C O R R E C T E D V E R S I O N

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

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Mr D. Drum
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Mr J. Betts, Secretary,

Mr H. McKenzie, Director of Public Transport, and

Mr T. Sargant, Deputy Director of Public Transport, Safety and Asset Management, Department of Transport.

The CHAIR — I declare the hearing open. I am the chair of the Select Committee on Train Services. I extend a warm welcome to you this morning and indicate that there are two other members still to join us — Damian Drum and Matt Viney. They are on their way; I understand they are only a couple of moments away. In deference to you and appreciating that you arrived on time and are ready to go, we will get under way.

I declare that the Legislative Council Select Committee on Train Services public hearing is now convened, with today's hearings in relation to the factors leading to the causes and failures in the provision of metropolitan and V/Line train services. In the course of the day members of the committee will each have opportunities to pose some questions. I invite you to make some preliminary comments. I understand Mr Betts is in a position to make some introductory remarks.

All the evidence taken at the hearing is protected by parliamentary privilege, as provided by the Constitution Act 1975 and is further subject to the provisions of the Legislative Council's standing orders. Any comments you make outside the hearing may not be afforded such privilege. In other words, you have an opportunity to speak fairly candidly with parliamentary privilege in this context.

I have elected, as has been the practice with some of the select committees, not to insist on taking evidence under oath. From my point of view we can expect your full cooperation with the committee, and I think everybody is keen to establish some of the issues here and to look at ways of constructively resolving them, so I have elected not to proceed as we do with some of the joint parliamentary committees, to take evidence under oath. Obviously I invite you in that spirit to be candid and to cooperate as fully as you can with the questioners. All evidence is being recorded by Hansard, and witnesses will be provided with proof versions of the transcript in the next couple of days. You will have an opportunity to check for particularly spellings and names and so forth that we need to make sure are correct in the record.

I understand that the people we were meeting with today are Mr Betts, the Secretary of the Department of Transport, Mr Hector McKenzie, Director of Public Transport and Mr Tom Sargant, Deputy Director of Public Transport, Safety and Asset Management. As I said, I extend a warm welcome to you. I understand Mr Betts might be interested in making some introductory remarks to the committee. Thank you.

Mr BETTS — Thank you, Chair. I will keep it short. The select committee meets at a time of dramatic change for Victoria's rail system. More people are using our railways than ever before. They are doing so, I presume, because it offers a more convenient option and better value for money than the car-based alternatives which are available to most members of our community. Commuters are using the railways by choice and whilst there may be aspects of that service they do not like, there is no sign of any reduction in demand as time passes.

To the contrary, we have seen a 50 per cent growth in rail patronage in Melbourne in the last four years, and 70 per cent growth on V/Line. We saw 12 per cent growth in metropolitan patronage in the last calendar year alone. That meant that the railways had to operate 12 per cent more efficiently in one year just to maintain its performance. More people means more overcrowding, which in turn means longer dwell times at stations. Hence it becomes harder to run punctually.

Most public transport systems around the world use a mixture of public and private sector entities to deliver front-line services. For instance, most of Melbourne's bus sector has been operated by the private sector for generations. But it is important to understand that we have a mixed economy in rail service provision.

V/Line is operated, successfully in my view, by the public sector. Our metropolitan train and tram networks continue to be owned, funded and regulated by the state even if day-to-day operations and maintenance are outsourced to private sector firms with performance-based contracts managed by my department.

Let me be clear — the government is accountable for the performance of the public transport system. We plan the system, we fund it, we regulate it and we choose the private sector firms with whom we partner. The buck stops here. That does not mean that every train, tram and bus has to be driven by a public servant. But the ultimate accountability is clear and undisputed.

Incidentally, Yarra Trams operates under a contract which is almost identical to Connex's. If the franchise model were the root cause of service failures, we would expect to be facing examination today on the performance of the tram system as well as the trains. But we are not.

The events of the summer of 2008–09 that occasioned this inquiry are well-documented. The performance of the train system during January in particular fell well short of legitimate community expectations and we are happy to answer any questions you might have about those events. But it would be wrong to see those events as part of a systemic decline.

Unlike in the 1980s and 1990s, industrial disputes on our rail system are now very rare and have been so for more than 10 years. Performance during the summer months of previous years has generally been good, although the system has not had to contend with temperatures as extreme as those we experienced in January. Notwithstanding the difficulties we faced on Oaks Day last year, services to special events have generally been exceptionally well managed. The Commonwealth Games is the classic case in point.

I am pleased that Connex's performance is now returning to normal levels, with less than 1 per cent of services being cancelled in June and more than 92 per cent of services operating on time. But there remains substantial room for improvement. The major investment programs being funded by the state and commonwealth governments are a big part of the picture, with $7 billion of funding for public transport having been committed and announced in the last two months alone. The targeted improvements in rail operating efficiency have put 15 extra trains on the tracks through better maintenance, and are feeding into successive improvements to rail timetables. Refranchising, when it is concluded, will also see major increases in maintenance funding and staffing across the rail system.

We have a plan for rail. Our critics no longer denounce us for failing to achieve dramatic increases in patronage; they now denounce us for failing to foresee the unprecedented scale and rapidity of the growth in public transport usage which now make Melbourne Australia's public transport capital.

My team and I are happy to take the committee's questions.

The CHAIR — Thank you, Mr Betts. If Mr Sargant and Mr McKenzie do not have any introductory remarks, we will proceed to questions from members. Would somebody like to open the batting?

Mr LEANE — I am happy to. Could you just give us a general overview of the rail system in terms of how many passengers, how many trains, how many services and basically how all those things fit together?

Mr BETTS — Sure.

The CHAIR — Could we just curtail that a little bit? Effectively we have all that information in documents, so I do not want to go on for an extended period covering ground that we already have in the statistics. I am happy to have an overview.

Mr LEANE — That is what I asked for.

The CHAIR — I am happy to have an overview but I do not want it chapter and verse because we already have that information.

Mr BETTS — I understand. I will keep it brief and light on the statistics because they are, as you say, in the various submissions and the other information the Committee has.

Melbourne has a pretty extensive rail system by international standards, particularly if you include the tram system which is the largest in the world at 240 kilometres in length. The fundamentals of the system were designed in the 19th century, and its primary purpose is to provide access to the central business district of Melbourne from the middle and outer suburbs.

As years have passed, the level of patronage on the system has varied over time. It hit a peak in the immediate post-war period, particularly during petrol rationing. Patronage then entered a period of decline which went on until the early 1980s. Many of the issues we now face on the rail system are a legacy, if you like, of that declining patronage. That turned a bit of a corner in the early 1980s, particularly when the city loop was opened but it was still growing at a moderately modest level, maybe 1 or 2 per cent, and maybe 2 or 3 per cent in the 1990s. Then something happened in 2004–05 where we began to see very dramatic increases in patronage in the system.

Our initial assumption — and I think everybody had this initial assumption — was that this was about petrol price rises. The assumption was that if petrol prices went up, they would stabilise eventually and we would expect patronage growth to return to normal levels. But that has not happened. When petrol prices have gone up, public transport patronage has gone up. When petrol prices have gone down, public transport patronage has gone up. We really are seeing something quite unprecedented.

It is unprecedented in terms of Australian cities and we believe it may be unprecedented internationally as well. We have now arrived at a situation where Melbourne has the highest per capita public transport usage in Australia. We are on track to meet the target of 20 per cent of motorised trips using public transport by 2020, which the government adopted earlier in the decade. Melbourne is now operating what we believe to be the busiest railway in Australia — that is, it operates more trains during the busiest hour than Sydney, for instance. That is a major change which has taken place just in recent years.

Mr O'DONOHUE — In opposition in 1999 Labor promised to build the South Morang rail extension at a cost of $8 million and the Cranbourne East rail extension at a cost of $4 million. After a decade of government and record revenue those projects have not been delivered but are now listed in the transport plan to cost more than $650 million and $200 million respectively.

Can you explain why the anticipated costs have ballooned so much? And can you confirm the $650 million quoted for the South Morang rail extension in the transport plan is only for that project and does not include additional projects such as rail stabling yards at Eltham?

Mr BETTS — First of all I am afraid I cannot speak to the costings that were put together by the Labor Party when it was in opposition, because I was working for the government at the time and had no part in putting together those initial costings. As far as the South Morang rail extension is concerned, you will have noted that it was funded in the most recent state budget, and you are right to say that the cost was at $650 million.

The project does include, as I understand it, provision for stabling at Eltham, because the purpose of the project is not simply to extend rail services to South Morang but rather to improve performance across the whole of the Clifton Hill group, which includes the Hurstbridge line as well as the Epping line.

As well as that stabling the project includes duplication of the railway line between Keon Park and Epping, which is essential to ensuring the efficient operation of the extended services, and in extending to South Morang it includes I think three grade separation projects. When we look at grade separation projects, Middleborough Road, for instance, I think cost somewhere around $60 million; and Springvale Road, which is planned for next year, is coming in at $140 million. I am not suggesting that the grade separations as part of the South Morang project are as complex or will be as expensive as that, but nonetheless there are expenses which are often hidden to people who are looking at these projects in a casual way, without doing the detailed engineering work which is necessary.

I guess the proof of the pudding, however, is going to be in the eating, in the sense that that project, in whatever form, will be put out to the market, and construction companies will bid competitively to price it, so we will find out the true cost of that project once it has entered the tender stage and entered the construction stage. We are happy that the $650 million costing represents our best professional judgement. If the project can be delivered more cheaply, that will be good news.

Mr BARBER — According to Connex's submission at page 26:

> Under the terms of the current franchise, the existing Comeng air conditioners have been maintained, and not upgraded. In previous summers, these air conditioners have had a high failure rate during extreme heat.

Why didn't you fix them?

Mr BETTS — The Comeng rolling stock was ordered and commissioned in the 1970s. When that rolling stock was commissioned the debate was not about the performance of the air-conditioning system but rather whether the trains should have an air conditioner at all. The incidence of extreme temperatures which have exposed, if you like, the performance shortfall in those air conditioners has been relatively few and far between. The number of days over 40 degrees in Melbourne, I believe, are on average about one day every two years.

We were then confronted with three such days in a row in January and it led to very significant problems with the fleet. I guess the answer is that the performance of that air conditioner above 34.5 degree temperatures cannot be guaranteed, but the problem has not been exposed in past years as obviously as it was in January, and the task now is to fix it as rapidly as we can to prevent recurrence in future.

Mr BARBER — And how is that going?

Mr BETTS — I will hand over to my mate and my chief engineer, Tom Sargant, to answer that.

Mr SARGANT — At the moment we are going out for a trial to look at an air-conditioning unit with a greater capacity. That will be trialled over summer and if successful, will be rolled out over the balance of the fleet.

Mr BARBER — By this next heatwave?

Mr SARGANT — The entire fleet will not be done this summer; the trial will be conducted over this summer.

Ms HUPPERT — Earlier when you were talking about your overview of the rail system, you compared it to other rail systems in Australia and said it was much busier than the system that is currently operating in New South Wales. I am interested in how our train services compare with comparative train services around the world. Are there any other jurisdictions that have train services which have a similar type of profile, and how do we compare in terms of service delivery with those jurisdictions?

Mr BETTS — There are no exact comparisons with Melbourne; Melbourne is unique — just as every system around the world is unique. I guess in terms of the age of our rail system, when it was put in place, you would look to places like the UK for a comparison. I think the on-time performance of our rail system today compares reasonably well with performance in the UK. In terms of our fleet in fact a number of the train types that we use I believe are in operation in Hong Kong.

Mr SARGANT — Yes.

Mr BETTS — Is that Comeng trains, Tom?

Mr SARGANT — My understanding is that one set of trains in Hong Kong are of a similar vintage, although they have had a major technology upgrade and life extension.

Mr BETTS — So there is no exact comparison for Melbourne. Certainly when I came out here 10 years ago I was quite struck with the fact that the performance of the train system was pretty good, certainly ahead of the pack in around 2002, 2003 when we were running 97.5 per cent of trains on time — that is three or four years after the franchising process had taken place.

But as I say, it is invidious to draw precise comparisons, because there are different demographic structures, different political and institutional frameworks and different geography and population distributions, so there is no exact comparator to Melbourne that you could look to.

I guess Sydney is a reasonably good comparator, though, and that is the one that we tend to look at. Benchmarking work has been done. I believe that IPART, which is the regulator of the services in New South Wales, looked at Victoria as a comparator. Some other work has been done I think for the Australasian Railway Association, and that shows that Melbourne benchmarks very well against both Sydney's system and Brisbane's in terms of its performance and in terms of its efficiency as well.

Mr DRUM — My apologies for being late. My query mainly goes to V/Line service performance. While you mentioned 92 per cent operating on time within the Connex system, in the regions we are lucky to get 86 per cent operating on time. Even though you have an inbuilt 5 minute or 10 minute delay, you are still calling those services 'on time'. Can you explain why there is such a great disparity in the ability to deliver a service on time in the regions?

Mr BETTS — I will ask Hector McKenzie to comment on that in a minute. The main problems that V/Line faces in terms of its on-time running relate to problems of congestion in the metropolitan area. By and large,

V/Line does a pretty good job of running punctually on the regional network, but it tends to hit problems at the metropolitan boundary and from there on into the centre of the city. That simply reflects the levels of congestion that we have on our busiest lines, and those very busy lines tend to be the ones that V/Line uses — for instance, the lines from Sunshine and Dandenong et cetera.

Mr DRUM — Has that problem been exacerbated by signalling on the line through from Watergardens or Kyneton through to Bendigo?

Mr McKENZIE — I don't think so. As Jim said, V/Line does a pretty good job getting to the boundary. If you are running a little late coming into the boundary, that means you will have lost your train path. One of the things that has made it more difficult for V/Line as time goes by is that patronage and the density of the services on the metropolitan lines has increased, and the capacity of the metropolitan service to adjust, for instance, for a late V/Line train or even the possibility that the metropolitan service itself is out of time when the V/Line train presents is the issue that has made it more difficult.

Mr DRUM — Under the last upgrade, where you ripped up that second track, you haven't heard of trains being stuck in the passing loops because they got into that situation late and therefore their passage through to Bendigo has not been clear?

Mr McKENZIE — The whole system works as a network. My understanding is, as I said, that the bigger issue is to do with the increasing congestion on the metropolitan network. There has been, I think, 10 additional peak morning services put on the northern group on the metro service in the last three years, so the capacity for the metropolitan network to adjust to accommodate a V/Line train that presents late or, indeed, the metropolitan network having its own troubles is probably the biggest issue affecting V/Line at the moment. That is really what the regional rail link is about.

Mr BARBER — Just going back to the air conditioning, Connex's submission says: 'Under the terms of the current franchise, the existing Comeng air conditioners have been maintained, and not upgraded'. You admitted that you have all known about the problem for ages so what do they mean by 'under the terms of the current franchise'? Is that saying that it was not their responsibility or decision to upgrade the air conditioners, and who is making decisions about what is going to be done now?

Mr BETTS — There is no specific obligation in Connex's franchise agreement that it must upgrade its Comeng air conditioners; there is, however, an obligation in Connex's franchise agreement that it should run its services on time and reliably and to minimise cancellations. When you say we knew about the problem, the problem as you characterise it, which is the performance specification for the air conditioning, has been known in the 1970s; what has changed is the weather. There is not a specific obligation to upgrade that air conditioning system, but the work which Tom Sargant has described to you may well lead to a project to achieve precisely that in the very near future.

Mr McKENZIE — Can I just add that there is other work — you cannot just change air conditioning very fast; with the best will in the world it will take an amount of time. As I understand it, one of the things that will happen and will make a big difference coming into next summer is that there is a protocol as to what you do if there are faulty air conditioners.

Last summer some trains were knocked out when one in 12 air conditioners in a train were not operating. New arrangements will be in place by next year where a failure of just one air conditioner will not necessarily cause the train not to run. I believe there will be options to look at in case two air conditioners in a carriage fail — you would run a train with that carriage isolated. There are operational things you can do, and the work is being done to put that into place.

Mr BETTS — I would further add that I think there are over 90 Comeng 6-car trains in the fleet and passengers would not thank us if we took all of those trains out of service between now and the summer in order to upgrade their air conditioners. It has to be a balanced, sensible response where we improve the air conditioning performance over time but without compromising service drastically in the interim.

Mr BARBER — Just to clarify Mr Betts's answer, under the terms of the current franchise agreement, if replacing the air conditioners is going to cost Connex more than paying the fines for cancelling services, they simply optimise their failures rather than minimising them, and you do not tell them to do any different?

Mr BETTS — No, that is completely incorrect. The government has funded the great majority of capital works on the rail system, and it is entirely appropriate that the government should fund the capital works on the rail system because it owns it, it regulates it, and as I made very clear in my opening statement, it is accountable for the performance of the system. So to the extent that capital investment is required to lift the performance of the train system, the government is prepared to fund that, just as the government is funding a huge expansion in the program of replacement of concrete sleepers.

Mr BARBER — But I am asking whose decision was it to upgrade or not to upgrade. Was that Connex's responsibility or was that the government's responsibility?

Mr BETTS — It was the government's responsibility.

Mr BARBER — Thank you.

Mr LEANE — I am going to look at the failures in the system, and I suppose people would centre on cancellations and delays. As this reference says, we are looking at the causes of those cancellations and delays. I understand that some of the causes for delays are quite sensitive. What I am going to say is that the media has been very good at being sensitive about this, and I would expect them to do the same in this case, but what I want to know is if someone commits suicide on the rail system, what is the effect? Do the police take over that particular situation?

They obviously have to go through a procedure that takes a certain period of time before they hand it back to the operator. What is the effect and the whole big picture about the effect on the driver and the whole unfortunate situation?

Mr BETTS — I thank you for that question — and I mean that. I would be grateful if members of the media present did not cover this or report it, because it is an extremely sensitive issue. The last thing any of us would want to do would be to encourage copycat behaviour.

The CHAIR — Mr Betts, in that context, can I also perhaps suggest, taking up that question, that whilst it specifically referred to suicide, there are other accidents as well on the network when police intervene. Perhaps you might actually generalise in terms of those sorts of incidents that involve police rather than the specific question, which might allay the concerns that you both have.

Mr BETTS — Sure, I think the euphemism that tends to be used is 'trespass'. That can be inadvertent. It can be somebody who is under the influence of drugs or alcohol, but sometimes in maybe as many as 40 cases a year people do commit suicide on the rail system. When that occurs, as I understand it, the location is treated effectively as a crime scene. The police attend, forensic photographers attend, a representative of the coroner's office attends. During all of this time, the rail line is incapable of operation, for obvious reasons.

We do not have a culture in Melbourne where we keep driving trains past body parts, which has happened in other places. We treat it with respect and we enable the emergency services, the coroner and others to have full access for as long as it takes to do their job. I can ask Tom to enlarge on that.

You did ask about the impact on drivers. I was at a V/Line long-service dinner a couple of years ago for a driver who had 50 years of service, and his partner told me that he had been involved in 13 incidents where a train that he had been driving had hit somebody committing suicide and the devastating impact of that on drivers. Some of them are unable to return to work after the event.

The worst case is when the person committing suicide makes eye contact with the driver immediately beforehand. This is a huge human issue. The railway does not report this, it does not make great play of it, for precisely the responsible reasons which I have outlined, but it has a huge impact on human beings involved most importantly of all, but it can also lead to very extensive disruption where lines can be closed for several hours in wake of an incident.

Mr SARGANT — Once the coroner has attended and everything has been cleaned up, the infrastructure needs to be checked, the train needs to be checked that nothing went wrong. The real tragedy about all this is indeed, as Jim talked about, the driver, because the course of all the investigation, coronial investigation and things like that, can mean that the driver will not have something confirmed, that he has not done anything

wrong, for two or three years sometimes. So it is a long process. In terms of service disruption, it can result in 2 or 3 hours.

Mr LEANE — My understanding is that it can take a kilometre to stop a train.

Mr SARGANT — It depends on the speed and the braking characteristics. But if you take the average line speed of 80 kilometres of an hour, that is about 22.2 metres per second, at a deceleration rate of between the best, most agile, trains of 1 metre per second per second. You would need to do the maths, and I have not brought my calculator here, but depending on the train, it can be up to a kilometre or more. For some trains, freight trains, it can be even longer than that. They have much lower braking ability.

Mr BETTS — Would you say 200 metres?

Mr SARGANT — No, more than 200 metres. It is about 80 metres at 40 kilometres an hour.

Mr O'DONOHUE — Mr Betts, in answer to Mr Drum's question about delays on V/Line services, it was suggested that delays in the metropolitan network are the main reason for those delays, but V/Line itself says that only 25 to 27 per cent of delays are due to this reason. What about train faults, infrastructure faults, huge numbers of miscellaneous reasons, driver shortages and so on that account for three quarters of these delays? Aren't they the real reason for delays on the V/Line system?

Mr BETTS — That is not my understanding. I have not got the figures in front of me that you obviously have in front of you, so I cannot vouch for their provenance, but there are inevitably a range of different reasons why trains get delayed. We have just talked about suicides — there is vandalism, you can get infrastructure faults, you can get trespass, you can get people misbehaving at level crossings. You can get occasional driver shortages, although these days it is very rare that trains are cancelled as a result of driver shortages. Is there anything that you want to add to your earlier response?

Mr McKENZIE — No, I guess all I would say is that for long train trips there can be any number of reasons why there might be a delay. I think the point that I was trying to make — and, as I understand, particularly in peak periods — the issue is a delay that may happen in the country area gets exacerbated when the train hits the city area. So if it is delayed in the country area by a few minutes, it misses its path coming into the city area. If it has missed its path, then something has to be done to the whole network within the city area to fit that train in. That can have sorts of multiplier effects and so on.

I am not suggesting that there is not a multiplicity of delays, and saying it is one thing and is simplifying it. Either which way, but as I understand it one of the really major problems that V/Line has is that, should it be delayed in the country network and does not make that time up, then there is a multiplicative effect when it hits the congested metropolitan end.

Mr BETTS — It may be that in V/Line's reporting system, for instance, if the train leaves 3 minutes late because a passenger in a wheelchair was being helped on board, it then reaches the metropolitan boundary late and you have the compounding effect. The delay may be ascribed to the initial incident which took the train off its original schedule, but in fact the key issue has been the metropolitan congestion later on in the journey.

Mr SARGANT — What exacerbates it even more is this: it would be targeted to meet an express path and more than likely the train behind it might be stopping all stations. That then gives it an even longer journey through the metropolitan system than what it would have originally been planned to have.

Mr BETTS — Because V/Line trains tend to run express through the metropolitan area, it makes them more vulnerable in a sense.

The CHAIR — Mr Viney, did you have a question at this point?

Mr VINEY — Thank you, Chair. My apologies for being late. I am interested in the growth in passenger numbers, and I am interested in any comments you might have about two elements to that. Clearly there was a decline in passenger growth, from the Victorian government submission, from basically the end of the Second World War right through the 1960s, the 1970s and into the 1990s. In fact there was a minor increase in the 1980s and then a drop again in the 1990s — to about 1.4 billion passenger kilometres per year is my estimate.

In your latest figures it is now 2.8 billion passenger kilometres per year, which means that in 10 years it has effectively doubled. Is that correct?

Mr BETTS — That is what it says in the submission.

Mr VINEY — Can I ask about two elements of that? What do you think are the reasons for that growth? Secondly, what sort of impact does that growth have, not just in terms of the demand for having full trains, but the pressure it places on the infrastructure which presumably, as the infrastructure is under more pressure, then creates more stresses and cancellations? I am interested in that relationship.

Mr BETTS — To answer your question, superficially what is driving the increase in passenger kilometres is an increase in the number of passengers using the system. But it is also one of the characteristics of that 50-year period that you describe, that the services are operating over longer distances. Pre-war you would have found that about 70 per cent of Melbourne's population lived within 10 kilometres of the GPO building. The equivalent figure now is less than 20 per cent, so we have grown as a city.

The middle suburbs and the outer suburbs have grown, and the rail system now operates from terminus points like Pakenham and Werribee and Broadmeadows whereas a lot of the train services that get talked about would have begun at points closer to the city in the past.

What is driving the increase in the overall usage of the rail system? As I said before, our initial thought was that it was related to petrol prices but we now know that petrol prices are only one part of the story. What has occurred in terms of our middle suburbs is that we have seen very significant population growth. In fact when we talk about urban consolidation in the context of Melbourne 2030, it is happening.

There are more people travelling into the CBD, and 65 per cent of trips into the centre of Melbourne are public transport trips. So public transport is the mode of choice for access into the CBD. Employment growth in the CBD has been very strong in recent years so we think it is a combination of factors. Petrol prices may spur people to make the shift, and in fact concerns about the overall economic situation in recent months may have encouraged people to shift over to public transport as a more economical mode.

Notwithstanding some of the criticisms which have been levelled at the rail system, we are finding that when people make that initial switch they are tending to stick with it. And they are tending now to see it as an environmental choice that they are making as well as an economic choice. So it is a combination of demographic factors around employment in the CBD, population in the middle suburbs in particular, the initial stimulus of petrol prices, concern about economic circumstances which may lead people not to replace a car that they would otherwise have replaced and to use public transport, and a general feeling that people want to do the right thing for the environment — and using public transport is one way of making a contribution.

As we have seen massively expanded usage of the system, we have had to 'sweat the asset', to use the technical engineering term, to provide more services with our existing assets. We have a huge pipeline of investment coming through but with the best will in the world it takes two to three years to build a train, and it takes two to three years to build a major piece of infrastructure.

That has involved Connex and its partner, United, in partnership with us, significantly increasing the effort to maintain trains more efficiently which has freed up an extra 15 trains from the existing fleet to run more services during the busiest part of the day. The more you operate those trains, the more stress they come under and therefore the smarter your maintenance needs to be. Similarly, the more traffic you are putting over your infrastructure, the greater your maintenance effort has to be.

As I said in my opening remarks, the government has taken the step of increasing by 50 per cent the amount of funding that it provides for maintenance and renewal of the asset. That said, infrastructure faults account for I think between 10 and 15 per cent of passenger weighted minutes of delay on the system so the infrastructure is holding up pretty well. That was reflected in the findings of the Auditor-General, who described our maintenance of the rail infrastructure as being fit for purpose just a few months ago.

Mr VINEY — If your reasons for the growth in passenger numbers are correct, then you would expect that growth — that doubling over a 10-year period — to be not exactly the same but reflected in other jurisdictions because there are similar factors, are there not, like environmental good deeds and petrol prices? From the

submission, that does not appear to be the case so is there another factor at play as to what is particularly happening in Melbourne. Is it the particular nature of Melbourne's urban structure?

Mr BETTS — It may be. To be honest, I have not done a great deal of comparison or analysis. If you look at a jurisdiction like Perth, Perth has not seen the same level of growth in train usage that Melbourne has although it has invested very heavily and very successfully in its rail system. I was talking recently to effectively my opposite number in Western Australia, who said that Victoria was leading the way nationally in terms of rail investment, which is a story that does not often get told in our media.

I do not know. I would be speculating about the reason but there must be some reason why Melbourne's train system is more successful in attracting additional passengers than other equivalent jurisdictions. I will leave you to speculate about what that might be.

Mr DRUM — Mr Betts, the submission that we received from Monash University effectively graphs the punctuality in both V/Line and the metro systems, and it shows that there has been a long-term decline. In fact there has been an absolute spiralling in the decline of punctuality from 2004 through 2005, coinciding exactly with the time of the refranchising agreement, and it sits at, over the last four years, depths that have never been seen before in relation to lack of punctuality.

This would suggest it has nothing to do with a recent increase in patronage, has nothing to do with a recent increase in the heat. It shows a long-term spiralling of the punctuality rates. It also coincides with an exact increase in the percentage of the trains that simply do not run, so it is a four or five-year problem, not something that is recent with the increased patronage or the increased heat. That is from Monash University.

Mr BETTS — I am aware of their submission. It depends what time frame you look at this over. I would say that if you go back to 2004–05, you are talking about the period where the patronage growth that I have just described really began to kick off, so really the story of the punctuality of the rail system in the last three or four years is maintaining punctuality of 90 per cent plus, in the face of a 50 per cent increase in the number of people using the system.

As more people use the system, the trains become more crowded. As the trains become more crowded, it takes longer to get people on and off trains at stations — the so-called what we call dwell times increase — so whereas the railway might have had a typical dwell time at a station of 30 seconds five years ago, that might be as much as 75 seconds now, and that has an obvious impact on punctuality. Where I agree with you is that the story of the performance that we have today is not something that can be traced back to heat in the last six months, but is a long-term story, and the primary driver of the performance of the rail system has been the increased number of people that it is carrying, the increased task which it is expected to shoulder.

To put some of that in context, it is important to remember that in 2002-03 when we were running 97½ per cent of trains on time, that was three or four years after the franchises had been created and that is pretty much a record level of performance, so you would not say on the face of it that the performance of the rail system has been adversely affected by the partnership agreements with private sector operators.

As a minimum you would say that the story is more complex than that, and if you look back over the long term and compare the performance in 2008-09 — the year which is subject to this inquiry — with historic performance, we have better on-time running than we had in 1992-93, for instance, and cancellations were no higher in that year than they were in 1997-98, so to suggest that the railway has fallen off some historic cliff in terms of its performance is just wrong.

Mr BARBER — Mr Betts, I would like to ask you about Connex's claim that they made on 29 January , and I have just given you a transcript of the Jon Faine interview, with Jonathan Metcalfe, as head of Connex, talking about cancellations and problems they were having; he says:

> Well, on some days it could be as much as 80 per cent —

that is, union activity, unnecessary cancellations —

> It could have meant we could have run pretty much the normal service.

> Jon Faine: You are saying that 80 per cent of the recent spate of cancellations are avoidable but the union is triggering those cancellations?
>
> Jonathan Metcalfe: Yes, I am saying in overall terms. Maybe not exactly on a day-to-day basis, but overall across the last, you know …

He then goes on to say:

> Well, the sort of issues that we're trying to sort of avoid are where we have to cancel trains for reasons such as ripped cab seat, drivers seats, scratches on the side of drivers cab windows, air conditioning as you say, not in the drivers cab but in the other parts of the train.

Is his claim of 80 per cent correct? How long had you been aware of the industrial action that he is referring to?

Mr BETTS — First of all, Jonathan Metcalfe, as I understand it, is coming in this afternoon, and he will be able to account to the committee for how he arrived at the figure of 80 per cent.

Mr BARBER — Sorry, if I can interrupt, I am asking you whether you can account for the figure of 80 per cent. Your minister was sitting 2 feet away from him when he made the claim. She had an opportunity to say that was right, wrong or indifferent. I am now asking you if it is correct.

Mr BETTS — The honest answer to that is I do not know. I do not know what assumptions were being made when the 80 per cent figure was quoted. I guess what Mr Metcalfe might have been saying is that, had the union complied with the commitment which it gave in the memorandum of understanding it executed with Connex last year and instituted and stuck by a reformed fault management protocol, and had trains not been out of action for what Mr Metcalfe might perceive to be industrial issues, it would have been possible to eliminate 80 per cent of the cancellations.

Whether those trains were out of action because of an industrial dispute or simply because there was a degree of tension between the union and Connex, which in the normal course of events would not have been there, so trains would have gone into service more readily because of goodwill and good working relationships on either side, it is very hard, and I do not think particularly useful, to try and ascribe a precise percentage to what were the cancellations which related to industrial tension as against other factors which might have been at play, so I cannot really confirm or deny whether that figure is accurate to be honest.

Mr BARBER — Did you sight the MOU before, during or after its signature?

Mr BETTS — Personally I did not, but I am sure people in my organisation did.

Mr McKENZIE — We were aware that they had an MOU.

Mr BARBER — Were you aware of the content of what they were trying to achieve here with the fault management protocol and all of that? You would have been interested in all of that?

Mr McKENZIE — Yes, we were aware of all of that.

Ms HUPPERT — You have talked extensively about the increase in patronage, which to a certain extent I understand was not expected. Could something have been done earlier than it is being done now? Obviously there is a great deal of activity happening in the current implementation of the transport plan, but in terms of timing, could there have been something done that might have alleviated some of the overcrowding problems that people have referred to?

Mr BETTS — It is always possible to say with hindsight that more should have been invested, but I think it is important to put yourself in the shoes of key decision-makers within government before this patronage growth occurred or before it became apparent that the patronage growth was here to stay and was going to be on an absolutely unprecedented scale — potentially globally unprecedented scale.

In government you are always faced with choices about how you spend taxpayers' money. Do you invest it in train services, or do you invest it in schools, hospitals and other things that I think we would all like to see adequately funded? And the debates take place around the cabinet table and decisions are taken.

Whilst it is not for me to speak to any kind of party political point, I think the public transport proposals have always been given a fair run, in my experience. It would have been a very big call for the government in the face of, say, one year's growth, or in the face of the 2 to 3 per cent growth that we were seeing in 2003-04, say, to invest billions and billions of dollars in trains, which comes at an opportunity cost in terms of other vital public services. So it is always possible to say with hindsight that more could have been done.

I think when you look at the outcome of the state budget — $2 billion for public transport; the commonwealth budget — $3.225 billion for public transport; the additional money which the state government is putting in to match the commonwealth — $1 billion for regional rail link, $1 billion for trams, it is hard to complain about the level of investment which the government is making in public transport, in my capacity as secretary of the department.

Mr O'DONOHUE — Mr Betts, currently, as I understand it, there are 165.5 operable trains and train sets in the fleet. Does the department have a target number of operable trains for when the change of franchise takes place, and does it have a target for subsequent years from 1 January 2011, 1 January 2012, 1 January 2013 et cetera? And in that context, when will the seven Hitachi trains that date from the early 1970s be withdrawn? And will the new trains that are coming on board, and that have been ordered, merely replace trains that are being withdrawn from service or will the fleet actually be expanded?

Mr BETTS — To answer the last part of your question first, those trains which will begin arriving this calendar year will be primarily for growth in the system and the Hitachi trains will be retained for as long as they are necessary in order to meet demand. Our preference would obviously be to replace them with modern rolling stock. However, we would prefer to keep them in service and carrying passengers whilst the demand is there to justify that.

In terms of the availability of trains, I thank you for that question because a lot of really good work has been done in the industry to ensure that the maximum number of trains are available for service during the busiest parts of the day, and Connex has been able to introduce a timetable only this week which draws on an expanded number of trains available through improved maintenance practices. I might ask either Hector or Tom to expand on that.

Mr McKENZIE — We have a requirement of 92 per cent in the contract. Connex, I think, has been touching on 94 per cent of late. A great deal of work has been done in the last few years in terms of changing maintenance practices and providing arrangements for the trains to get more out of the fleet so at the moment we are in between the 92 and 94.

Mr BETTS — So we are saying that we now have a preferred bidder for the train franchise, the MTM consortium, of which the majority shareholder is the Hong Kong rail operator MTR. We talked about their excellence in fleet management. As we move towards finalising that agreement with them we will be in a position to say more about their plans for the rail system, which will involve very significant improvements in the management of assets including rolling stock.

Mr O'DONOHUE — Just to follow on, so you are not in a position to give me a specific answer to the question as to how many trains will be available from 1 January 2010, 2011 et cetera?

Mr BETTS — Hector McKenzie has said that 94 per cent of trains are currently available.

Mr McKENZIE — We have been getting 94 per cent recently. I think we need to just wait for the end of the discussions we are having with MTM about the exact number that will put into the contract.

Mr BETTS — Although by January 2010 we will have the first of the X'trapolis trains and they will be cranking out at a rate of about one a month on average, so the availability of trains for the morning peak is going to increase basically every month during 2010 and 2011, so that will enable us to have further improvements to timetables as those trains arrive.

Mr LEANE — I understand what you said, that only 10 per cent of the players regard infrastructure as we speak today. I want to ask you a question about signalling, and draw on my own experience when one of my jobs I had was that of a traffic signal technician, which is a glorified name for an electrician who works on traffic signals. I used to interact with the rail system in signals that were online with the rail system. I know

what a signal box on the rail system looks like and the ones I saw were far from solid-state 10 years ago. I understand that in the 1990s there was a shrinking budget as far as maintenance that might have affected that and I want to ask you a question, and a question auxiliary to that: what funds and effort have been put into the signal system to improve it and make it a more solid-state system; and in line with that, how have we been affected by any events of copper theft in the system?

Mr BETTS — If you do not mind, I will hand over directly to Tom Sargant to answer those questions.

Mr SARGANT — In terms of level of funding going forward, as Jim mentioned before, there has been a 50 per cent increase in the amount of funding for infrastructure spend, and part of that will be focusing on improving infrastructure reliability and signalling in particular, as one of those aspects. As you would be aware, the way the signalling system works, although infrastructure is responsible for roughly 10 per cent of all train delays, the signalling system can represent 70 to 90 per cent of that by its very nature if it fails generally. It is supposed to fail in a known state and that causes trains to stop. Going back as far as reliability; the plan going forward is to simplify the system by reducing the variety of pieces of equipment in the system. Being a maintainer you would know that if you work in one area of the system and you go to another area and you encounter something completely different, you think, 'Strewth, what am I going to do here?'. The idea is to have as few different varieties of components in the system in the long run so that we get a far better response time when failures occur.

This is going to get me started talking about concrete sleepers and track, because that is where it all starts. The sleeper replacement program that we mentioned in the submission, one that we are accelerating going forward, is something that is about building resilience into the track structure and, by doing that, improving things like reducing variability in ballast resistance to prevent track circuit failures and the like will mean that the ongoing reliability of the signalling system will dramatically improve.

Mr BETTS — Copper theft?

Mr SARGANT — Copper theft is very problematic. In terms of actual dollars of copper by weight, I think it has been something like $4 million to $6 million worth of copper that has been stolen over the life of this franchise. It is absolutely phenomenal, and each time the theft occurs, obviously taking bonds off the track or other components causes the system to stop, not just delays. It generally happens overnight, so it is always going to disrupt a part of the morning peak and it will take several hours to re-establish the system. It has been less of a problem in recent times, but in previous years there has been a significant amount — as I said, in the order of $4 million to $6 million of copper.

Mr LEANE — Is that to re-establish the infrastructure, or is that the copper?

Mr SARGANT — I will double check, but I understood it was the total value of the copper. I would need to check that.

Mr LEANE — So when it goes on the scales at — whatever — Sims Metal — —

Mr SARGANT — That is my understanding. Yes.

The CHAIR — It does not necessarily go to Sims Metals. I heard some of what you said earlier about congestion being a problem, particularly in terms of feeding the V/Line trains into the metropolitan system. I now hear about additional services that are being put on by both reallocation of existing infrastructure — rolling stock — and obviously an increase in rolling stock going forward with new trains coming on. My part of the world is the eastern suburbs. I am particularly familiar with Middleborough Road as an exercise, which was a very successful project in terms of the way it was delivered and the timeliness and so forth of that with minimal disruption — I felt — at the time to the public transport system.

I am obviously fairly intimately involved with Springvale Road, confronting that particular crossing every day of the week. It occurs to me that when we talk about congestion and then we talk about putting more services on there is an issue there as to how you manage new extra services. If you have already got congestion, why are you not having more congestion? In the context of those grade separations in the eastern suburbs, on the Belgrave/Lilydale line in particular, we would have an opportunity to significantly upgrade public transport if we had done all of the crossings along there — Rooks Road, Mitcham, Blackburn — at the one time, which

effectively would have given, but for Surrey Hills and Mont Albert, a clean run from virtually Ringwood to the city and given you an opportunity to put on a lot more trains without coming into conflict with the road network and so forth.

Can you explain to me the congestion issue and how you are going to resolve that in the context of throwing more trains onto the line at particular times and its conflict with the road network, and what sort of priority this grade separation process should have?

Mr BETTS — I think there are 184 level crossings in the metropolitan area. I would need to check that.

Mr SARGANT — It is 180 if you include New Street.

Mr BETTS — So about 180. I mentioned earlier the cost associated with the Middleborough Road project. Thanks for your comments on that, Chair. I agree it was a very well run project — an alliance between the department and VicRoads and our contractor and Connex. That cost $70 million. Springvale Road is looking to cost $140 million. If you multiply that up by 180 crossings in the metropolitan area, it runs into thousands if you go across the whole of Victoria. Clearly whilst the government has a very strong policy that it is not going to create new level crossings, to eliminate those level crossings entirely is something that would tie up the entire government budget for the foreseeable future if that is the way we decided to go. The government has an approach, which is to identify priorities for level crossing upgrades — Middleborough Road, Springvale Road and there have been some others in recent years and there will be others in years to come — but it is very expensive and there are genuine trade-offs here.

I think we have all experienced the frustration of sitting in a car at a level crossing with trains going past and it feels like you are going nowhere. I would ask people to bear in mind that a train may be carrying a thousand people. It may be carrying the equivalent of 10 kilometres of traffic jam off the streets, so giving that train priority may be very good traffic management overall, even though it may be frustrating if you are a motorist caught in a traffic jam. There are other treatments that can be undertaken — for instance, crossings can be widened.

That means that when boom gates are up you can get a higher volume of cars through the intersection. This is a genuinely difficult and expensive issue which involves lots of trade-offs. With level crossing grade separations costing typically between $50 million and $100 million, they do not generally benefit public transport users, other than people in buses and trams. They certainly do not benefit rail users — they are primarily about roads expenditure — so the debate needs to be seen in that context.

The CHAIR — Can you give some examples of where widening of crossings is happening?

Mr BETTS — Not off the top of my head. I can take that on notice if you like.

The CHAIR — But there are some that are in train as far as that sort of program of crossing widening goes?

Mr BETTS — Yes, or planned and contemplated.

Mr VINEY — I am interested in pursuing for a moment some of the issues raised by Mr O'Donohue in relation to the number of trains on the system. I think he said 165 in the metropolitan system — is that correct?

Mr BETTS — Yes.

Mr VINEY — What numbers of those are trains replaced over the last 10 years — relatively new trains — and what are the ones that go back to the 1970s? What sort of numbers do we have for all of those?

Mr BETTS — There are 165.5 six-car trains, of which 93.5 are Comeng trains commissioned in the late 1970s; 29 are X'Trapolis trains, which were recently acquired just in this decade; 36 Siemens trains, similarly purchased in this decade; and 7 Hitachis from the 1970s; and on order a further 38 X'Trapolis trains.

Mr VINEY — A further 38 on order.

Mr BETTS — Arriving from the end of this year, progressively.

Mr VINEY — And what about on the V/Line system?

Mr BETTS — On the V/Line system there are 41 locomotives; 138 carriages associated with those locomotives; 21 Sprinters, which would have arrived in the early to mid-1990s, I think; 94 VLocity cars, which were the cars basically associated with the regional fast rail project, and 85 coaches.

Mr VINEY — And they are being upgraded? There were some further orders for that as well, weren't there?

Mr BETTS — Yes. We have got 54 carriages on order, of which 14 have been delivered, and up to 20 more are anticipated in the Victorian Transport Plan.

Mr BARBER — Connex has provided us with a spreadsheet detailing all service failures over a six-month period either side of the heatwave. There are 12 700 there. Air conditioning and industrial action are by no means a large proportion of those failures. I would just like to ask you about some of the other categories of failure as detailed in the data Connex has provided us. They include faulty driver display unit — 400 failures; faulty cab door lock — 55; faulty park brake — 12; faulty speedo — 40, which led to 26 cancellations; faulty whistle — 25, which led to seven cancellations; faulty wiper — 15 failures; leaking windscreen — 30; loose mirror — 7; scratched windscreen — 23. Why can't all those things just be fixed, thereby avoiding all of those failures?

Mr BETTS — This is exactly where the fault management protocol comes in, which Connex thought it successfully agreed with the union late last year and which it now has agreed with the union, with further work to come. This is one of the frustrations that we all felt — namely, that problems that were quite severe anyway were being compounded by relatively minor faults leading to trains being taken out of service.

Mr BARBER — Is a faulty speedo a relatively minor fault?

Mr BETTS — Not necessarily, no.

Mr BARBER — I am asking you, for those things that I just read out, should or should not the train be taken out of service? Alternatively, did you investigate to find out whether the person who said this was a fault was actually fibbing?

Mr BETTS — Connex would have investigated each of those reported faults. When faults are reported, as I understand it — and I am about to flick over to Tom — the train is handled in accordance with the fault management protocol, whatever that might be for that category of fault. If it is taken out of service either immediately or later in the day for normal maintenance or at the end of its run, it is then inspected and the fault is checked. If the fault is not verified, it may be found that there actually was not a fault and it was misreported. All these things are investigated on their merits.

There may be things like faulty speedos where you would say that the speedo not working properly is a non-trivial issue and absolutely the train should be taken out of service immediately. You could argue that if a single windscreen wiper is not working, that is not a fatal flaw and 1000 passengers should not be inconvenienced as a result of that. I do not know. The management protocol is where you would need to go to look at that. It has to be case by case and safety has to prevail over all other considerations.

This is one of the features of operating a railway. We have taken decisions progressively over a generation where we have said that at all times safety will come first. Some of you may recall people leaning out of windows, people dangling their legs out of train carriage doors when they were schoolkids. Imagine that happening now. It just would not happen. The safety culture of the railway has come on very significantly, and some of the frustrations when trains are taken out of service are a reflection of the genuine desire to put safety first.

Mr SARGANT — There are some essential things there like the faulty whistle, for example, the horn. That is an essential safety issue.

Mr BARBER — So why don't you fix it so that it does not break? If it is delaying 25 trains and cancelling seven, just fix it! It does not work that way on the Tokyo bullet train, does it? There is no such thing as 'Oops!' on that system.

Mr SARGANT — I would like to actually answer the question. There are situations like where you get in your car, go to start the car and it does not start; it is faulty. That is where I would like to get to in the long run. At the moment we are replacing the radio system, and that will give us a data bearer. What I would like to get to in the long run is a vision where one day we have a train where the driver never sees a fault light, in that the train does not present itself with a fault but informs the maintainer, 'If you do not look at this in the next 1000 kilometres or so, I am going to fall over'. Every piece of equipment naturally fails; by nature, equipment fails. The more technology we build, the more likely we are going to get failures.

Mr BARBER — That is what I am asking. Proactive versus reactive.

Mr SARGANT — Let me finish. The vision we want to get to is using the data network and a smart device that is able to predict when the train is going to fail so that we can tell and bring the train in well before it affects services. That is where I would like to be.

Mr BARBER — Would that predict a leaky windscreen or a loose mirror?

Mr VINEY — Perhaps, Mr Barber, you would like to tell the passengers that. Tell the passengers that it does not matter if there is no speedo. Go tell Victorian passengers that.

Mr BARBER — A leaky windscreen? Thirty leaky windscreens leading to cancelled trains?

Mr LEANE — You would not drive your car like that.

Mr McKENZIE — Tom has talked about the vision. I think it is difficult. A windscreen wiper on one part of the windscreen, if there are two wipers, might make a difference on one side but not on the other side. It depends on the weather. There is a raft of things that would come in there. What most maintainers do — and I understand Connex does this — particularly with an ageing fleet, is look at the patterns, as you are attempting to do in that rough analysis, and to say, 'Where is it that we are beginning to get problems of that nature?', and then a good maintainer — and I believe Connex would do this — might then go through a process to say, 'If we are beginning to get wipers coming up on a regular interval, we will do a program to fix that'.

Mr BARBER — I will ask Connex about that. What I want to know is if you guys sit down every month and go through this data that I have now got and say, 'Here are the major problems. What remedial action are we going to take so that it does not happen next month?'. Is that in your job descriptions?

Mr McKENZIE — We talk to Connex about the bigger issues that are happening within the system. We have talked to it about the levels and sorts of failures. We ask it about the things that it is doing and it might reply, 'These are the sorts of programs that we are now looking at'. We do not look at individual faults — we do not try to do their job for them — but we do check that they do the sorts of things that I have described.

Mr DRUM — Of the 165 train sets that we have in the metropolitan system, how many do we need to actually run the peak services, morning and night?

Mr BETTS — With the new timetable I believe it is 149; 148 in the evening.

Mr DRUM — And how many would we normally have in service in those summer months? On average how many are in getting something fixed up — are off the track — in summer?

Mr BETTS — It depends on the timetable that you are operating.

Mr McKENZIE — It is the same. There was no summer timetable last year.

Mr DRUM — We just know that we have so many more problems in summer than we have in winter, so in summer how many do we normally have getting serviced?

Mr McKENZIE — The timetable is the same in summer, so the numbers that are available for servicing is the same over summer. There are pre-summer checks that are usually done coming into summer.

Mr DRUM — Yes, but if we have 16 surplus trains all the time and we are still able to run our peak services — —

Mr McKENZIE — So there are 16 surplus trains. There are 149 trains needed to run every morning, and then there needs to be a program of maintenance that occurs over that whole fleet of 165 — —

Mr DRUM — So some of them come in and some of them come out.

Mr McKENZIE — There have to be some trains available to the maintainers to keep them maintained, and there are also then usually trains out for some project works — the sort of works that were mentioned before about a program to fix something that is emerging as an issue — and you will usually find one or two trains out as the result of a collision or something along those lines.

Mr DRUM — So on average how many trains are off the tracks in the peak summer months?

Mr McKENZIE — It is 16.

Mr DRUM — So we never have an amount of trains under what we need to run the peak hour peaks?

Mr BETTS — Are you asking us to say on average how many more trains are cancelled in the summer months because of the non-availability of trains? Is that what you are asking?

Mr DRUM — I am asking whether or not you have sufficient rolling stock in the summer months to actually carry out what you are telling Victorian public transport users you are actually going to carry out? Or are you chronically underresourced with trains because you always in those summer months have too many trains in getting the air conditioners fixed?

Mr BETTS — No. It is certainly the case, however, that in the most recent summer trains were out of action for a variety of reasons. We had Hitachi trains with rust problems, which we are now fixing, and trains were going out of service for various other reasons. One of the frustrations that Connex had was that it believed there were some industrial reasons why those trains were not being returned to service more readily. But generally speaking in summer we have a timetable we are capable of operating. We have enough trains to operate it, and if we did not have enough trains, we would not be running the number of services that we advertise in the timetable.

Mr DRUM — So it is only when you have an extraordinarily bad spate of faults that you go under?

Mr McKENZIE — Yes. Correct.

Mr BETTS — I think we had a single cancellation this morning. I think Connex ran 99.6 per cent of services in June. So occasionally we will lose a train and it will compromise our ability to run a particular service, or two services, in the morning peak, but generally speaking we plan our timetables with stand-by trains et cetera to make sure that we can comfortably run.

Mr LEANE — I want to ask you about drivers. During one of the Road Safety Committee references that looked at level crossings I had the opportunity to get out the front with the driver on a train from Ballarat, and I have got to say I look at drivers in a whole new light, because sitting in the front with the driver and watching the scenery just come at you was a funky adventure for me. Taking into account that there are these incidents that we have, have we got enough drivers? Is there a big turnover? Is it hard to attract people with the qualities and the skills that are needed to actually drive our trains safely in the system?

Mr BETTS — Thanks for that comment. I think we should be very proud of our train drivers actually, notwithstanding some of the industrial issues which have arisen; our drivers are magnificent. We talked about suicides earlier on and the stress that drivers have. Imagine driving a train and seeing people dodging around level crossing boom gates in front of you, people running across pedestrian crossings. You can see the drivers tense up as you sit in the cab with them.

We had some problems with driver shortages in mid-2004, and those arose from a freeze on driver recruitment which National Express had imposed when it was the franchisee. During the period of receivership after National Express withdrew I believe we recruited 43 drivers, and since then around 300 drivers have been recruited into the system. So we do not have any significant number of cancellations related to driver shortages these days. You may see some figures showing an establishment number of drivers. The number of drivers

actually on Connex's books, or V/Line's books, is a bit less than that, but that is readily manageable through acceptable levels of overtime.

We do occasionally see a spate of drivers retiring and we need to have sufficient drivers to mitigate the risk that we might fall short occasionally, so we have built a buffer in there to guard against that. We are very vigilant, as are Connex and V/Line, in planning ahead and doing the genuine workforce planning that is required to make sure the driver numbers are sufficient.

Mr O'DONOHUE — I just want to go back to Mr Viney's comments and my original questions about the rolling stock that is available. Connex, in its submission, has detailed the rolling stock at its disposal. Allow me to just paraphrase it: Hitachi train sets are 4 per cent; Comeng are 56 per cent; X'Trapolis are currently 18 per cent and Siemens trains are 22 per cent. You said earlier that the Comeng, which are the majority and the backbone of the network, were commissioned in the late 1970s — —

Mr SARGANT — That was when the business case was done; they were delivered through the 1980s.

Mr O'DONOHUE — So the majority of the trains on the network were commissioned in the 1970s by previous Liberal governments, and of the 22 per cent those are Siemens trains there have been some serious issues with regard to brake failures. I would like to ask you about the overshoot issue that occurred on 18 June in relation to Siemens trains. As a member for Eastern Victoria Region I know that the Siemens trains service the Cranbourne, Frankston and Pakenham lines, and I am very concerned about the permanent speed restrictions. I understand there are safety issues, but this has been an issue for six years. Why has it not been fixed, and how much longer will the commuters on those lines have to put up with slow and delayed trains?

Mr BETTS — You said there was overshoot on 16 June?

Mr O'DONOHUE — It was 18 June, according to Connex.

Mr SARGANT — I read that in the submission. Prior to reading it in the submission I have not seen any advice.

Mr BETTS — We might need to take that on notice. Before I hand over to Tom, Siemens trains have generally operated pretty well — the drivers like them — but there have been a couple of spates of overshoots and the issues involved are quite complicated. They have tended to occur after long periods of drought followed by light rain and where there has been an accretion of dirt on the surface. It is about the interaction between the driver and the braking system. If you like, there has been the equivalent of the ABS in your car installed on those trains, which means they are pretty sophisticated. Drivers who are used to driving other, less sophisticated trains may have had some issues judging braking performance.

To a certain extent the software changes that have been put in place have mitigated that risk, but the recent recurrence means that we have had to put in place a whole series of speed restrictions. Connex and PTSV — Public Transport Safety Victoria — have recently agreed on a very significant reduction in the extent of those speed restrictions in terms of the number of locations, but the work is continuing to see if we can finally nail this issue. Tom, if you would like — —

Mr O'DONOHUE — Can I interrupt? The overshoot occurred on 18 June and what you are telling me is that you do not know the details of it. That is over a month ago. Describe to me the process by which serious safety failures in the network are reported from the operator to you, the government.

Mr BETTS — They are reported to Public Transport Safety Victoria, which is the independent safety regulator, and the independent safety regulator determines whether the incident, as reported, gives rise to some concern about a systemic issue. It will ask Connex what its risk mitigation plan is and may, if it perceives it is fair, impose mitigations.

Mr O'DONOHUE — This situation, as I said, occurred over a month ago. How long would it take for you to be in the loop and part of the process? I find it extraordinary.

Mr SARGANT — Normally we know about it within 30 minutes.

Mr O'DONOHUE — So this is a one-off example where it is over a month and you do not know it occurred.

Mr SARGANT — Yes.

Mr O'DONOHUE — The train could have overshot into an intersection. Who knows what occurred? You do not know about it?

Mr SARGANT — I do not know that it has gone into an intersection — —

Mr O'DONOHUE — You do not know?

Mr SARGANT — Exactly.

Mr O'DONOHUE — With respect, that is just not good enough.

Mr BETTS — We are hearing this for the first time. Ask Connex about it this afternoon.

Mr O'DONOHUE — As you said earlier, the buck stops with you. There is a major safety issue with the Siemens trains that has been going on for six years and you do not know about it. You are saying, 'Ask Connex'. I am asking you.

Mr BETTS — I am saying that the first port of call for Connex in reporting these incidents is Public Transport Safety Victoria, which is the safety regulator. Tom is telling you that when these incidents have occurred in the past we have been notified within 30 minutes. I am going to have to take on notice any further comment on what has actually happened here, because I simply do not know.

Mr O'DONOHUE — That is just not good enough, Mr Betts.

Hearing suspended.

The CHAIR — If we could reconvene, thank you: before the break Mr O'Donohue asked several quite important questions. Mr Sargant actually has taken the opportunity of the break to clarify some aspects of those questions. I would invite him to make some comments.

Mr SARGANT — Thank you very much. In the normal circumstances with an overshoot, the driver will make a report through to Metrol — report an overshoot by a car-length or more. In the circumstances that you are referring to, the incident in June, the report was a brake fault. The train was taken out to be tested. When the driver was debriefed, he was asked, 'What happened?'. He said, 'I overshot by a couple of metres — like a cab door'.

Mr BETTS — Or a few metres, maybe.

Mr SARGANT — It is not an overshoot in the context of the overshoots that we have been talking about in the past.

Mr O'DONOHUE — I would have thought, though, that any brake failure, especially given the systemic failure in the Siemens trains, would be taken very seriously and you would be notified of it well within a month. I appreciate you have gotten that information, but I repeat: I am surprised that you were not aware of it until I raised it with you, notwithstanding the fact that it happened over a month ago.

Mr SARGANT — Indeed every fault, particularly of a braking system, is treated very seriously, irrespective of the fleet. Normal process was followed with respect to the circumstances around this issue. The driver did not initially classify it as an overshoot and so I was not notified as I normally am. The train was taken out, tested, and any faults that were found would have been remedied.

Mr O'DONOHUE — Do you know when the issue of brake failure in the Siemens trains will be resolved and those speed restrictions can be removed and the commuters on the Frankston, Cranbourne and Pakenham lines can have access to trains that are safe and reliable and timely?

Mr SARGANT — I know today that every train is safe, for a start. There is no question in my mind in that regard. In terms of when we can be absolutely certain, I cannot give you a definite answer. However, there have been many actions taken over the last few years with — —

Mr O'DONOHUE — Six years.

Mr SARGANT — Since the problem was initially identified. The incidence of overshoots has dramatically reduced — the two that you would class as 'overshoots', all but for the most recent in my mind — and will continue to improve. I imagine when Connex is happy to remove the speed restrictions, it will do so.

Mr VINEY — Mr O'Donohue prompted some recollections for me and I want to pursue a few issues, particularly in relation to the National Express withdrawal. I think it was you, Mr Betts, in your answer to questions, who talked about driver recruitment. I am interested in how it could be that one of the operators was failing to recruit enough drivers. This related presumably to the contract signed in the 1990s?

Mr BETTS — Yes, that is right. There were no specific obligations in the contract, which was executed with National Express from memory in June 1999, around driver numbers. They had a 15-year contract with the government, and I think the assumption at the time was that if you had a 15-year contract, then it was in your interests as an operator to make sure that you had enough drivers to drive the trains, not least because you would be fined if cancellations occurred on any significant scale.

What we have done since then is actually put in a more belt and braces approach where we have reached agreement with Connex on minimum numbers of drivers to be recruited so that we ensure there is no repetition of the driver shortages we saw in mid-2004. That was a strengthening of the contractual arrangements over what had been in there previously.

Mr VINEY — Just for my recollection and the record, what was the actual withdrawal of National Express? What took place then and how did that impact on the system?

Mr BETTS — It became apparent in 2001 that the franchise operators were losing money, or were about to start losing money. They bid very, very aggressively in the 1999 franchising process to the point where their business plans were effectively unsustainable in the absence of additional financial support from the government. National Express, which held three franchises, had bid more aggressively than anybody. So during the course of 2002 the government conducted a review of the franchising arrangements with a view to determining what the most effective solutions were going to be going forward, with the overriding desire to avoid any disruption to services and passengers and to put the public transport system on a sustainable footing going forward.

National Express made a whole series of demands for additional money and for the state to take more commercial risk. The state refused to countenance all those demands and then in December 2002 National Express notified us with a week's notice that it was going to withdraw financial support from its three Melbourne franchises. We went into negotiations with National Express to secure if we could an orderly handover of the businesses to receivers, whom we appointed.

Those negotiations were successful in the sense that not one train or tram was cancelled during the course of the transition. Receivers were put in place. They did a number of things, including reactivating the driver training and recruitment programs. National Express had to pay us, I think, $135 million in compensation in lieu of the performance bonds that had been put in place and wrote down a number of assets so that the total hit on their bottom line in the UK was around A$300 million.

We then obviously began the process of reforming the industry. We had had two train operators and two tram operators. The government decided — and I think rightly so — to simplify those arrangements to move to one train and one tram operator. We had the creation of Metlink and we took a sensible view on what a sustainable financial footing for the industry was. The savings which had been apparently on offer in the original franchises but had proved to be illusory were set aside, and the government basically is funding the train and tram operators now at the level it was in the 1990s subject only to additional services, which the government has decided to buy like maintenance and so on. So in terms of the cost equation before privatisation — or before franchising I should say because it is not privatisation; the assets are still owned by the government — it is basically not materially cheaper to operate it in the private sector but nor is it materially more expensive.

Mr VINEY — Can I make one observation? I congratulate the department and all the staff involved for that seamless transition from what was a disastrous Kennett government contract to what we have now.

Can I pursue the issue that Mr O'Donohue raised as well in relation to the purchase of train sets? By my reading of it, you were looking at replacing — I think you have got somewhere in the order of 70 X'trapolis trains or over the last 10 years, or on order, so it is probably about 40 per cent of the system with new trains, but I take it that it is not just about buying new train sets; you have to look at stabling — —

Mr BETTS — Correct.

Mr VINEY — At a whole range of infrastructure issues associated with it, so what sort of investments are required just to manage the purchase of those new systems and to what extent had that run down?

Mr BETTS — The immediate things that you need when you have an expanding train fleet are stabling facilities — somewhere for the trains to sleep at night, if you like — and you need maintenance facilities. If you are operating more trains, you have to make sure that those trains are properly maintained, so along with the funding for the 38 additional X'trapolis trains has gone funding to ensure that they can be stabled and maintained.

We also want to be smarter about how we do that. A lot of stabling yards have been historically located in the centre of Melbourne, and yet we know that the morning peak begins in the outer suburbs, so that is, for instance, why we are investing in stabling at places like Eltham, Cranbourne and Craigieburn, to ensure that the trains are optimally located, so that you do not have what we call dead running, empty trains heading out to the outer suburbs before they can even start the morning peak. It needs to be looked at in that sense.

We also need to make sure that when those trains arrive into service, they are able to operate on the busiest parts of the network at the busiest times of the day where and when they are most needed, and that is where projects like the Craigieburn crossover project, the Laverton project, the Westall project and the Cranbourne project, all of which are either completed or under way at the moment, come in because that is targeted infrastructure investment to make sure that we can insert additional trains on the busiest parts of the network, which is basically the Northern Group and the Caulfield Group through Dandenong.

The CHAIR — If I may ask a question, I am interested, in part, in the rise in patronage, and it occurs to me that some of that parallels the rejuvenation of the central business district and Docklands precinct coming on stream and some other extensive activity inner city which re-establishes some of the importance of the CBD and surrounds as a destination.

But I was interested also in terms of some of your forecasting and government forecasting generally on where services are needed into the future and whether or not we are having a proactive or a reactive approach — a push or a pull approach — and I guess I am interested to some extent in any work that you are doing on origin and destination preferences of commuters, or requirements.

We obviously have a system that has had lots of bits tacked on, but essentially it is the system we started out with in the early 1900s, and that was always predicated on the fact that everybody wanted to go to the city in the morning and go home at night. Clearly, there are a whole lot of other areas now of activity within the metropolitan area and linkages of public transport system are increasingly important to people, so I am interested in whether or not our actual services are even matching the origin destination preferences that people have and whether we are just relying reactively on statistics that come before us, and so we are always after the event, or whether we have been doing some effective work on origin and destination preferences or requirements?

Mr BETTS — That is a very good question, and we have been doing a heap of work on that. We have been, for instance, running a survey called VISTA, which looks at people's actual travel patterns, people's intended travel patterns, and you are right to say that the picture is far more complex than simply journeys into the CBD and out again. It is that pattern of travel where rail is the predominant mode and where rail has its real advantage, but the great majority of trips are not into the CBD. They are taken within a municipality or between adjacent municipalities, so that local travel is very important, and people obviously value the flexibility that comes with the private car.

But then our focus, and an immediate focus, on trains, a story is not being told, and that is about a massive expansion in local bus services and SmartBus services, which is going on at the moment, which was funded in 2006 by the government under Meeting our Transport Challenges. There are two components to that. One is a very significant review and expansion of local bus services, which are a very important social safety net service for people in our middle and outer suburbs, particularly young people and old people; a renewal of the bus fleet, so that it is DDA compliant, so that people with disabilities can use it.

There is also the construction of the SmartBus network, which is a high frequency, mass transit bus system, if you like, with decent priority on roads, which links in concentric rings the major activity centres across Melbourne, and in recent months we have seen the opening of the route from Mordialloc to Altona. I think very few people are going to travel from Mordialloc to Altona on the bus, but lots of people are using it for intermediate trips.

We opened the Wellington Road SmartBus in late 2006 and patronage on that bus corridor has gone up by over 100 per cent in that period of less than three years. So in the focus on rail, there is an untold story about the enhancements which are going on about the bus system recognising that two-thirds of Melburnians do not live within 400 metres of a train or a tram, so buses are an incredibly important mode and traditionally Melburnians have had a slightly negative relationship with their bus services.

I am from London where the buses are an integral part of the landscape of London. The same is true of Sydney. If you go to Sydney, the CBD of Sydney is packed with buses. We have always had trams in the inner part of Melbourne, so buses have not been, if you like, fashionable, because they have been in the middle and outer suburbs, but I think it is greatly to the credit of government that so much investment is going into improving bus services at the moment. Coming off years of stagnation and decline and service reductions, we are now seeing 12 per cent growth in bus use just in the last 12 months, which is phenomenal.

The CHAIR — With the indulgence of other members, in terms of that bus network, what impact has that then had on your demand for train services? In other words, the connectivity of people using the bus to get to a railway station and then use the railway line — what has been the demand driver of that increased investment in the bus network?

Mr BETTS — The reason why we have invested in the bus network is because we recognise precisely your point, that not all trips are to the CBD, that there is a social requirement for local bus services in middle and outer suburbs and that many people want to make trips between suburbs without having to go into the centre of town and out again, which is why we have this new orbital mass transit system that we have built.

We have obviously seen massive growth on the train system, we are seeing massive growth on the bus system. The two may well be related although I would say that generally speaking most trips are on one mode or the other and that at the moment interchange is not as high as it might be which is one of the reasons why we have undertaken our review of bus services so we can ensure that the timetables are as coordinated as they can be. It is never going to be absolutely perfect, but it is obviously much preferable if the bus arrives just before the train leaves and vice versa so that people can make those interchanges efficiently.

The CHAIR — Can I just understand that you are monitoring that the bus-to-train relationship is part of a formal monitoring process to establish improvements?

Mr BETTS — Correct, and it is a big part of our bus-area reviews — I think we have done 16 reviews, or 16 reviews are planned and those are across Melbourne; one of the big ticket items there is making sure that as far as possible the trains and the buses are properly coordinated with each other.

Mr BARBER — Back to this issue of trains being delayed due to boarding times and in fact out of the 12 700 incidents we got from Connex, more than 1450 of them were under what they called 'weight passenger loading' — so waiting for people to get on" you said it had pushed boarding times up from 30 seconds to as much as 75 seconds. The data they have given us is that of those 1450 odd, more than 400 were delays of 3 minutes, more than 400 were delays of 4 minutes, 260 were delays of 5 minutes, 156 were delays of 6 minutes, waiting for people to get on.

And I am also surprised to see that 44 of these occurred at 4.00 a.m. or in the hours of 4.00 a.m.; 100 of them occurred in the hours of 5.00 a.m. Hardly any of them occurred in the hours of 8.00 a.m. or 5.00 p.m. What is going on here?

Mr BETTS — I do not know. I am going to have to take that on notice because I do not have that data you are describing in front of me, so it would probably be a good idea to ask Connex that question. I cannot respond specifically to the data you put in front of me, but I would say that the effect that increased dwell time has is not necessarily readily picked up by incident reporting. In other words, if you drop 10 seconds on your trip at each station along the way because there are more people using the system and it is taking them longer to get on, it is hard to pinpoint a precise incident which has led to the delay, it is just an incremental effect which happens over time as more and more people use the system and the consequential impact is felt on operational performance.

Mr BARBER — When I was a kid we had a station master who blew the whistle at you and sometimes even closed the gate, which did not allow you to run for the train. What we are seeing here is minutes and minutes going by where more and more people are being allowed to run for the train. The train never leaves, the result of which is that it is even slower until the next train comes. It is a vicious circle. You are losing capacity because you are not running trains fast enough.

Mr VINEY — They were not like that when I was a kid.

Mr BETTS — And when you were a kid people who were in wheelchairs probably did not have access to the train system.

Mr VINEY — No, that is right.

Mr BARBER — We will come back to that in a minute. I have got stats on that for you as well.

Mr BETTS — Sure, yes.

Mr BARBER — So these 1400-odd incidents — are you saying you have not seen the data? Do you guys sit down with them each month and go through all those delays, ask them what it is that caused those sorts of delays?

Mr BETTS — Do we go through every single one of 1400 delays? No, we do not. We go through aggregated data which shows that if there is an adverse trend in one particular category of delay incident, we will ask Connex what is going on, and then we will try to get to the bottom of it.

Mr BARBER — This is not a trend, this is an ongoing problem every month.

Mr DRUM — There has been a trend down.

Mr BETTS — I cannot respond specifically to the data you have mentioned. I do not have it in front of me and it would be speculation on my part. I do not want to mislead the committee.

The CHAIR — Is our rolling stock responsive to the needs of people who have access issues in terms of public transport, and is it sufficiently responsive for not just wheelchairs but indeed mothers with prams and pushers who also are going to take a little bit longer to get onto a train; elderly people who are much more likely to access the train system than perhaps some other demographics but who are also going to be a little slower getting onto the train? Is the design of our trains actually meeting the needs of people in that sense, particularly going forward?

Mr BETTS — The trains comply with DDA legislation and most stations comply with DDA legislation so that is the basic issue of accessibility. The problems on the tram system are far more acute. It is much less obvious how you enable people in wheelchairs or people with prams to get ready access to a tram system with hundreds and hundreds of stops, often in the middle of streets.

There is, if you like, a policy issue here. Some of you may have seen footage on You Tube or elsewhere of commuters, I think, in Tokyo being physically pushed onto trains by men with white gloves. There is a very ruthless approach to dwell time 'management' which takes place in other jurisdictions. I am not sure Melbourne

wants to move down that path, so to a certain extent there is always going to be a compromise between ruthless operational efficiency on the one hand, and looking after the needs of a diverse group of passengers.

I do not think we want to be a railway which leaves people in wheelchairs behind or which does not enable the elderly or people with young kids to safely board a train before the train pulls out.

Mr BARBER — But you have got the driver getting out of his cab, presumably having to do a few safety procedures to get out of his or her cab, and then has to put a ramp down and in some cases these wheelchair delays will be because five or six guys turned up in wheelchairs simultaneously — and why shouldn't they if they want to go to the footy together? What other system in the world runs it that way?

You say it is a policy decision. I think it is a performance decision to say, 'Let us fix these issues by putting a guard on the train who is responsible for that', or have a station master who is responsible for that. Why have those remedial actions not been taken?

Mr BETTS — We did have guards on trains through to the 1990s, when guards were taken off. All governments need to look at the balance between costs and benefits. If you are employing somebody to stand on a platform on the off-chance that someone in a wheelchair might turn up when the driver can help that person onto the train, that may be a perfectly legitimate decision, but it is a decision which comes as a trade-off. That is a teacher who you cannot employ as a result. These are the nature of the choices — —

Mr BARBER — Connex's decision or your decision as to the trade-off?

Mr BETTS — It is our decision.

Mr McKENZIE — Probably the best solution to an issue where the number of people presenting into the train network is such that the numbers are delaying the trains is to run some more services. The focus has been to get the 15 more trains that Connex is now providing — they are the basis of the services over the last three or so years — and the 38 trains now on order and the technical works that are being done to enable those trains to be put on the tracks. That is the best solution to levels of crowding that create delays out on the general network.

In terms of some specific locations where there are very heavy boardings, Connex has already made some moves — this is in the city loop area — to have additional staff there to act primarily as crowd control. There is a process in place — not in yet — to increase the amount of effort in those specific locations. In terms of the sorts of delays where the drivers are held up by passenger loading — and there may have been a raft of things, but that is the statistics you use — the best solution is to get more services into the network to carry those passengers who want to travel. That has been the major focus.

Mr BARBER — I do not think it is the best solution — but there you go!

Ms HUPPERT — I want to expand on that a little more — extra services and timetabling changes. I know it is not just a matter of putting more trains into the system but trying to fit the trains through the existing infrastructure. I wonder if you could elaborate on the sorts of things that are being done to try and make the most use of the infrastructure we have and then moving into increases in infrastructure in the future within those constraints to deal with what is clearly an unprecedented rate of patronage?

Mr BETTS — It is a good question as well. We are often confronted with the allegation that we simply bid for massive capital projects and do not do the simple short-term things that could make the railway run more efficiently. The facts tell a rather different story. We have inherited a railway which has very complex operating patterns.

As patronage fell during the 1960s and 1970s railway managers at the time were able to take advantage, if you like, of the slack in the system to operate what now with hindsight look like relatively inefficient operating patterns, but they were the operating patterns that people at the time wanted. For instance, a lot of people wanted access to the city loop — everybody wanted access to the city loop — so to the maximum extent possible rail managers at the time tried to give everybody access to the city loop, but on the network that we have that often means that you have trains converging with each other and conflicting with each other at junctions.

As the system grows more popular, and more and more people use it, the inefficiency of that becomes exposed. We have a staged plan for the rail system which really began in the November timetable change which we instituted last year, which is about making the system simpler and more resilient. That plan flows in stages — with targeted infrastructure works, rolling stock delivery, the regional rail link, the metropolitan rail tunnel — over the next 12 to 15 years in the government's game plan for rail.

The early stages of that have involved some quite difficult decisions — for instance, taking the Werribee trains out of the city loop. As the Werribee trains came in through North Melbourne and attempted to converge into the city loop they crossed over a whole bunch of other trains coming from places like Craigieburn. That meant that if one train was delayed, it had a cascading effect on other trains across the system.

Similarly the direction of the Clifton Hill services in the morning through the loop has been reversed, so that rather than going first to Parliament they go through to Flinders Street and then around. That in itself eliminated a whole series of conflicts which would otherwise have occurred, which compromised the reliability of the system. If the reliability of the system is compromised, then the capacity of the system is also compromised, because you need to be able to run a timetable which is reasonably efficient.

I mentioned a few infrastructure works at Craigieburn, Westall, Laverton and Cranbourne. That is several hundred million dollars of investment going in. Again, those are smart fixes around the system — targeted investments to enable the train system to run more efficiently and more reliably. As its task grows in the context of 12 per cent growth in 12 months, we need to be 12 per cent more efficient every 12 months. That is a real ask, and I think any service, whether it is in transport, power supply or anywhere else, would find that a challenge. But we have a plan.

Mr DRUM — Thank you, Mr Betts. In relation to the regional fast rail project of a few years back and the fact that a recent upgrade — nearly from the day that it was finished — was still hit by speed restrictions in summer, how does that compare with WA's performance? I would imagine they would have three times the amount of over-35-degree days we have here in Victoria?

Mr BETTS — Yes, but they have a fraction of the size of the rail network that we have. Most of our problems — and Tom can enlarge on this — with track misalignments on the regional network tend to occur outside of the ambit of the regional fast rail project — Warrnambool, Albury et cetera. That is not to say that we do not have problems on that regional fast rail network, but a big part of that was to upgrade the infrastructure.

When the regional fast rail project began — and I know there was a lot of criticism of that project because of its cost — one of the reasons it was so much more expensive was that it was having to make good a decade or more of neglect in terms of maintenance and renewal of the system. We would go out there and we would find every second sleeper was rotten to the core and had to be replaced. That had not been factored into the original costings of regional fast rail, so a lot of the effort in that project was simply about bringing the infrastructure up to modern standards, let alone running it at higher speeds or with higher frequencies or whatever.

Mr DRUM — Before you answer, Tom, can I give you a series of points and let you comment on them as you will? In WA I believe there is a certain split design which better caters for the expansion of the steel in the heat — it simply slides along itself, as opposed to simply buckling. I believe that we still have a range of old wooden sleepers that effectively limit the speed a train can go at, even on a redeveloped line, which affects the ability of a train to make up any time.

I would like you to comment on the fact that a train cannot travel at the maximum speed, even though it is out in the open countryside and therefore can pick up a little bit of lost time, because of the state of sleepers.

I would like you to comment on the fact that the signalling system used on the Bendigo line is said to be different and inferior to the signalling system used on the Ballarat line.

I would like you to comment on the problems I mentioned earlier in relation to the single line between Kyneton and Bendigo and the ongoing problems that this creates in that area.

I hear in recent weeks that 3 minutes is now going to be added to the definition of 'on time' so that we can effectively now bring more trains in, so-called, on time. This is simply because the government has extended the time for these trains to be considered on time.

Mr BETTS — Before Tom answers, I would just like to put it in the context that 70 per cent more people are using V/Line services than three or four years ago, so someone is doing something right.

Mr DRUM — Absolutely.

Mr SARGANT — I am not aware of the split steel design so I would welcome any information you have in that regard. Certainly world best practice for track structure is continuously welded rail on concrete sleepers, and that is used worldwide. I would be concerned with having a split rail which allowed the rail to slide because there would be potential on the gauge face anyway for the flange to get caught, causing derailment. I would be very interested to know more in that regard.

With respect to the signalling systems on the Ballarat and Bendigo lines, the fundamental difference between the two is train detection. On the Bendigo corridor, axle counters are used, as on the eastern corridor down to Traralgon, while Ballarat and Geelong use track circuits for train detection. Both are proven technology and they are just two different methods of train detection.

Mr DRUM — Why would you do that? When you are instigating a statewide upgrade of the rail system, why would you use different technologies?

Mr SARGANT — It depends on the problems you need to solve. Track circuits have a maximum length. For long single-line sections with crossing loops, axle counters are probably a better solution. We have also used axle counters down on the Stony Point line. Axle counters are not unusual. Regional fast rail is the first time they have been used in Victoria, to the best of my knowledge, but in general, they have proven to be acceptable.

Mr DRUM — So the axle counter system is cheaper?

Mr SARGANT — It depends on the problem you are trying to solve. You cannot just say one is cheaper than the other. An axle counter is expensive, relatively speaking, compared to a track circuit, but it enables you to provide a much greater length of track for train detection. It depends on the problem you are solving. You cannot just say that one is cheaper than the other. You need to look at the overall solution to the problem.

Yes, there is single line with passing loops between Kyneton and Bendigo, but at the time the project was commissioned, it was designed for the service pattern that was to be achieved and is continuing to perform in accordance with those expectations.

Mr VINEY — I am interested in Mr Betts's comment on the level of deterioration of the V/Line system. Have you got any figures, or could you provide us with figures, on the investment in track that occurred during the 1980s and 1990s, and what has occurred since then?

Mr BETTS — I will try and source those figures for you.

Mr VINEY — Just in relation to the rolling stock, my understanding of what you said was 138 carriages for V/Line, 94 of which are new VLocity carriages, with another 54 on order. By my calculation, when the new ones come in, that would effectively be a 100 per cent replacement of the system.

Mr BETTS — We will still have some Sprinters out there.

Mr VINEY — There will still be a few Sprinters running?

Mr BETTS — We need to look at demand at the time. I do not want to make a commitment to retiring a whole bunch of rolling stock because with demand growing as rapidly as it is, we want to keep trains in service. There is no doubt that we are moving decisively in the direction of using modern diesel, multiple-unit trains for V/Line services, particularly on busy routes like Geelong and Ballarat.

Mr VINEY — I was in Bairnsdale when the last train was hijacked during the time of the Kennett government. I happened to be there when the community took the train over because it was so infuriated by the performance of The Nationals and the Liberal Party. I was there not long ago when the community celebrated the 10th anniversary of the reinstatement of the trains. Can you tell me what level of success that particular system has had in eastern Victoria?

Mr BETTS — I do not have the figures in my head for patronage on the Bairnsdale line, but the feedback from the community in Bairnsdale has been extremely positive. I remember the day when train services reopened and people were basically lining the rail route — safely! — for several hundred metres going into the centre of Bairnsdale. Regional Victoria generally has responded extremely well to the regional fast rail project, and people are voting with their feet, as Mr Drum indicated.

The CHAIR — I have just come back from the United Kingdom where the government has just resumed control of one of its franchised lines. I note what you said in your introductory remarks, that there is not a problem per se with the franchise model of delivering public transport services, and that in fact Yarra Trams is operating successfully. The issues, whatever they may be, with the rail network would seem to be issues needing to be resolved with the management company, being Connex at this point in time, rather than a fundamental flaw with the business model.

I do not want to put words into your mouth so you may want to contest some of this, but to some extent my view would be that a judgement has been made on Connex's management performance in that it has not had its contract renewed. Incumbency in these contracts is usually a pretty sure thing as far as companies expect to go forward after having made an investment and established relationships. A judgement has been made on Connex's performance, in my view, by the fact that its contract has not been renewed.

I guess I just want to clarify that given that the driver pool is considered adequate, given that the infrastructure — notwithstanding dealing with congestion issues — is considered to be at least adequate, or manageable, as a variable, given that there is increased investment, particularly in rolling stock, that it is anticipated will address some of the passenger congestion element, can I understand then that the problem going forward and the decision to embark on a new franchise operator has been on the basis of Connex's management of that system not meeting the expectations of the department and government?

Mr BETTS — I am happy to clarify that, and it is worth noting that Yarra Trams — and I pay tribute to Yarra Trams and the work it has done — is also not having its contract renewed; we are putting in place a new tram operator. I think it goes not to a judgement of the past performance of anybody, to be honest. But you used words like 'adequate', 'fit for purpose' and so on. I believe that Melbourne's railway management should be world class. I do not think that 'adequate' and 'fit for purpose' is good enough. One of the advantages of having a franchise system is it gives you the opportunity periodically to invite the best rail operators from around the world to come to Melbourne and look in immense detail at the way in which our rail system is managed. The role of the franchisee is not to plan the system, it is not to undertake or fund capital investment; those are the legitimate roles of government. But whilst government remains accountable for the performance of the system, it seeks to partner with the best in the world so that in the areas like operations, industrial relations and maintenance you have world best practice.

When we appoint as preferred bidder a company like MTM, which is a combination of the Hong Kong rail operator, Australian engineering firm John Holland and United Group, we are getting a combination of the best private sector skills from around the world and the best railway operating skills from around the world. That is an opportunity which is not available if you have everything run by the public service in the public sector. This process was not one where people sat around and said, 'We don't like Connex very much'. Connex bid — Connex put in a very strong bid — but it was outbid on the day by an outstanding bid from MTM.

The CHAIR — This will be my last question and then I will throw to other members for the remainder of this. We have heard about the air conditioning issues and I am interested in the trial and what the rollout is going to be in terms of retrofitting the trains — what sort of period of time that is likely to involve — because certainly the heat issues in the summer period are one of the key problems that has been highlighted by some of the lines of questioning. But I guess what I am seeking at this point is just your assurance that the transition between the two franchisees is going to be smooth and seamless as far as the commuting public is concerned.

Mr BETTS — I can give you that assurance. I have had meetings with Connex senior management just in the last week and they are absolutely committed to doing a highly professional job in managing the transition, to the point that they have said once the negotiations between the government and MTM are concluded to the point where we can make further announcements about the content of MTM's bid, Connex senior management are happy for MTM staff to come and sit in their offices and work alongside them.

I think it does Connex immense credit that they are taking such a professional attitude in what must be, if we are open about it, a fairly difficult time for some of their senior people. It is incredibly important that the next 6 months, the next 12 months and the next 18 months go very, very smoothly. There is something about the railway where there is a culture where people put the railway first, and they passionately believe in the job they are doing. I know that the great majority of Connex staff feel exactly that way and they want, if you like, the sign-off from their tenure in Melbourne to be a very good one with a very smoothly managed transition.

The CHAIR — What percentage of Connex's staff at this point might actually transfer or become part of the new franchisee?

Mr BETTS — The great majority of them. All those staff on award conditions will transfer over. That is the understanding with the union and the assurance we have given staff. There may be some changes in terms of senior management, but those decisions lie ahead of us, and further announcements will be made about that in due course. Those discussions have not really kicked off because we need to get to contractual close first.

The CHAIR — So to achieve this great leap forward to world class we are going to need some cultural change with the people?

Mr BETTS — This process is not about cost minimisation, it is not about risk transfer, it is primarily about managerial capability and making sure that we have the best railway managers in the world here in Melbourne.

Mr BARBER — You have repeatedly made the claim that there are 50 per cent more people riding on the trains than three or four years ago, and that is based on validations — how many people clunk their ticket in the machine. You also conduct load surveys twice a year where you measure how many people are on trains at critical points in the network and at all times of the day. What do those load surveys indicate by way of patronage growth, or if you need a more precise term, occupancy of trains throughout the day and at that critical point? What is the percentage growth coming out of that path?

Mr BETTS — I believe if you go to page 22 of our submission, you can see the load breaches which have been reported over time.

Mr BARBER — No. I did look at that; that is load breaches. I just want to know what the percentage growth is across the system using your load survey data.

Mr BETTS — I do not know the answer to that. Load surveys are designed to measure levels of crowding on the busiest parts of the network, not necessarily to measure overall patronage. There may be people who board trains and alight from trains before they get to the counting point for the load survey, which is why we rely for our patronage data on the Metlink validation surveys, and those have proven to be pretty statistically reliable. The story which emerges if you look at that graph on page 22 with increasing load breaches through to a decline in May 2009 as a result of targeted timetable changes is consistent with our very rapid increase in patronage. It looks like it corroborates the 50 per cent growth over four years.

Mr BARBER — A load breach occurs when a train goes from 798 to 799 passengers; that does not tell me anything about patronage growth. The purpose of the load surveys is to understand how many people are on the trains, particularly at the point where we all know the trains are busiest, so that you can work out how many trains to run and all the other planning matters that follow from that. You said you had not analysed it. I have. The growth over that three or four years is about 20 per cent, using load surveys.

Mr McKENZIE — I do not believe that is right.

Mr BARBER — About 7 per cent a year. Are you certain you have analysed that?

Mr McKENZIE — We will need to provide that information to this committee; I believe it is more than 20 per cent.

Mr BARBER — I am amazed that you have not been using those load surveys to analyse your patronage growth.

Mr McKENZIE — The breach numbers that are in that graph are taken from those load surveys, so we do an enormous amount of analysis. We can give you the percentage growth on the cordon. It is not actually designed to measure patronage in the sense that the validation surveys are, it is designed — —

Mr BARBER — I am saying patronage is an irrelevant number; how full the trains are is the relevant number.

Mr McKENZIE — It is designed to measure how full the trains are and how they run over a period of time. The analysis that we do is demonstrated in that graph there where the load on trains on average by hour is calculated on the basis of those numbers, so the analysis is there.

Mr BETTS — And underlying that we can obviously look at the number of people who are measured on each train in the timetable. We can look at that during the survey period, so we can say the 7.02 from Sydenham is carrying 850 people or whatever it is, and that feeds into our timetable in that planning.

Mr BARBER — How?

Mr BETTS — How?

Mr BARBER — Yes. Do you wait till it gets full and then you say, 'We had better do something'?

Mr McKENZIE — I can give you an example. On the basis of those numbers we decide where and how the next services should be allocated into the system. We have recently extended the period of those load counts because of the evidence that there was beginning to be additional loading in the off-peak period, and the outcome of that was an increase in the amount of 6-car operations of trains in the off-peak period. The surveys are analysed and used to determine what we do next to manage the train system as a specific timetable change. It is usually take about 12 months after the count before you can get the timetable change relevant to that count.

Mr BARBER — Is it the only measure you have of growth in passenger numbers during peak periods?

Mr McKENZIE — No, there is other data.

Mr BETTS — Validation surveys, for instance. We also have heaps of origin and destination data and so on and so forth.

Mr LEANE — I want to go back to the Kennett government contracts with operators and talk about skills training and training skilled workers not just to maintain the system but to improve the system. It seems to me that we had a period before these contracts came in when there was a lot of training. There was a period when these contracts came in when, in my opinion, there was no training. The people who maintain the system moved on, got old and we had a gulf of skilled people to maintain the system. What has happened in the last 10 years to address this, if anything at all?

Mr BETTS — We have talked about driver training and equipment. Tom has a unit within his outfit which is responsible for looking at industry skills, so I will hand over to Tom.

Mr SARGANT — Industry skills are an interesting point. It is something that, you are right, is fundamental to ensuring the long-term reliable operation of the network. I am not sure of the exact date, whether it was late 1980s or early 1990s, but throughout the 1990s there would not have been any graduate engineers recruited — very few anyway; similarly with apprentices — so you are finding that a relatively small proportion of people of that age group, who would now be in their late 30s or early 40s and have long experience, have come through the rail system. There are a lot of people with a lot of grey hair and there are lot of young people, so the challenge now and in the next couple of years is making sure we have enough talent who will be coming into senior management level to take the railway forward.

We have certainly got a good foundation now with the re-establishment of the skills training centre at Newport. We have set up for apprentice linesmen in both train and tram networks. We have set up infrastructure, we have set up the signal infrastructure as well where people can learn the skills to maintain not just the new gear but more importantly some of the old gear that we are going to need to continue to keep operating reliably in the short term. Those sorts of things are happening, but it requires a continual effort. The number of apprentices put on in the last four years — I would need to check my figures — is of the order of 40 or 50, from memory, in

infrastructure, and rolling stock as well. Fleet maintenance is critical as well. We also have a graduate engineer program within the department, and V/Line and Connex rotate those engineers through the different organisations so that they can get a clear understanding of what makes the network operate and how things need to be maintained and developed.

Mr LEANE — Where does the new operator, the incoming operator, sit with this training and getting more skilled people at that level?

Mr BETTS — As part of their tender there is a major focus on skills.

Mr LEANE — Good.

Mr BETTS — There is a major focus on organisational development generally. We and they may be in a position to say more about that in August when we have completed our final negotiations.

Mr O'DONOHUE — Mr Sargant, I want to go back to the issue of the air conditioning. I think you mentioned earlier in responding to previous questions that a trial was taking place with some trains for the upcoming summer. How many trains and carriages are part of that trial?

Mr SARGANT — To give you an exact number I would need to take that on notice. It is certainly more than two, but I need to take that on notice.

The CHAIR — More than two?

Mr SARGANT — Yes.

Mr BETTS — It is a trial.

Mr SARGANT — Not two cars, two trains, but I need to take that on notice.

Mr O'DONOHUE — If the trial is successful, do you have an expectation of retrofitting throughout the network, or is that something on which you will wait and see how the trial goes?

Mr SARGANT — It depends on the outcome of the trial, but I would envisage that that would be something that we would go forward with.

Mr O'DONOHUE — That is something I imagine will take a significant period to do.

Mr SARGANT — Yes.

Mr O'DONOHUE — One other question; I think it might have been Mr Betts who made reference to a clarification as to when carriages will be taken out of service if air conditioning is not working. Could you just clarify what that arrangement is?

Mr McKENZIE — That was me.

Mr O'DONOHUE — Sorry, Mr McKenzie.

Mr McKENZIE — Again, you will need to get further and better particulars from Connex this afternoon, but I understand as part of the changes to the management protocol one of the things to do with air conditioning is that where a single air conditioner in a train fails, that does not necessarily mean that the train cannot operate safely, so the train can be left in service. I believe they are also looking at mechanisms — in each carriage there are a couple of air-conditioning units — to develop a set of protocols for this summer where if one carriage lost them both that carriage could be isolated so that the other five carriages are then available for service.

Mr O'DONOHUE — Will that arrangement that Connex has apply to the new operator?

Mr McKENZIE — Yes. I believe Connex is trying to give the operator a flying start in this, and the intention would be that would be a protocol that will be in place.

Ms HUPPERT — I want to return to the issue of timetabling and the number of services. In answer to a previous question you referred to the change of trains through the loop. There has been a fair bit of media coverage about usage of the loop and the number of trains passing through the loop. I wonder if you could expand on that issue of the loop's capacity and how that may impact on services.

Mr BETTS — Sure. Often some commentators, particularly academic commentators, make the mistake of looking at the inner part of Melbourne and describing its theoretical capacity and saying, 'Why can't you just run more trains?'. The answer is that you cannot isolate a single part of the network and look at that; you have to look at the whole system because you have to look at the middle parts of the network and the outer parts of the network to see what the capacity of those is to actually deliver trains into the inner core.

The key capacity issue that we face at the moment is actually the section of line between Sunshine and Footscray, which is effectively full in the busiest part of the day. You cannot physically run additional trains on that infrastructure, which is why, for instance, the government is funding the electrification of services to Sunbury, because it enables us to provide Sunbury residents with a high-class, highly frequent service but it also means we can run high-capacity trains on that section of track. It is why the regional rail link project, that $4.3 billion investment, is so important, because it builds dedicated tracks for V/Line trains coming in from Geelong, Ballarat and Bendigo and enables them to have a free run through the city, which goes to some of the discussions that we had earlier on.

The city loop at the moment is not the main issue in terms of capacity constraint, but once the regional rail link project is there, once the Sunbury electrification is there, by the middle part of the next decade — some people argue about whether it is 2014 or 2016, but it does not really matter — the capacity of the loop will have effectively been reached and the capacity of the section of track between Flinders Street and Southern Cross station will have effectively been reached, and that is why Sir Rod Eddington recommended, and why the government has agreed, that we need the new tunnel through the centre of the city.

We are not saying it is needed now. We are not saying there are not things that we can do in the interim to squeeze the last bits of capacity out of the inner part of the system, but in the middle part of the decade that tunnel will be needed, and even the commonwealth government has recognised that by giving us $40 million of development money so we can get on with that project at the same time as we are delivering the actual construction of regional rail.

Mr DRUM — Just changing tack slightly, do you think Victoria would benefit from having a planning regime that would move towards at some stage one standardised gauge?

Mr BETTS — At the moment the focus of investment is enhancing the capacity and effectiveness of our existing standard gauge network. If you look at the Victorian freight task, 70 per cent of that freight task occurs within Melbourne, and all of it is by truck.

Mr DRUM — Sorry, all of it?

Mr BETTS — All of it is on trucks.

Mr DRUM — Seventy per cent of what freight?

Mr BETTS — Of the Victorian freight task overall. Of the amount of freight transported, 70 per cent of it is within Melbourne — origin and destination within Melbourne — and all of it is by truck, so it is very important that our rail freight network service particularly our regional areas and interstate traffic very effectively. So there is a whole bunch of projects under way at the moment including, as you will be familiar with, the rail gauge standardisation project on the north-east line out to Albury, the Wodonga rail bypass, works in Geelong et cetera to improve the efficiency of that standard gauge network, particularly for access into the port and particularly to strengthen the flows of traffic along the eastern seaboard and across to WA. I think that is critical.

Also we obviously have a rail freight network in Victoria, an intrastate network which is on broad gauge. I think the main game there is to ensure that that network remains viable, and Tim Fischer did a very good review of the viability of those lines and made a series of recommendations which the government is now implementing. I think those things will generally take priority for the foreseeable future over simply standardising the gauge for the sake of it. There is not much benefit in having a standard gauge passenger network in Melbourne. In fact

there is quite a lot of benefit in having rail freight segregated from passenger traffic as much as possible to ensure that they do not get in front of each other during busy parts of the day.

Mr DRUM — But surely if you read the Tim Fischer reports, Tim has been a long-term advocate for moving towards one standardised gauge. Some government, at some stage, is going to have to start planning, whether we start using gauge convertible sleepers now. So if you want to maintain your broad gauge, fine, but at some stage — is that type of thinking anywhere within the department at the minute?

Mr SARGANT — Certainly I am a strong advocate for national consistency — —

Mr DRUM — You are in the wrong country.

Mr SARGANT — Quite the contrary. It would have been about four years ago that an agreement started with all jurisdictions moving towards a national communications protocol, if you like, for want of better words, so we can get standardised radio communications across the nation. It is the first time that there has been — the problem started 150 years ago really — —

Mr DRUM — Absolutely.

Mr SARGANT — When the first railway was built — —

Mr BETTS — In New South Wales.

Mr DRUM — Always.

Mr SARGANT — My understanding of history was that the first railway in Australia in New South Wales, and it was built as broad gauge. Anyway that is beside the point; they changed very early on. That is my understanding of history; I was not here at that point in time — I have lost my way! National consistency is good thing, but it should not be done at all costs. In terms of the Victorian intrastate network, I cannot see there is a case to be made for standardising the whole network at large. North-east was a good case in point. The gauge standardisation of the north-east line was appropriate, but standardising the whole metropolitan network — I am not certain the case has been made.

Mr DRUM — Just one sheer fact — I am led to believe congestion in and around Melbourne, mainly from a lot of trucks heading towards the port, costs this state in the vicinity of $8 billion per annum. What are we doing to try to get so much of that port traffic away from trucks and on to rail?

Mr BETTS — We are investing in things like the north-east rail gauge standardisation project, which greatly increases — —

Mr DRUM — That is one line.

Mr BETTS — It is one line which goes to Sydney.

Mr DRUM — And it was already standard gauge; you are simply maintaining what you already had — —

Mr BETTS — No, we are not; we are significantly expanding the capacity of that line.

Mr DRUM — With the exception of that expansion. You are doing the Oaklands line?

Mr BETTS — Yes.

Mr DRUM — And then?

Mr BETTS — We have got the Mildura upgrade, which will — —

Mr DRUM — Has that been standardised?

Mr BETTS — No, it has not been standardised, but it is being increased to 80 kilometres an hour. It is an operation which will significantly assist with the transport of mineral sands and other products from Sunraysia.

Mr DRUM — We have 1999 promises, 2002 promises and 2006 promises to standardise the Mildura rail line, and it still has not been done.

Mr BETTS — Correct.

Mr DRUM — On top of promises to bring back rail.

Mr BETTS — I describing the Geelong rail access improvement project, W Track, north-east rail gauge standardisation, the Mildura project, the gold and silver lines — a massive package of investment in rail freight in this decade, which contrasts with the investment which went into it in previous decades.

The CHAIR — I am interested in taking up the interchange with Mr Barber before, where there was discussion about loadings — if the loadings are up and the patronage is up, we put on some more services. I am more interested in proactive planning rather than reactive planning. I am interested in to what extent you are involved in looking at developments in and around Melbourne and changing government policy — for instance, the Dandenong area and the government's ambitions for Dandenong as a significant activity centre and recognising what is already there.

There are obviously implications for that sort of development for public transport. Even if a new shopping centre comes on stream and such like — I am interested in your involvement in that policy and the projections that you are doing in terms of what is happening with changing policies, the densification of metropolitan areas and so forth. Obviously you are familiar with the transport plan; I would expect that you had extensive input into the priorities in the transport plan, some of which surprised me and some of my colleagues, particularly the projects that were not evident in that plan despite its horizon.

Now there are the constraints on that plan and on your forecasting and response to forecasting of the current downturn, particularly with the government's moves on the urban growth boundary relaxation, which to me again would seem to have significant implications previously not taken up in the transport plan for your services. Would you like to comment on those, please?

Mr BETTS — One of the most positive features of the process which led to the publication of the Victorian Transport Plan was it also led to the publication of the *Melbourne @ 5 Million* land use planning document through the Department of Planning and Community Development. The two documents were prepared in parallel. They were overseen by the same group of ministers and chaired by the Premier. The two really are two sides of the same coin. There is a consistent strategy for transport and land use, and there needs to be because transport and land-use planning are effectively the same thing. You cannot plan your transport system unless you know where people are going to live and where people are going to work — that determines the demand for travel and therefore the stresses on your transport infrastructure, which you need to plan ahead for.

Similarly the early provision of high-quality transport infrastructure shapes the urban form. We see this at EastLink. Particularly if you can put public transport early into growth areas, then you will shape the urban form, and that is where the regional rail link project ticks all the boxes — because it goes through a growth area, provides access to the central activity district at Footscray and then on into the CBD. We are hopeful now that will drive a much more sustainable urban form than could otherwise have been the case.

I said that transport and land-use planning are the same thing. We need to realise that our city at the moment and its transport network — and this goes to a question you asked earlier, Chair — has been highly centralised around the Melbourne CBD. The land use plan talks about increasingly focusing employment in places like Footscray, Broadmeadows, Dandenong, Box Hill and Ringwood, and those places are located where they are, firstly, because they are on mass transit routes and, secondly, because they are relatively proximate to the new growth areas where people are going to live. If you live in Casey or Cardinia, it is better that you work in Dandenong from a transport point of view than if you work in the CBD because that relieves some of the pressure on the transport system.

As far as moving the urban growth boundary is concerned, it is worth reminding ourselves that within *Melbourne @ 5 Million* there is also an agenda to create 318 000 new dwellings within established suburbs by 2026 — I think that is the date. *Melbourne @ 5 Million* is not just about shifting the urban growth boundary; it is about doing a whole series of things that we need to do as a city and as a state in order to accommodate the rapidly growing population. We need to basically do all of the above. We need more outer suburban residential

capacity, and we need to do it right at this time with public transport put in early. This is why it is good that there was a $1 billion for growth area public transport in the last state budget alone. We have to have more consolidation in our middle suburbs, and we need to look at expansion of the CBD, further expansion of Docklands and again make sure sustainable transport — walking, cycling, public transport — is there early.

Mr BARBER — I will just go back to the issue that Ms Huppert raised, which is the inner-city rail capacity and your dig at certain academic commentators. I will just quote you from a few documents that are actually on your website. One is from a consultant named Ed Dotson, who you commissioned to look at the east–west link and related issues. He says:

> … it also requires developing a time-based and costed plan to remove operational and capacity constraints so as to progressively raise the maximum practical reliable capacity of all lines–with a target of no less than 24 trains/hour.

That is under the heading 'Make better uses of the existing network'. We have SKM working on a similar project, saying:

> The signalling capability in the city and inner suburbs where two or more lines share tracks generally allows for 2-minute headways, extending to 3–5 minutes on each suburban line. In reality, a frequency of 20 trains per hour (3-minute headway) is seen as the practical, achievable capacity which would ensure an acceptable level of reliability is attained.

Then we have got the transcript of a video which was the promotional video they produced when they built the Melbourne city loop. Part way through that video it says:

> At the moment Flinders Street station handles about 100 trains an hour during peak periods. When the loop comes into operation, the five-station city terminal will be able to cope efficiently with twice as many trains and twice as many people.

I guess I would just like to know why your department and you in particular are so defensive about this issue when everybody admits it is doable. The question is: what has to be done in order to make it happen?

Mr BETTS — First of all on the stuff that Edward Dotson produced, you quoted fairly selectively from his document. He also refers to his support for the approach that the public transport division of the department is taking precisely to identify those shorter term operational improvements.

Mr BARBER — In the short term — in 2010. Then he goes on to say we need a longer term costed plan.

Mr BETTS — Correct.

Mr BARBER — So we agree with each other on that.

Mr BETTS — We do, and it is called the Victorian Transport Plan.

Mr BARBER — I did not see anything in there about 24 trains an hour.

Mr BETTS — We will come to the 24 trains an hour; Hector McKenzie can talk to you about that one. On the face of it, there is absolutely no reason why building the city loop would increase the number of trains that can present into the centre of Melbourne, because building the city loop did not fix any of the infrastructure on the middle parts of the network.

Ed Dotson was actually so enraged by the *Age*'s coverage and misleading coverage of his report that he wrote to them. I quote:

> Far from casting doubt on the need for a rail tunnel, my review of the Eddington report recommendation found that a major increase in the capacity of the rail network (of the order of 75 per cent) will be needed by 2030, at the latest, if Melbourne keeps growing as anticipated and if people continue switching from car to rail travel — as transport department …

Mr BARBER — I am not asking you about the need for a rail tunnel. I am asking you why you cannot run 24 trains an hour when he says it should be the minimum on existing infrastructure. That is all I am asking.

Mr VINEY — Perhaps he can answer the question.

Mr BARBER — It is more defensiveness. I just want a technical explanation.

Mr BETTS — In a way this is a kind of have-you-stopped-beating-your-wife thing, because if you attack me and I defend myself, you then criticise me for being defensive. I am a bit stumped here. Hector, do you want to talk about 24 trains an hour?

Mr McKENZIE — On the issue of 20, 22, 24 trains, there are two points I would make, maybe even three. First of all, in respect of the infrastructure that we have, the position of all of the experts that I have spoken to is that the network itself cannot manage 24 trains per hour on every line. There needs to be a package of works anyway if you are going to do that. The discussion about the 24 tends to be around the underground loop increased capacity, or 'You can run 24 trains per hour; therefore why can't you run more trains into the system?'. The underground railway, as Jim said, was not designed to increase the capacity of the system as such.

The eight tracks coming into the city did not get changed by the underground rail loop. The underground rail loop was about distributing people more evenly into the city and relieving congestion at Flinders Street station itself. Whether or not you can or you cannot get an extra train or a couple of trains on an individual track, I am not saying is not important, Mr Barber, but it is not fundamental to how do we go forward, what is our long-term strategy plan. I would agree with you that we do have to take whatever actions we can to get the most out of a system that we currently can.

For instance, an example of a line that would have been in the 'You can carry 24 trains per hour' category would have been the Clifton Hill group of lines, where the inbound and outbound trains in the morning peak shared the same piece of track. There is no way in the wide world that you could get 24 trains per hour along that section of track. That is why it got reversed. There are elements of agreement in that. Yes, of course you should get the most out of the existing system, so the agreement is in that position.

That is why the question puts us in such an awkward position to say, 'Yes, of course you can do things', but whether or not you can get 24 trains per hour on the existing network that we have got, no, you cannot. In any event, the key issues where we are going need to be driven in part by the demand. A lot of the debate about whether you can get 24 or 20 or whatever the number is just leaves aside what level of capacity do you need to provide to supply the demand.

The difference between 20 or 24 or 22 on the northern group lines — we have added 10 trains in the last three years. Plus or minus two is important, but it does not take us to a different strategic outcome.

Mr BARBER — It is three an hour on the Upfield and three an hour on the Broady, and I live in between the two.

Mr McKENZIE — And you want even more. That is why we need the loops and the regional rail link.

Mr BARBER — Six an hour would be a good number.

Mr O'DONOHUE — Major events are a significant issue for Victoria. They are very much a significant part of our economy. Your submission talks about the success of the Commonwealth Games. I just want to touch on the Oaks Day debacle last year which had, I think, a major impact on the reputation of the Victorian Racing Carnival, and that is regrettable. In its submission Connex talk about the Kensington signal box and the problems associated with it. It points out that the signal box was installed 102 years ago and its technology is antiquated, and it says it is a difficult box to operate on busy days.

Clearly huge demands are put on that line on major race days. What actions has the department or the government taken to address those challenges? There are a number of other points on the network where similar signalling technology is still used. Have those points been fixed?

Mr BETTS — It is 102 years old now and therefore was 92 years old in 1999. Do you want to talk about the signals?

Mr SARGANT — Sure. Just because something is old does not necessarily mean it is not fit for purpose.

The CHAIR — I argue that to my children!

Mr SARGANT — We have recently replaced no. 1 box at Spencer Street, not because it was old — I guess it was about 100 years old — but because it was no longer practical with the dramatic increase in the number of services going to the country terminal. The box was no longer suitable to expand the level of moves required. Similarly, we have recently upgraded the interlocking at Epping. It is far younger than 100 years old; it was done on a risk basis because it had the potential for unsupportability. The signal box at Newmarket is safe and it is properly maintained. Generally it performs as it is expected to.

Mr O'DONOHUE — Do you agree with Connex that it is a difficult box to operate on busy days?

Mr SARGANT — Sure, yes.

Mr O'DONOHUE — Do you have any plans to upgrade it so these sorts of situations, like Oaks Day, do not happen again?

Mr BETTS — You are suggesting that Oaks Day was a result of the condition of the signal box?

Mr O'DONOHUE — I think it was one of a number of reasons, some of which have been addressed. But the signal box is part of the access to the showgrounds and the racecourse.

Mr SARGANT — It is old and it is difficult to operate, and the Oaks Day timetable is a difficult timetable to operate.

Mr O'DONOHUE — Are you saying that there is an inherent risk that that situation will occur again?

Mr SARGANT — That is again like the 'When did I stop beating my wife?' question. There is a risk of anything happening but there are mitigations in place to ensure that it is as low as practicable.

Mr BETTS — Look at how many times it has happened; disruption on the scale of Oaks Day has happened only incredibly rarely in the history of the system. Remedial measures have been taken on that section of infrastructure. It arose because of a freak occurrence, if you like, a highly unlikely concatenation of circumstances. You cannot guarantee anything in this life; but it has been subjected to thorough investigation and remedial action has been taken.

The CHAIR — That takes us to 12.57 p.m. I think that I might give you your freedom. Can I indicate again that you will receive copies of the Hansard transcript to check through? Obviously you are not to revise or revisit matters but simply to check that particularly names or matters of fact that we have covered in the transcript are accurate. I thank all three of you for your attendance this morning and for the exchange that you have participated in with the committee. I think that your willingness to actually engage in answering the questions has been within the spirit that I sought at the outset. I thank you for that.

We wish you well in your work in the months ahead. We all share the same aspiration, which is to get a better public transport system, so we wish you all strength to your arm. Thank you very much. We will reconvene at 2.00 p.m.

Witnesses withdrew.