to-day basis it is largely about keeping them informed, making sure that they are aware of key developments or initiatives and performance information. At a higher level there are other interfaces. Some of my colleagues would meet maybe on a monthly basis and in some cases on a weekly basis. It depends on the nature of the issue at stake. Some of it is ongoing, routine performance reporting and information sharing. At a higher level in the two organisations that would be more periodic but on a regular basis, and discussing specific issues — strategic-type issues.

Mr BARBER — What is the performance reporting system then if you were looking at it as a system?

Mr METCALFE — We obviously share with them our key operational data, whether that is punctuality, reliability information or passenger loading information. All of that information is available to them. Quite often the day to day is very much about explaining that to them and putting it into context so that there is a clear understanding between both parties as to what is happening and what is underpinning particular trends or performance issues.

Mr BARBER — I am sure they are on the blower here every day asking you a whole range of questions, but is there a meeting? Is it like a monthly meeting which is the contract management meeting for the whole thing where a range of issues are determined? You have got the issue of fines and penalties, so I guess they have to be signed off on and agreed. Is that monthly, and who is that with?

Mr METCALFE — There are these diarised regular meetings — monthly-type meetings — where there is a specified agenda of issues. I do not know whether Bruce wants to elaborate on that.

Mr HUGHES — There is a franchise relationships manager within the Department of Transport. At that level there would be a daily interface. They certainly receive our train operations performance system reports; they are able to access that data. The reporting on the network is on a completely open and transparent basis, right through from financial to operational. On a daily basis there are people in the organisation dealing with that sort of stuff. On no less than a monthly basis there are also other diarised meetings that take place at an operational level.

At a higher level, twice yearly we do a complete overview of the performance of the franchise for the previous six months, when we present to a whole range of people from the Department of Transport. We do that collectively, with representatives from our organisation. The managing director has a monthly interface meeting with the director of public transport. Jonathan has almost a regular monthly meeting — sometimes more frequently — with the secretary.

Mr BARBER — So you would not have many secrets?

Mr HUGHES — No. There are pretty much no secrets in the reporting.

Mr O'DONOHUE — Mr Metcalfe, thanks for your presentation. I want to go to the issue of the long, hot summer and the slide you presented before and three of those issues — air conditioning vulnerability, track and power supply. With air conditioning vulnerability you talked about the extreme heat, but my understanding of the trains and carriages is that above 35 degrees the majority of the air conditioning units do not operate. That is not uncommon in Melbourne. What agreements have you reached with your employees and with the government about keeping trains and carriages on the tracks if, for example, one air conditioner breaks down and the like? Perhaps you can answer that question first and then I will go to the next issue.

Mr METCALFE — Sure. You are quite right. In particular with the Comeng fleet the air conditioner is specified to operate up to 34.5 degrees. It does not automatically mean that it will not work over 34.5 degrees, but it is quite prone to trip outs and deterioration in operation. There are things that we do pre the summer by way of checks and pre-summer maintenance to try and make sure the units are in best possible condition to go into hot weather, but beyond a certain level there is a limitation on what can be done. The issue is that to fundamentally change that would involve stripping out all of the air conditioning equipment and indeed probably a lot of other electrical equipment as well.

That is a program that would cost tens of millions of dollars. It would involve taking trains out of service and disrupting the operation. Recognising that these trains are for the best part heading towards 30 years old, they have a lifespan ahead of them, so there is a question about whether that is a sensible use of limited investment — the answer is probably almost certainly no. Our strategy with government has been more one of saying, 'Recognising the limitation of this equipment, can we operate them to a greater extent so we do not need to cancel trains perhaps in very hot extreme circumstances in the way that the current FMP arrangements require?'. That was very much the focus of the debates and discussions that we had last year with the trade unions. In many cases when these units fail it is simply a trip out and within a few hours they can be back into operation again.

The previous FMP arrangements meant that if you had an air conditioning failure on a train, the train was pretty much cancelled straightaway, which was clearly a major disadvantage for passengers. Given the choice between finding themselves not having a service and having to get off a train onto a platform or continuing to the end of their journey, and the failure maybe affecting only one carriage until the end of that peak period that morning, quite often a lot of people would make the latter choice.

That does not mean to say that it is our preferred situation for trains to have air conditioning units fail, but given the choice, keeping a train in operation until the end of the morning peak to avoid cancellations and disruption seems to make a lot of sense. That was the basis of our discussions with the trade unions and what we agreed. That is what we actually now have in place. The new FMP arrangements that have been agreed and implemented will lead to significantly fewer cancellations as a result of air conditioning failures. It does not mean to say that there will not be any, but I believe it will have a very positive impact. Maybe Catherine would like to elaborate a little bit more on that.

Ms BAXTER — Certainly, Jonathan. I think that is a very fair comment. There were a number of trains that were cancelled that, from a purely technical perspective, could have continued on. There are no safety issues with the failure of one air conditioner in a carriage, and in fact that train could continue on. With the changes to FMP, I believe we would see less cancellations if those circumstances were to occur again.

We also need to take into account that this was the first time in essentially 150 years of recorded data that we had three days of very high temperatures one after the other. It did not allow the equipment the cooling-down process — we had high ambient temperatures overnight — which affected the ability of some of the air conditioners to reset as well.

Mr O'DONOHUE — I would just like to ask a follow-up question about the power supply which you talked about before. We have seen increasing instances of power blackouts in Melbourne in recent years. I know in your submission you talk about the impact of load shedding on power to your network. Have you been able to come to an agreement with power suppliers, the government or the regulator about ensuring you have guaranteed power supply when power shedding or power blackouts occur in summer heatwaves?

Mr GRADY — After the experience of last summer we have started an exercise with DOT to confirm the identity of our feeders and to talk to the regulators about getting some warning about load shedding or at least some priority in load restoration after shedding. I think that is the best short-term answer we can come up with in that area.

Mr O'DONOHUE — Are you confident of having a resolution to that before the summer?

Mr GRADY — I am confident we will be able to talk with the regulator. What response we get from it will depend on the electricity industry. We will argue the case very strongly that we should get priority in load-shedding situations. At the same time, sometimes they cannot control it.

Ms HUPPERT — One thing that has come through both from our own anecdotal experience and also from the figures in both your submission and the Department of Transport's submission is the unprecedented patronage on the metropolitan rail system over the last few years. I just wanted to get your take, as managers and the people who are looking after the system, on the reasons why there has been such an increase in patronage over the last few years.

Mr METCALFE — I think there are probably five or six factors and they all probably have slightly different impacts. Population growth in Melbourne is a key factor — 1500 or so people are moving to Melbourne each week. The price of petrol had a very clear impact; the trend really started in 2005 when fuel hit \$1 a litre, and that is certainly a factor. Patterns of residential growth, including where people choose to live and where they work, is also a factor. I believe that the pull of the CBD in terms of employment patterns and more and more people coming into the CBD for leisure activities has probably had an impact.

I think there is also a trend now towards people being much more environmentally conscious. There is a much greater awareness that rail travel and public transport travel is significantly more environmentally friendly than using cars and congesting road networks. Finally we would also argue that the involvement of the private sector has also had an impact in terms of bringing in investment, innovation through marketing, and more investment in staff; that has probably also had some bearing. These are six factors that we would probably refer to. They clearly have different impacts. Fuel was originally probably one of the key significant factors. Population growth was also.

Ms HUPPERT — Obviously a lot of the discussion has been about line capacity during peak hour, but you also talked about leisure activities, which raises another issue, which is the use of trains later in the evening by people who are coming into the city and some of the safety concerns that passengers have been mentioning. Could you expand on what Connex is doing to address those issues?

Mr METCALFE — We operate more services later into the evening on Fridays and Saturdays than ever before. In terms of security and safety, a lot of the focus has been very much in targeting our staffing. In particular the customer services officers travel around trying to target areas where there are trends, a history or known trouble spots. We are very much trying to do what we call intelligence-based staffing to really try and locate staff where we believe they are most needed at night. We work very closely with the transit police,

because clearly we can only do so much and are very much reliant on the transit police to help us. It is an area that we recognise and take extremely seriously. I am not sure if you would like to add something, Bruce.

Mr HUGHES — There is not much to add. The intelligence-based deployment is done in conjunction with the transit police. It focuses on the hotspots, as they are identified, and we have found that to be quite effective. We see that the rates of crime on public transport compared to in the wider community are in fact diminishing and we would like to continue that trend. We see there is some increase in transit police coming with the next franchise as well. As I said, we have increased our station staffing in that area by over 55 per cent in the term of this particular franchise, so we have focused on it and we are having some success, but there are always improvements to be made.

Mr DRUM — I would like to I suppose go back to where you were with Mr Barber earlier. When things do turn pear shaped and trains are running late or are cancelled or the air conditioners break down and we have public unrest, it seems as though, from the commentary in the press, people blame Connex, Connex blames the government — because your normal verbiage would be, ‘We have been forced to deal with antiquated infrastructure and we are doing the best we can’ — the government tends to blame Connex, and then later in the commentary Connex blames the unions. While these conversations are going on in the media, the public does not know who is responsible for the initial problems, be they cancellations, broken-down air conditioners or whatever. Can you just elaborate on that commentary that gets played out in the media?

Mr VINEY — Assertions are not facts, Mr Drum.

Mr METCALFE — I am very happy to answer the question. As I said at the start, we are very happy to be here to really try to clarify and explain some of these issues because there is a lot of confusion, I agree, and there is a lot of misinformation, and I think it is important to set the record straight. We do not ever blame government. We recognise clearly what our responsibility is, and that is to operate the system. We are very clear about our duties and our responsibilities to deliver a service, so we are not in the business of blaming others.

In terms of when things go wrong, quite often there can be a range of different reasons. In some cases it is operational reasons, in other cases it may be weather or climatic reasons, as we discussed, earlier this year. You talked about the situation with the trade unions. I think it is worth me saying there that our track record in relationships and industrial relations records has been exemplary in the 10 years. Clearly the situation in December, January and February was regrettable and unfortunate and clearly not one which we would have wished to have had to deal with. Unfortunately it did become a very difficult matter.

The point I would make is that we are very proud of our employees and staff. They do a very difficult job in very difficult circumstances and quite often those circumstances are not recognised. The difficulties we were dealing with were probably confined to a very small group, quite often relating to the discussions we were having with the trade unions. So we are very clear that we are proud of our employees who do a great job, and through a lot of good discussion and cooperation over the last two or three months we have now got an excellent agreement.

We have got an agreement that provides for, I think, a very fair pay award for our staff but also means that the public, the passengers, now get a much better operational performance because of the improved FMP. I recognise there is a perception that the different parties blame each other. I can assure you that we certainly do not see it that way. We are clear about our responsibilities, and we also put our hands up when we get it wrong. There are times when we get it wrong and we put our hands up and accept that.

Mr DRUM — But it was more than just a perception when Connex came out and put the blame reasonably fairly and squarely on the unions and said that they were effectively forcing trains off the lines that did not necessarily need to be forced off the lines.

Mr METCALFE — I suspect that where that emanates from is that I was asked the question could those cancellations have been avoided, and I basically said that I believed a significant proportion of those cancellations could have been avoided had we had the revised FMP arrangements in place at that point in time. That was the context of those comments, and I stand by those comments.

The CHAIR — Just to clarify that — because it did come out in evidence this morning, and I guess we would just like to have the figure correct — as I understand, in a radio interview you put a figure of 80 per cent on that. That was lead in questions this morning. Is the 80 per cent figure right? Or is that out of context?

Mr METCALFE — It is pretty much accurate. What I believe I said was that up to 80 per cent could have been avoided. The interview, I believe, was on 29 January and it was following a week of very hot temperatures, so I was talking in the context of that very difficult point in time when we were going through the very hot weather. To really try to underscore my comments, if I take the preceding week, we have actually gone through and tracked each day of the week in terms of the numbers of cancellations and basically gone through cancellation by cancellation and worked out how many could have been avoided. Hopefully it will provide some sort of clarification if I take a couple of random days of that week.

On 19 January we had 74 cancellations, of which, having gone through and analysed all of them, we believe 62 or so were avoidable; that was 84 per cent. On Thursday 22 January we incurred 54 cancellations, and having analysed them, found that 93 per cent could have been avoided. On other days the figures were 73 per cent. So if I take that week as a whole, the figure would be close to 77 per cent. I would argue that that pretty much does reinforce the comments that we made that week.

Mr DRUM — Could I just finish up on that, Chair? We are confident now that the improved FMP will in fact preclude that situation happening again this summer?

Mr METCALFE — I am confident that in a similar situation to the summer conditions it will have a substantially positive impact on our ability, or the industry's ability, to deliver and operate. Does it mean that we would not still incur cancellations or difficulties under extreme conditions? No, it does not. We would still incur difficulties and problems but they would not be as exacerbated as I believe they were in January and February this year — of that I am confident. The new agreement on FMP is already working, it is in place, and it is that agreement that is already helping us to deliver, for example, the 99.6 per cent reliability that we are now seeing — pretty much a record high and not far off world-class numbers.

Mr VINEY — Before I forget, in the context of the question to come, can I offer my congratulations in terms of the way your company is reported to be handling the transition. It must be difficult for many of you to deal with, but it is not unexpected in the context of the way you handled the transition from National Express as well.

Mr METCALFE — Thank you.

Mr VINEY — My question really relates to increased patronage. I am interested in the connection between increased patronage and pressure on the system which then causes cancellations. Is it true that there is a relationship? Would you agree that as you get a doubling, which has occurred effectively over the last 10 years, passed on to the system you are going to have more stresses that create more pressure?

Mr METCALFE — I will ask Bruce Hughes to answer that. Could I briefly comment on the question of transition? Thank you for the comments, and, yes, we believe it is the right thing to do to make the transition as smooth and as successful as possible. I appreciate your comment.

Mr HUGHES — There is definitely a relationship between the factors you just mentioned. Congestion on the train network is a combination of customer congestion on the trains themselves and congestion of train services on the tracks. It is a question of the capability of the network to support the increase in train services that are necessary as a result of the increase in patronage.

When you do that and you take the network to a position where you are requiring 94 per cent of your fleet to be available, you are sharing the network with V/Line services and other freight operators, the number of available pathways gets tighter and tighter and you are trying to squeeze as much out of the network as reasonably possible to sweat the asset as much as possible. In that scenario the network is operating at the peak of the peak under significant pressure, and when things go wrong, as a last resort, trains are taken out of service.

One of the things we try to avoid is taking trains out of service because that in turn puts pressure back on following services because of the patronage itself, the overcrowding that occurs as a consequence of that. There

is a loop — increased patronage, increased pathways, increased services and the operation of those services does have an impact on the potential to cancel trains, and it certainly has an impact on the on-time performance.

Mr METCALFE — If I may just add a comment. As I said earlier, I travel on the trains pretty much every day and you see it when you travel. If trains are operating well and you are not incurring cancellations, even in the peak it may not necessarily be the most comfortable experience on a busy train but it is a reasonably good level of service. Once you start to lose one or two trains through cancellations the knock-on impact of that is huge in terms of the person's experience of their journey. It turns it from being, maybe, acceptable to being very unacceptable.

Mr HUGHES — The most extreme example I guess I can give there relates to some of the commentary about our underutilising the city loop. The reality is that the city loop is designed for 20-second dwell times at each of the stations, and at the current level of patronage on the network those dwell times can blow out to 60 to 90 seconds. When you are trying to squeeze as many trains as possible through the loop, blowing out to about four times the dwell time has got to have an effect on the practical capacity of a piece of infrastructure like the city loop, and it does. That is probably the most extreme example.

Mr VINEY — I would like to ask you a little bit about the issue of the air conditioning, which seems to be of significant concern to the committee today. With the X'trapolis trains, do the specs increase the tolerance? We have been talking about the Comeng trains that have a tolerance of 34.5 degrees. The new ones that have been ordered presumably have a higher level of tolerance.

Mr METCALFE — Yes.

Mr VINEY — What is it? Do we know? Roughly.

Ms BAXTER — It is 42 degrees, and they can operate slightly higher than that as well. As you can see from the results, the X'trapolis suffered much less in the way of cancellations during the extreme heat over those whole three days. They operate well at that higher temperature.

Mr VINEY — I think — I am advised — that the first Comeng trains came into operation around October 1980. Is that about right?

Mr HUGHES — Yes, early 1980s.

Mr VINEY — Just to be clear, the specifications for trains that can operate up to 34.5 degrees were written in the 1970s.

Mr HUGHES — In the 1970s. That is correct.

Mr VINEY — Right, that was during the Hamer government. We are hearing about all of the great things it did. And they were not improved or fixed during the 1990s, were they? There was no move to improve them or fix them in the 1990s.

Mr HUGHES — There has been no significant upgrade to the air conditioning of those trains.

Mr VINEY — The only time it is occurring is now.

Mr HUGHES — In those circumstances, yes — the extreme circumstances we had at that particular time.

Can I take this opportunity to talk a bit about FMP, because it will come again. It is not just about air conditioning, by the way. The FMP agreement and the MOU that was signed back in June last year and the events that have occurred since then, resulting in us now having signed a UCA, have meant a comprehensive change to the FMP and to a range of other systems and bits of equipment on a train that will improve its potential to remain in service with other than safety-critical train faults. It is not just air conditioning.

It was a major workplace change, and that is why it has been seen as just about the only breakdown in delivering change in the network we have had in the last 10 years that has resulted in us not getting an agreement with our staff in the time that we would have liked to and at a point that we would have liked to that would have delivered the best service that we would have liked to have delivered to our customers at that time.

It was a significant workplace change, though. It is now in place and we will see the results of that in the future. As you have indicated, somebody else will be operating the network then, and that is a shame but that is the way life is, but we will see an improvement in the performance of this network and those trains as a result of that FMP change, so it is not insignificant at all.

The CHAIR — Can I just pick up on the discussion led by Mr Barber before. I was a bit concerned about what I perceived as Mr Grady's lack of confidence about electricity supply going forward. I agree that the system you operate is a priority user and a substantial user of power, and going forward it would be of concern if the train operator was not confident about power, particularly in times of high demand, which is obviously the summer period. Could I just elicit some further information on any concerns or reservations that you have about power availability or demand issues going forward?

Mr GRADY — Chair, we have to go and argue our case with an independent regulator. We will go and argue the case. We will argue it as strongly as we can, but we have to convince that body to give us the priority that we believe and obviously you believe we deserve. It is not a one-way street. I cannot just go there and say, 'Give me the power'.

The CHAIR — No, I understand that, but do I understand that you believe that the power availability is there, or in your analysis of your demand needs going forward and the discussions that you have had with the electricity regulators and retailers and so forth about the provision of that power, have you reached a position where you think, 'This is a risk factor for our service'?

Mr GRADY — No, we have not reached that position at all. Perhaps that is my natural pessimism. I am probably pessimistic until I get things over the line, but there is no reason to believe that we will not get there. We just need to go and complete the process. Also there are times when even the electricity regulator does not control what happens. The South Morang failure on 30 January, which took out all our western suburbs, was not planned; it just happened, and then we had to work through with the supply authorities on recovery, which we were able to do within about an hour and a half, because I was in the control room at the time. So I guess it is really my natural pessimism. I do not have an agreement, and I will be pessimistic, I guess, or show a bit of pessimism until I get one.

Mr VINEY — Maybe if you guys had not flogged off the SEC, we would have been able to just instruct them to do that.

The CHAIR — Mr Viney, that sort of comment — —

Mr BARBER — We can have an inquiry into that.

The CHAIR — Order! That sort of comment really is not very helpful, nor was your other comment before. If you want to start talking partisan politics, if you really want to break it up that way — —

Mr VINEY — Do you think it has not been partisan today, Chair?

The CHAIR — Yes, I think it has not, and if you like, we will talk about the reliability of the train service in the dying days of the Kirner government.

Mr BARBER — I am still back on this issue of your relationship with the government over day-to-day operational issues and that sort of thing. An issue which, as you know, is significant is the issue of loading and unloading people in wheelchairs. From the data you gave me, over this six-month period there were about 500 incidents where you had a delayed train where the cause you gave was 'wheelchair traffic', and sometimes it even notes 'wheelchair x 2', 'wheelchair x 6', 'wheelchair x 7' and delays of 3 minutes, 6 minutes or even longer.

Obviously it is undesirable that that is the circumstance, but your mates want to go to the footy together, they all happen to be in wheelchairs and they can all turn up at the same time. We do not want a situation where passengers are resentful of people getting on in wheelchairs. Everybody should have the same access to the system. How would you approach that issue with the government? You called it a partnership, but is that simply your problem to manage — a growing problem, obviously, in terms of delays — or do you put proposals to the government that might address that problem and quite possibly eliminate it?

Mr HUGHES — There is a comprehensive DDA action plan in place within the franchise that addresses all issues of access to the network and particularly for people with special needs, like wheelchair customers. We are well on track with the implementation of that DDA action plan — in fact we are ahead of track — in terms of the rail network overall. I think the data you are talking about would be the TOPS — train operations performance system — data that we provided to you.

Mr BARBER — Yes.

Mr HUGHES — We did provide that with a qualification. It is top-level data. It is straight from the train control desk, if you like. It has not been subject to any degree of analysis at the operational level as to exactly what occurred on those occasions. Suffice to say that if it says ‘wheelchair customers’, I am sure we had some, but what resulted in the delay? Then we actually dig down into that to see if there were in fact staff on the stations to assist. The system that we use is that the train driver assists wheelchair customers on and off the train. There is a ramp provided that he deploys, and in some cases where we do have multiples it does take a bit longer.

It is part of running a network like this, but it is being addressed in the DDA action plan. Extra staff will also assist with that. We have got extra staff on the network today, and there are extra staff proposed for the network in the future, particularly at the key locations where those delays occurred, within the CBD and within the CBD fringe. Outside of that it generally does not cause too great a delay. So taking the data from TOPS, I am not exactly sure what locations you would be referring to there, but I suspect it is mostly around the CBD and the CBD fringe. But we are addressing that, and there is an action plan in place to deal with all issues associated with access to the network for people with special needs.

Mr METCALFE — Maybe if I could add one further comment in the context of looking to try to improve. One of the initiatives that we commenced last year was the design of something new: what we call the demonstration train, which has got a number of, if you like, what we hope are improvements, but one of those is better and clearer access for wheelchair users. One of the issues with the design of particularly the older trains is, if you like, the space and congestion and the ease of access and egress. So again in terms of looking forward to improvements, that is very much part of what was in our thinking in looking at potential redesign for configuration with one potential hopeful improvement being to make access and egress better for wheelchair users.

Mr BARBER — But as you say, that is a demonstration project, so whose job is it to say, ‘Roll it out’?

Mr METCALFE — In terms of the sorts of things that Bruce talked about in terms of station staffing and training of staff, that is largely us. If you are talking about a redesign of trains, then that clearly could only happen in conjunction with government.

Mr LEANE — Just getting back to something you have previously talked about, being a 10-year employer of 3000 people you would not claim to have been immune from industrial dispute over that period of time. But I appreciate something you did say when speaking on that — you are actually quite proud of your workforce. An issue that might have involved drivers a few months ago — as far as drivers go, I have nothing but admiration for the drivers following a recent chance I had to travel in the front of a train. We spoke to the Department of Transport about some unfortunate human incidents. What does Connex do for a driver if they have an unfortunate incident? How many drivers actually come through what you do as far as assisting them so they can get back in the cab? How big is this issue as far as maintaining that part of your workforce?

The CHAIR — The incidents are I think what you understand as trespass.

Mr METCALFE — Trespass or suicide.

Mr HUGHES — Regrettably they occur all too often. On average, probably about once a week on the network we have a serious incident, and that is most likely a death on the network. In terms of near misses, it is probably four or five times that number. Certainly for our train drivers who are involved in such regrettable incidents we do have a counselling program. We take them off the network for a very short period of time. It has been proven that the shorter the period, the better for their rehabilitation. Generally it is only two or three days. Most drivers, with the counselling, are back on the job quite quickly. Very few are unable to deal with the

issue. Most drivers, with counselling and the assistance of their peers and the processes that are in place within the organisation, are able to come back to work quite quickly.

Mr LEANE — Those near misses that you mentioned — there might be four a week, did you say?

Mr HUGHES — Yes, it is probably four times the number of the more serious incidents.

Mr LEANE — So they are trespass incidents?

Mr HUGHES — They are generally people crossing the track in inappropriate places.

Mr O'DONOHUE — I want to ask Mr Grady a question about sleeper replacement. I understand you are replacing some timber sleepers with concrete sleepers, obviously to make the track more effective and more able to withstand temperature changes and the like. I also understand it is in effect a partial replacement — you replace one sleeper in four. Could you explain to the committee why you are doing that? To me that would appear to be a short-term replacement program. I am interested in your views on that.

Mr GRADY — Yes, it is a partial replacement program on the straights, where the track is straight; it is a full replacement program around the curves. Why are we doing it that way? Because we believe that is the way to get the best bang for our buck, primarily in time. Over the last probably 30 or 40 years when we have replaced sleepers with a tie renewal gang or a sleeper renewal gang we have gone through and replaced about one in five.

The wear-out rate reflects that all the way through. On the curves, we are stiffening the curves by putting the concrete in now; on the straights we are putting in one in five, where we will get the benefit of the new concrete sleeper in giving us a bit more weight and we will hold the gauge better. When the tie cycle comes through for that line again we will go through again. It will take a couple of tie cycles at least to get through and do the lot on the straights. If I had my way, I would rather do it on the face, but there are constraints. It is not only a money constraint, it is production constraint on the sleepers. The manufacturer can only put out about 100 000 a year for us. That does not go very far if you are going on the face.

The CHAIR — The period that is under real scrutiny — it is understood that there were some very exceptional circumstances which affected performance, but it is my understanding that over an extended period Connex has faced fines from the government for failing to meet benchmarks along the way in terms of various service points. I guess that begs the question as to whether or not some of those benchmarks were unrealistic, whether or not some of the areas you considered were perhaps peripheral to the service that you were offering or whether or not in some cases, as was led in evidence earlier today, it was better to cop a fine rather than to actually address the more substantive remedy cost of the issue that is there in the short-term, perhaps relying on infrastructure replacement or something to deal with it in a longer time frame. I guess I am really interested in terms of those benchmarks and the ones that you have missed and copped fines on — what is the company's position on those and where you have fallen short on those service areas?

Mr METCALFE — I think it is a very good question. The reality is that I think some of the benchmarks that we are talking about — probably the best examples being around things like punctuality — were clearly designed and set right back at the beginning or even ahead of the current franchise at a time when, for example, passenger volumes were 114 million passengers a year rather than the 214 million passengers a year that we are now seeing. As my colleague Bruce described earlier, there is no doubt that there is a very significant correlation between passenger volumes and punctuality. I think that is well documented and well accepted.

Yes, we have copped it in terms of fines because of those sorts of reasons, which you could argue have been out of our control and, arguably, you could also argue have been real measures of success in getting people to use public transport. Is it a real big problem for us? Is that a major issue? On the one hand you could argue it is, but on the other hand I could also sit here and say, 'We also benefit from the fact that there are more passengers travelling on trains. We enjoy a share of the revenue that comes from the additional passengers'. On the one hand we cop it with fines for maybe performance because of the impact, but on the other hand we get a share of the additional revenue.

In the round, it is not something that we lose too much sleep about or we regard as being disastrous. Frankly, our focus has been more on, 'They are the rules. That is how the thing was set up'. In the round it sort of works.

The more important thing, I think, is your point about getting on and fixing it. Rather than arguing and debating the fairness or unfairness, frankly we are much more interested in saying, 'How can we improve things?'. Frankly, our focus and our attention is much more on, 'How can we improve things?' — like FMP, like operating plans, as I said earlier, to drive the performance back up to the 95 per cent in December last year and the 99.6 per cent in June this year. That is the way to deal with it, not to really spend too much time arguing about the contract.

Mr HUGHES — Yes, you almost need to treat it as another KPI for the delivery of service. If you look at it that way, yes, there is the financial advantage of correcting various problems can be derived in an OPR — operational performance regime — sense. Does that drive us just to wear the fine and avoid improvements? No, definitely not. We use it along with a whole range of other KPIs to tell us where to direct that improvement. Is it right for today? Most probably not. It has moved on. It was pre-1999 when it was originally constructed. Things have changed a lot on the network since 1999, as we know.

Mr BARBER — What is the 'it' you are referring to now? Punctuality?

Mr HUGHES — No, I am talking about: is the operational performance regime exactly relevant today as it was back in 1997, 1998 when it was constructed?

Mr BARBER — The OPR is you do not turn up on time, you get fined?

Mr HUGHES — Yes, that is right.

Mr BARBER — Is that still appropriate?

Mr HUGHES — It is appropriate to have a regime like that in a franchise contract like this; yes, it is. It ought to be constructed in a way that provides both an incentive and a disincentive for the operator to perform. At the moment it is completely stick — there is no carrot in the current regime. But in the future regime that has been altered to provide for a different approach. The opportunity has been taken to update it. Did it need updating? The answer is yes, it did need updating to reflect current arrangements. Is there room for such a regime? Absolutely. As an operator, we would rather not have been fined, but of course it does keep your focus on what is happening on the network, along with a range of other KPIs.

Mr METCALFE — I was just going to add the point, and I go back to a point earlier, which is that, really, in the last, sort of, three years or so when it became clear that the patronage growth was starting to burgeon, that is really where the joint effort has been between the operator and government putting in place these plans to both invest in the network but also to actually reform a lot of the way in which, for example, the operational regime works and to look at how we can create more capacity through improving a lot of the plans.

The CHAIR — Recognising the introduction of the incentives as well as the penalties going forward, has there been any shift in the benchmarks? Have the benchmarks been altered? In the process they have put it out to tender to all comers and a new franchise will take over in due course, but in that process that was put out to tender, were the benchmarks changed?

Mr HUGHES — New benchmarks have been introduced in a number of areas. Customer satisfaction, for instance, and things like cleanliness, appearance of the trains and of the platforms themselves will be taken into consideration as well as operational performance. On-time running will still be a feature of the future regime. Service delivery will certainly be a feature of the future regime, but it will be broken up into a different package. More focus is on some of the things like comfort, cleanliness of the network.

Mr BARBER — Another example from the data you provided to us is around 600 incidents involving unruly passengers, which led to delays, led to trains not being able to leave, I presume. That is separate to the instance of what you call 'police involvement'. Is that 600 incidents of delayed trains, not to mention problems for the other passengers, simply tolerable for you guys? Do you cop the fine for that, or does the government say, 'Hang on, we want to reduce delays due to unruly passengers or delays due to loading of wheelchairs. We want to get them down to zero, or we want to get them down to some much smaller level'? Because I think 600 out of 12 000 incidents is a reasonably laFrge category of incidents. It would have its own plan, would it not?

Mr HUGHES — As I indicated earlier, that data is analysed actually on a daily basis at an operational level. The outcome of that analysis is then taken to drive improvement projects on the network or improvement initiatives right across the network. In that case, it was one of the key drivers that resulted in the change to the deployment of authorised officers — the intelligent-based deployment. We put our data together with transit police data. We look at the outcome of that. We analyse it deeply. We use that then to drive the changes and the initiatives that have been put in place. That unruly customer or unruly passenger — maybe I will not call them customers; if they were customers, maybe they would not be unruly. The reality is we do use that data. As I say, it is raw data. It is sometimes a bit difficult to just take it on its face value.

We drill down on that. We analyse it every day. There is a meeting of all of the parts of the organisation and infrastructure fleet, operations and transit police which looks at that information and then uses it to make changes. Are we trying to get that down? Of course we are.

Mr METCALFE — Probably an even better example is vandalism, which accounts for a significantly higher proportion of the impact on services. We spend around \$11 million a year just fixing vandalism. People think that is just our problem in terms of fixing the trains; it is not because when trains are vandalised we take them out of service, repair them, get them fixed as quickly as possible. That can then mean that trains do get cancelled and impacted. So, as Bruce says, really using that data and really targeting the investment in the right areas is key. With vandalism we employ more security staff, we put more security-type fencing around key maintenance sidings, because frankly spending \$11 million a year on vandalism and then the impact it has on the service is a waste to the taxpayer; it is a waste to the passenger who ultimately has the most disadvantage out of it. I can assure you the sums of money involved really do focus our attention.

Mr DRUM — I was thinking about how you spend \$11 million on vandalism and how you get it in the neck again when you are fined for having your trains out of service. In relation to the MOU that was signed in June last year, after you had that issue, can you tell us who signed that MOU on behalf of the unions?

Mr HUGHES — The secretary of the RTBU and the secretary of the RTBULD, which is the locomotive drivers division of the RTBU. Those two parties as well as ourselves signed the MOU.

Mr DRUM — Their ability or inability to ensure that their union followed the MOU?

Mr HUGHES — As I indicated before, it was a fundamental workplace change. The FMP was constructed taking into account the engineering and technical capability of the train, the fleet, the wants and needs of customers, and the operational requirements of the network. One of the key players in developing the way faults are treated on trains of course is the train drivers, because we are actually talking about their workplace. The driver's cab is the driver's workplace. Their views are taken into account. It has been built up over many years, therefore it has an industrial component to it. As well as a technical, an operational and a customer-driven component, it has an industrial component.

It is our responsibility to provide a workplace that is safe for our staff, including train drivers. All those factors are taken into account. Over time, sometimes the weight of the industrial argument may have outweighed the weight of the technical argument and you have a system and a process that has grown like that. To achieve the output that we need from this infrastructure and this train fleet, things have to change dramatically. In the past to get that change we have tried to obtain the cooperation of the particular workforce that is involved, in this case more predominantly train drivers, but there were other changes as well in this MOU. We spent time and effort on that to the extent that it got us to where we were in December, which was not a good place to be. Eventually it resulted in what happened in December, January and February when we then took it to another place for some assistance. We got that assistance and with it we were able to come to an agreement with the union that delivered all of the things that we needed to harden this network in a performance sense for the way we deal with faults on trains.

Was it an inability to deliver? In 10 years we have lost two hours due to industrial disputes. We did not actually lose any time through an industrial dispute with this particular issue but we spent the time. In hindsight there was a cost to that in terms of disruption to the network but at the end of the day we have got a pretty good outcome for the future. Would you have liked not to have had that hiatus, that difficult period? Of course we would have liked to have not had that. But it was such a fundamental change we had to spend the time.

Mr DRUM — Going forward with this new FMP, what sort of comfort will Victorian travellers have now that you guys are moving on and a new, Hong Kong-based mob is moving in?

Mr METCALFE — I would argue that Victorian passengers can take a significant amount of comfort because I agree with everything that Bruce has said in terms of it being a step change. It was not just tinkering or a small improvement, it is a fundamental step change. But again if I can perhaps make the point by talking about the figure I talked about earlier, we now have 99.6 per cent reliability, the best in six years. That is due in no small part to these changes. It is a number of factors, it is not just the FMP improvement but that is certainly a part of that.

I think that what has now been achieved will set the system up to be a much stronger, much more robust, much more reliable system for many years to come. Frankly without that sort of change, even with the pain that has gone with it, we would argue that the system was going to be suboptimal with the pressure it is now experiencing under the sheer weight of what it is having to deal with.

Mr DRUM — I appreciate that, but this morning we heard very clearly that the government and its department expect the new managers coming in to be able to do a substantially better job than you guys. If their managers coming in from Hong Kong are going to be able to do a substantially better job with roughly the same workforce, what confidence do we have that the new fault management protocol that has been set down and put in place between yourselves and the existing workforce is going to carry forward and give us any comfort going forward?

Mr HUGHES — The UCA does carry forward. The agreement is a three-year agreement effective from 1 July. It is a legally binding agreement. That is their union collective agreement. The MOU was a device as a means to an end; it was not a legally binding document. The UCA is.

Now we cannot say how the industrial relations will work, how the workplace communication will work and how a new operator is going to work with the existing workforce. We know what we have done and what we have put in place. That UCA does carry forward for the three years and the new operator is bound by it.

The CHAIR — If I may also just step in with something to do with transitioning in terms of the new operators, I noticed that as part of your presentation, Mr Metcalfe, you talked about the project delivery track record and highlighted a number of projects, some of which are currently in train — in train! — and not completed. I guess my interest on behalf of Victorians going forward is what is the process that will transition those projects from the management model that you have developed, which is a little different to operating the train sets, to the new operators, are they going to have a similar role to play in terms of the project work and is that part of that business model as well?

Mr METCALFE — I would expect that that activity would continue. Under the terms of the franchise transition the vast majority of employees transfer to the new operator, so that provides continuity of knowledge, skill and experience. And, as I said earlier, clearly in terms of the handover and transition it is important that that continuity and that momentum are not disrupted. I am sure everybody will work hard to achieve that. But the project delivery arm of the operation is very successful. It has proven to be a key element of working with government to continue to drive capacity improvement and operational benefit, and I have no doubt that that will continue to be a key part of the franchise operation going forward with the new operator.

Mr O'DONOHUE — Mr Metcalfe, again as we move towards the transition period, do you have any serious issues about the network and its viability? I ask that question because it has been reported to me that in recent times you have written to the government about some serious probity issues and issues you have with the network. Is that correct, and if so what are those issues?

Mr METCALFE — Just to clarify to make sure I understand you, are you talking about network issues or probity? I am not quite sure what it is that you are talking about, sorry.

Mr O'DONOHUE — Mainly probity issues. I understand you wrote to the government about some concerns; you had some concerns about probity issues — that is what has been reported to me. Is that correct?

Mr METCALFE — I suspect that probably what you are referring to are some reports of probity issues which were in relation to the MR3 process, as opposed to network issues. I suspect that is probably what you are referring to.

Mr O'DONOHUE — Yes.

Mr METCALFE — First of all I am not sure whether that is actually relevant to this inquiry, in the sense that I am not sure that has any bearing in terms of the factors affecting the operation of the network earlier this year or at any other time. The other genuine difficulty I have is that that matter is also covered by a Probity and Process deed, which means that to the extent that there was any sort of question, I am not in a position to really discuss it anyway, I am sorry.

Mr BARBER — When I go through your list of incidents, there are obviously hundreds of incidents that involve a train when it is first taking off for the day. So a driver turns up, puts the keys in the ignition — or whatever it is that they do — and we see here incidents such as faulty DDUs, obviously the vandalism that you mentioned. Whose job is it to turn up early and make sure that train is ready to go and that any of these minor issues can actually be dealt with in a timely fashion, rather than the driver turning the ignition key, finding it does not start and having to call the equivalent of the RACV?

Mr HUGHES — The way it actually works is that when the train goes off at night, generally if there is any fault in existence on the train the previous night that will be reported; that will be attended to during the period that the train is in the siding; and the train will be generally fit for purpose for the next morning. It is not a guarantee that when the driver puts the key in the ignition everything is going to fire up. We certainly have a maintenance contingency, both on the UMTL side and the Mainco side, to address any faults that occur. The driver is rostered on much earlier than the start time of the train —

Mr BARBER — How much earlier?

Mr HUGHES — Well over an hour ahead of the start time of the train, to actually do what is called a driver's preparation, where he checks all of the systems of the train and he will report any faults. It is then a question of whether a fault needs to be attended to, and under the current FMP a number of the faults that would have needed to be attended to under the previous arrangement will no longer be required to be attended to; the train will go into service because they are not safety critical — that is a result of the process that I was trying to describe before.

That has changed now. So the FMP will help deal with that. The maintenance response will certainly deal with that. We have deployed more people onto the network and there are more checks and more people available to attend to safety-critical faults should they occur in preparation. So generally the system is better placed to respond to the types of faults that you are seeing in that tops data. I am not actually sure when that is from.

Mr BARBER — Which period?

Mr HUGHES — Yes.

Mr BARBER — You gave us six months of data, which straddles January and February of this year.

Mr HUGHES — Certainly you will see a change in that sort of data.

Mr BARBER — On 19 February on the Alamein line at 6.48 a.m. the reason listed was 'condoms in saloon 628M' — which is the train — 'on dock, dock not available', and the train was cancelled. What happened? Did they shout, 'Oh my God, this is so gross', and run, screaming, down the platform, 'Just cancel the train!'

Mr HUGHES — That is an extreme example where we would have expected the matter to have been attended to, the area cleaned up and the train to have gone into service. As I say, that particular incident would have been analysed and the driver would have been spoken to about his report and his response to that particular problem.

Mr BARBER — There is a procedure now for biohazards, is there?

Mr HUGHES — Absolutely, yes, there is. We would have established why that procedure was not followed on the day, and action would have been taken. As I say, I cannot tell you exactly what happened, but that is what we would have done.

Mr BARBER — You have got six incidents here at all times of the day and in various months: ‘syringe in saloon’ — departs 6 minutes late; departs 3 minutes late; departs 8 minutes late. The passenger-weighted minutes on that was about 30 000. Let us say about 5000 people were standing around for the equivalent of 6 minutes at Flinders Street station, and yet it took an 8-minute response time. A train literally was stopped by a syringe, which we all agree needs to be removed the minute it is found there — but why 8 minutes for each station before a train can get under way?

Mr LEANE — There is a procedure to remove them and remove them safely.

Mr HUGHES — Quite frequently — —

Mr BARBER — People are usually trained in it. That is why I am asking — —

Mr HUGHES — And they are — —

Mr BARBER — Why did it take them 8 minutes?

Mr HUGHES — It is not that. Quite frequently the problem there is that people, with whatever motives they may have, actually set those syringes up, push them through the seat fabric so that they are in a dangerous situation for other customers, and it is hard to remove them. They are not just laying there on the floor or laying on the seat; they are actually being pushed through by people with motives I just cannot understand, to injure and damage equipment and to injure other customers. In that case it is rather difficult for those to be removed and people do take time to remove them. But that is generally the case. More often than not those things have been set up to do damage.

Mr VINEY — Do you have any more bombs you want to throw that will blow up in your face, Mr Barber?

Mr O’DONOHUE — Mr Hughes, you spoke about sweating of the assets, which is a new term I have learned in the last couple of days. With anticipated continued growth in patronage, in the short to medium term until those new trains come on line do you think the network has the capacity to cope with the anticipated growth in volumes?

Mr HUGHES — Bearing in mind that the first of the new trains will arrive in four or five months and they will start to come on line quite quickly after that, the initiatives that have been put in place to guarantee 94 per cent availability of the current fleet should certainly see us through the short to medium term. Then, as I say, the new trains will be arriving. There are plans for those for next year, and planning is under way for how those trains will be utilised. So the answer is, yes, it should be okay.

The CHAIR — I acknowledge what Mr Viney said before, that the evidence led this morning indicated that the Department of Transport was particularly pleased about the commitment of the company and its professionalism as a corporate identity to the transition process in what must be a difficult and disappointing circumstance for the company and its senior management. I also appreciate what you were saying before and respect the fact that you were saying you are not interested in a blame game situation as to who did this and who did that.

But when it comes to this massive increase in patronage, some of which was part of a government ambition, so the fact that it actually occurred ought not to have been a total surprise, and some of which was likely to be interpreted from a range of developments, some of which you highlighted, such as a fuel prices being up — it would be a fairly normal thing to expect that if there is a substantial hike in fuel prices then, yes, a lot of people may well start to look at their behaviours — a number of those things were perhaps to be anticipated, at least to some extent.

I would have thought that with yourselves the data would obviously be critically examined at every point, at every turn, that you would be analysing the new data that comes in and so with some of those trends that were happening in terms of increased patronage you would have had your eyebrows raised at a fairly early stage. Perhaps the extent of the increase was unanticipated, but I think you probably would have identified the general

trend fairly early. Whether or not you thought it was going to be sustained, certainly at the level it was, is another issue.

Given that sort of background, in terms of the capacity issues and what you would do as a management organisation to address what you saw as that trend, I would expect that you were identifying ways of handling that capacity. Some of that might well have been reflected in terms of overtures to government for additional activity by it in infrastructure or the new rolling stock and so forth, and of course some of it has been responded to in the context of government policy. But I am interested to that extent on those areas where you were seeking to try to improve your ability, your capacity to handle this — what you would have identified as a trend, and particularly what you saw as any constraints as a management organisation to dealing effectively and to the satisfaction of patrons with this increased capacity, this increased loading.

Mr METCALFE — Sure. I think there is a lot in that question. I will certainly have a good go at it.

Mr LEANE — Can you repeat it please?

The CHAIR — No — Hansard, can you read that back?

Mr METCALFE — I will have a good go at it, and then I am sure Bruce will chip in for anything that I miss. Picking up your opening comments about managing through transition and everything else, of course now is an interesting time to look back — to look back at what happened and what has gone well and what has gone less well. I think if you look back and say the patronage growth started in earnest probably about four years ago, I am sure that — and I was not around at the time but I can well imagine because I have seen similar experiences elsewhere, and certainly in the UK — to some extent there are bound to be debates about, ‘Is it a blip? Is it a 12-month surge?’, which does happen, if you look back through history, or, ‘Is this going to be a sustained growth of 48 per cent over four years?’, which I do not think anybody would have foreseen or anticipated. There are those factors. I think it would also be fair to say that through 2004, 2005–06 I think the organisation — both the franchise but I believe also the government — was probably dealing with a lot of other big issues.

Whether that is stitching together two franchises, making two train fleets compatible with each other, recruiting, the backlog of drivers from the previous franchise, the management of Siemens trains — there was a lot of other distracting-type stuff going on. In hindsight, I suspect if we all said, ‘Would you have done more in the years 2003, 2004, 2005, 2006?’, of course the answer is yes, and I think that has to be the honest answer that I am sure all parties would probably say with hindsight.

With what we have now seen the obvious thing would be that all parties would have done more to have planned and provided for this phenomenal growth, but there were a lot of other things happening. When I think it became clear — and this is my perspective, looking in on it — to all parties through 2005-06 that this growth was more than just a one-off blip and that maybe this was part of a trend, then I think all parties did really then get stuck in and through mechanisms and bodies such as the network development partnership, which is a joint government and operator body, an enormous amount of work was done over the last three, four years in putting the building blocks in place for projects, for new operating plans, new timetables, even things like untangling the loop and the things we did in November last year, taking out trains and changing the way in which particular lines entered the loop.

The genesis of those things probably go back at least two years before that because you cannot just make a switch. Just changing a timetable alone probably takes the best part of a year because there are all sorts of significant knock-on impacts.

I think my personal view, if we all had our time again with the benefit of 20/20 hindsight, would everybody have done more in 2004-05, then I am sure the answer is yes, but there was a lot of other difficult stuff having to be managed by all parties, but I think a lot of effort really did go in from then onwards to fix the problem leading to the Victoria transport plan, the new timetables, the new operating plan, the FMP. That is my personal view.

Mr HUGHES — Just a couple of things to add to that. At the beginning of this franchise in April 2004, as we have indicated in our submission, and as has been talked about, there was a substantial driver shortage on the combined network. We were not in a position to add services for the first 18 months of the franchise, in fact,

because we would not have had the drivers to staff them, so our first focus was on redressing that, and that did take 18 months.

The integration of the two disparate networks — and they had become quite disparate in pretty much a short period of time — the addressing of things like the incompatibility of the two types of Connex fleets, that took almost two years to get that network back operating as one network again, so the focus was absolutely on what needed to be done there and then to make the network again whole and then to give us at least a solid footing to look forward, and it was in 2006 that the first major patronage increase actually occurred. That was the first above 10 per cent I think in 2006. I could not find it. I thought I had it in the papers here, but it was in about 2006, so in the period leading up to that, was the eye off the ball a bit? Yes, it was. It was not off the ball of operating a public transport network and making this public transport more robust for the future. It was on making sure that that happened. And did we miss that particular point?

I think we all collectively can put our hands up for that. And was it over and above what anyone would have anticipated at the time? Absolutely, and I think the proof has been in the pudding, with our 47 per cent over the three, four years since then. So could we have done more and would we have done more and should we have done more? No, yes and yes. We could not, but we would have if we could have, and I guess that is just once again a bit of a personal view.

The CHAIR — What do you see as the major constraints now, though, for you and for the new operator in terms of improving service levels or even sustaining the high levels that you have been achieving — things we were talking about this morning like congestion on the system, which obviously for a management organisation of the transport service must be a real nightmare for you. We understand, I suppose, from the evidence that you have given and the Department of Transport gave this morning that the driver pool and the staffing skills are okay.

Mr HUGHES — Yes.

The CHAIR — They are up to speed now because of the work that you have done, but certainly that congestion, perhaps the grade crossings and so forth — what other issues or constraints are there facing you now in terms of achieving the satisfaction levels that you want for the service and presumably the incoming franchise seeker would want to deliver?

Mr HUGHES — There is a plan. We have put a plan in place that goes beyond this franchise. It certainly looks at how the network needs to be over the next few years to take into account delivery of new trains. Part of that plan, as Jonathan alluded to earlier, was untangling the network, making the network simpler and therefore creating more pathways, moving more towards a metro style of operation, self-sufficient in terms of maintenance support in the various areas of the network. Certainly we believe that that plan is the short to medium-term solution.

Longer term is more trains to accommodate the patronage increases that will go on. We see already that perhaps that patronage increase is starting to soften a little bit — not a lot, but a little bit — and no-one would have expected it to go on at 10 or 12 per cent a year ad infinitum. We would expect to see that soften somewhat. However, the key then is investment in trains and investment in the network itself to improve the infrastructure to support those trains. In the meantime, the plan that we are proposing should be undertaken, and that is in our business plan. It is also in our bid. The government has it available to it, and I am sure the current operator seeing they have been selected has got a good plan, and that would need to be pursued.

Mr METCALFE — The point I would add is that my experience is that what railways do not like are shocks and, if you like, sudden surprises. You cannot legislate against that, but if you have a plan, and as Bruce says we have a plan, and you operate to a plan, then I believe that the two things will be integrated very closely.

Provided that you have, if you like, continuity, and that can be continuity whether it is in management, whether it is in investment, whether it is in delivery of improvements or new timetables, railways tend to work very well. But when they do not work well is when something unexpected happens, so the problems we have dealt with, for example with the Siemens trains, or whether it was a driver shortage; those sorts of events, even the problems earlier this year, when they happen, they can knock a railway off track.

It does not just knock it off track for those few days. Because of the nature of the way the operational engineering systems work and the human interfaces within that as well, if something seriously destabilises it, even if it only appears to be a short period of time, it can take quite a long time to get back to where you were. Certainly looking back, when you look back at the performance figures and the trends through the 10 years, that is certainly the case. When you fix a particular issue it can take several weeks and months before you get back to where you were before it started.

Mr DRUM — In relation to the driver numbers that you have spoken about as a past experience, how are we off for driver numbers now?

Mr HUGHES — We have stabilised the numbers now. In the next three months, I think, we will hit exactly the establishment level required for this and future timetables. We are almost at it already. It has been stabilised for some time to the extent now that any daily variation in train driver availability is covered with the normal overtime available from the roster. It has certainly stabilised and we have got a recruitment plan in place as well. It looks ahead for the next three years and it is a rolling three-year outlook, so provided the investment, recruitment and training is kept up to date, the shortage of drivers that we experienced in 2004 should not affect this network again.

Mr DRUM — So we have not had any services cancelled lately because of driver shortages?

Mr HUGHES — You can, on a daily basis, in an ad hoc way, if a driver becomes ill at an outstation for instance, you have not always got a standby available there to cover that straightaway. We have got contingency in the rosters to cover that but that is rare. I will not say it never happens, but it is not through an inherent shortage of train drivers on the network, and that is what the cancellations were about in 2004-05.

Mr DRUM — So on a normal Monday morning, or any normal morning, if someone calls in sick, you have a bank of drivers?

Mr HUGHES — Yes, it is covered. There is contingency in the roster, yes. That comes in peaks and troughs too, so some days are more tightly stretched than others, but generally it is covered within the constraints of the roster.

The CHAIR — Like the Monday before cup day.

Mr BARBER — When I see a couple of hundred instances here of, 'driver not in position' — and that is separate to 'driver ill' or 'driver misread roster' — is that a case of there is no driver, nobody knows what is going on?

Mr HUGHES — No.

Mr BARBER — Or is it not in position as a result of the way you are running the system, where driver changes occur at certain places on the network and it just cascades on itself? That is what I am asking.

Mr HUGHES — It can be a combination of all of the things you just said, except for the one that we do not know what is going on. We generally know what is going on with the train driver, but from time to time the network gets disrupted by a whole range of things and that puts the train drivers out of position themselves. The train that they were bringing into Flinders Street for instance, which is a key changeover location, is delayed for some other reason, out on the network. It does not arrive at the time it was supposed to, so the time that is allowed for that driver to change from his particular arriving service to another departing service is eaten up.

Normally, the normal contingency arrangements will be used to cover that but if you have got quite a significant disruption on the network, things fall through the cracks from time to time. Drivers themselves sometimes make mistakes; they are human, same as all of us, and they sometimes make mistakes about where they need to be at a particular time.

Mr BARBER — But it ebbs and flows, that is what you are saying. A set of delays that could be to do with something else then delay your drivers getting to a certain position, which delay other trains from leaving, so you do need a bit more. You do need more drivers because you need a bit more slack in a system than you are currently providing for.

Mr HUGHES — I do not believe so. I believe the current roster has sufficient availability of spare drivers, contingency drivers, to cover most events. I think you said there were six months' worth?

Mr BARBER — I have got about 200 instances where it says 'NIP'.

Mr HUGHES — Over six months, did you say?

Mr BARBER — Over the six months.

Mr HUGHES — Yes, it probably would be. As Jonathan is just reminding me, a lot of that would be in the December, January and February period, which was obviously the worst period of disruption that we have seen for quite some time. I am not sure whether it is an indicative slice of what happens on a day-to-day basis. In fact, I know it is not an indicative slice of what happens on a day-to-day basis, because it does include those special causes in January, February. But we run 12 500 services a week and that is a couple of hundred over six months. It is pretty small, so I think our contingency is pretty right.

Mr METCALFE — I think the reality is that when the railway is running well, for example as it is at the moment, there would be a counter argument from people that said we have got too much contingency. Why do you need all that cover? So it is about finding a happy medium.

Mr DRUM — In relation to the scale in the books that we have here, which is the monthly report of February, it also goes back and mentions that in relation to breakdown, in December 2008 alone, we had 34 broken down where the responsibility was a shortage of drivers. That is a huge ramp up from eight the previous month and none the two previous months to that — 34 in one month. Then we drop back down to six and then one. Can you explain why you would have that sort of huge peak out of the box and then all of a sudden it would be back down?

Mr HUGHES — December, did you say?

The CHAIR — That was the start of the dispute problem, was it not?

Mr METCALFE — In December, as I said earlier and for the reasons we have discussed, we saw about 780 cancellations. When you get to that level of disruption, then a whole lot of things start to happen. For the reasons raised in the previous question, that amount of disruption on the network is quite likely to mean that you have got a lot of drivers displaced. If other trains are cancelled or running late, then you will have drivers on a number of occasions in the wrong places impacted by knock-on effects. I would strongly suggest that it is entirely part of a much bigger set of factors in December. As Bruce has said, it is pretty typical of the normal course of events.

Mr HUGHES — It is quite abnormal, the climate we were working in in December. There is a requirement for drivers to make themselves available for overtime shifts. In the December period not all drivers who might otherwise make themselves available do make themselves available, because it is leading up to Christmas and kids could be on holiday as well. That is the whole month of December.

The other thing that we were dealing with in December that stressed our resources was that we had just opened the Clifton Hill to Westgarth rail duplication project. We had just opened that particular duplication, and there was a requirement to train all of the drivers in the changed operating arrangements between Clifton Hill and Westgarth, so we were rostering 15 to 20 drivers a day on that training component. That would have stressed resources a bit in December as well. There is a bit of seasonality in some of that stuff, but at that time that was also a drain on the driver resource.

Mr DRUM — We have had a couple of cancellations this week, I believe, because of drivers. How much notice is a driver supposed to give if he is going to call in ill?

Mr HUGHES — We ask for a couple of hours.

Mr DRUM — Two hours?

Mr HUGHES — Yes, we ask for a couple of hours notice as a minimum. Most times you will get advice the night before an early shift. They are all shift workers, so generally they will let you know in plenty of time. As a minimum it is a couple of hours, and that normally enables the contingency to kick in.

Mr O'DONOHUE — Mr Metcalfe, yesterday the points failed at Laverton junction, which led to delays of 30 minutes for Connex Werribee and V/Line Geelong trains. Do you know when the last time the points at Laverton junction were replaced?

Mr METCALFE — I personally do not. I look to my learned infrastructure colleagues.

Mr GRADY — I personally do not know when they were replaced either. Laverton junction at the moment is involved in the Laverton turn-back program. There are always issues integrating or sorting out between project works and operational or normal maintenance works. I would think those points would have been there for 20 or 30 years. If it is important, I can find out exactly when they were installed.

Mr HUGHES — Obviously that set of points — the same as every other set of points on the network — is subject to regular maintenance.

Mr GRADY — Yes, that is correct.

Mr HUGHES — There is certainly a maintenance regime associated with them. I am not sure what that particular fault was. It can range from a whole lot of things down to a simple diode blowing through to a major electrical or mechanical fault. Those points are set to be renewed, even if they are 30 years old — I am not too sure. They will be renewed as part of the Laverton turn-back project, which is under way at the moment.

Mr METCALFE — It is fair to say that quite often the age of a set of points is not necessarily an indicator of its reliability either.

The CHAIR — If there are not further questions, I indicate our appreciation for your attendance today and for the spirit in which you have participated in the inquiry — answering and responding to questions. The select committee opted not to take evidence under oath on the basis that we expected that fulsome and cooperative evidence would be led, and I think that has been the case.

We appreciate the spirit in which you have entered into that and your attendance today. It is again worth putting on record that it is appreciated by the Parliament on behalf of all Victorians that, whilst you were not successful in getting the franchise going forward, you have performed strongly over all over the terms of contract and sometimes in adverse conditions. Certainly your approach to this transition process is appreciated by all. That is a matter that is worthwhile recognising.

As I indicated, transcripts of today's proceedings will be sent to you. Obviously they cannot be revised dramatically, but if there are any points that you think need to be clarified or fixed, please let us know.

I would also like to extend thanks to people in the gallery for their quiet interest in the proceedings. It is terrific to have people sit there and take an interest in an inquiry like this but to be respectful of the witnesses and the members of the committee. Thank you very much.

Committee adjourned.