

CORRECTED VERSION

SELECT COMMITTEE ON TRAIN SERVICES

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

Melbourne — 22 September 2009

Members

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Mr K. Petersen, manager, transport, and
Mr R. Barker, manager, media and communications, Tourism and Transport Forum.

The DEPUTY CHAIR — Good morning. I welcome Mr Petersen and Mr Barker to this public hearing of the Legislative Council Select Committee on Train Services. If you could start with any opening remarks you may wish to make, we will ask questions later.

Mr PETERSEN — Firstly, I would like to thank you for the opportunity to make a presentation to this hearing. The Tourism and Transport Forum, in case you do not know, is the peak industry group for Australia's transport, aviation and tourism sectors. We represent the interests of 200 member organisations in these sectors through policy development and advocacy, and through research, public affairs and events. TTF, as we are known, is the only national multimodal transport industry body working across federal, state and local government jurisdictions.

TTF is committed to improving the quality of passenger transport services across the country. TTF members include public transport operators, investors, infrastructure developers, consultants and many others with an interest in improving accessibility to passenger transport in Australia. Our members include both public and private organisations.

TTF is working to ensure Australians have genuine transport choices that meet their needs by encouraging the integration of land use planning, infrastructure development and community and business requirements.

Transport is the lifeblood of global cities. It serves a vital social function, providing mobility for people who do not have access to private vehicles; a mass transit function, moving large numbers of people efficiently and quickly; and an environmental or sustainability function at a time when we are reappraising the way we use energy.

The series of cancellations and delays throughout the January and February 2009 period were unfortunate and disruptive. They showed serious flaws not only in rail infrastructure but also in the entire Melbourne transport network. However, TTF contends that this disruption was the result of a combination of extraordinary circumstances which, in their own right, would still have caused disruption but collectively created a situation beyond the norm: primarily a once-in-a-century heatwave which only could have been minimised with long-term investment in the network over a period of decades.

To place the events of January and February 2009 in context, it is important to understand three underlying factors that led to the greater than normal disruption. One: Melbourne rail services in recent years have had the largest patronage boom of anywhere in Australia and possibly of any city in the developed world. Melbourne rail patronage increased by an unbelievable 74.7 million trips, or 54 per cent, in the past four years. On V/Line the increase was a staggering 70 per cent. This is primarily the result of increasing population growth, rising traffic congestion, higher fuel prices and increased concern about transport-related greenhouse gas emissions.

Two: as pointed out by Sir Rod Eddington in the east–west link needs assessment, there has been a long-term underinvestment in the metropolitan rail network, with little new infrastructure since construction of the Melbourne city loop more than 20 years ago and little extension of the network since the 1940s. Yet to cater for the rapid passenger increases since 2004 there has been an additional 1300 weekly metropolitan services put on these same tracks.

Three: by and large the main construction of the train network occurred over 100 years ago, with rail lines concentrated in moving large numbers in and out of central Melbourne. This has remained, with all 16 metropolitan rail lines converging on the city on four main lines. In addition, there are a significant number of level crossings and all services share the same tracks — metropolitan trains, regional trains and freight trains. The patronage boom and lack of ongoing investment in new infrastructure, coupled with increased demand for additional rail movements, means the system is at capacity during peak times. Thus, when a single service is impacted by an event on one of the four main lines, it impacts rail services on all its branches. These three factors have had a significant impact on the performance of the network. Overcrowding has become a reality for passengers, particularly during the peak hours. On-time running performance, while still good considering the network challenges, has declined. Safety and security of passengers and cleanliness of services have all been increasingly difficult to maintain at the level commuters expect. It is unsurprising that there has been an overall decline in customer satisfaction levels. That said, it is important to note that the declining levels of all these performance indicators commenced at about the same time as the patronage boom which put the system under increasing pressure.

During January and February 2009 three more factors played a significant part in the commuter disruption — firstly, the unprecedented heatwave. Temperatures consistently rose above 35 degrees Celsius, including three consecutive days over 43 degrees — the hottest three-day spell in over 150 years. The heat led to a general slowdown across the network as speed restrictions came into effect due to the risk of misaligned rail tracks. The network literally buckled under the heat. Connex reports that of the more than 2300 cancellations during January 2009, almost 1500 occurred in those three days that reached above 43 degrees.

Secondly, further cancellations occurred because almost 60 per cent of rail carriages either do not have air-conditioning systems or have air-conditioning systems that do not operate optimally above 35 degrees Celsius.

Finally, Connex publicly expressed concern with an ongoing industrial relations dispute occurring throughout the period. The matter was eventually resolved at the Australian Industrial Relations Commission; however, it is of note for this inquiry due to the impact it had on the performance levels of the operator.

The combination of these three factors and the three I have previously mentioned — the patronage boom, underinvestment in new infrastructure and the layout of the network — resulted in the failure of the operator to provide the levels of service Melburnians had come to expect of their rail network. TTF notes that some commentators have sought to criticise the Victorian franchise model for rail services. Such arguments do not serve any productive purpose and fail to understand the nature of the model and the responsibility of the government and the franchisee within with this model.

The government is accountable for the performance of the public transport system and is the one who plans, funds and regulates it. The operator runs the service on a day-to-day basis. The private sector is provided with incentives to improve its operational performance without diminishing its service performance through service contract models that facilitate the efficient use of available transport infrastructure.

Improving accountability and providing incentives for improvement has been a success of the Melbourne experience. The Victorian Auditor-General has stated the 2004 franchise agreement represented value for money. In addition, in October 2007 the New South Wales Independent Pricing and Regulatory Tribunal used the Melbourne franchise experience as a model for improvement for the rail network in Sydney. Despite overcrowding being a major hindrance to the current performance of the network, the fact remains that the model and the operator have been successful in bringing Melburnians back to the rail system. This point is all too often forgotten.

In addition, if the franchise model was the problem, why did we not see the same issues on the tram network? Rather, TTF believes the primary reason for the unprecedented series of cancellations and delays was the lack of long-term investment in the train network over a period of decades. To this end, the \$38 billion Victorian Transport Plan provides the long-term commitment by the state government necessary for an efficient transport network. TTF believes that with increasing pressure on state finances it is important that the government remains committed to acquiring the necessary funding from the federal government and all the private sector to ensure critical transport infrastructure projects are delivered, particularly on the rail network. Thank you. Ron and I are happy to take any questions you might have at this time.

The DEPUTY CHAIR — Thanks very much. I will start by going to the TTF submission, under the heading ‘The Franchise Model’. It says:

TTF recognises that there were some issues with the original franchise, established in 1999, but the current franchise agreement has delivered significant improvements in the number of services and overall efficiency of the system.

The submission goes on to say:

The latest franchise agreement will further improve on the model.

How do you see those improvements?

Mr PETERSON — Primarily in the incentive payments, and also in the penalty payments. You will see that the penalty payments are capped at \$1 million per month, and there are also incentives for the operator to increase the efficiency of the system.

The DEPUTY CHAIR — Thank you. We have been joined by another member, Mr Drum, since the start of your submission. Mr Drum, do you have any questions?

Mr DRUM — No, I will wait.

Mr O'DONOHUE — Thank you for your submission and your evidence this morning. Could you tell me who funds the TTF? You have told us who are members. Can you advise where get your funding from?

Mr PETERSON — Each member pays a flat fee of \$25 000, and we are made up of both private and public organisations. We represent pretty much all the transport operators across the country — all the major players. In Victoria we have Connex and Transdev as members. In Sydney we have RailCorp, Sydney Buses and the light rail, which is Metro Transport Sydney. We have Queensland Rail and TransLink as well in Queensland. In Melbourne we also have Metlink as a member. In Adelaide we have TransAdelaide.

Mr O'DONOHUE — Thank you. You spoke about the meltdown over summer. Could you give some context to the importance of a reliable transport network to a city's reputation, image and marketability?

Mr BARKER — Yes. That accessibility is a major factor in terms of livability; there is no doubt getting tourists and people around the city adds to the experience from a tourism perspective. Obviously we are involved in the tourism space as well, and brand reputation and brand image is an increasingly valuable commodity. There is no end of rankings and rating systems for cities and countries in terms of their brand value and transport is a key element of what makes that up. If you have a bad reputation for transport, it can impact on people's decision to come here as visitors, or particularly for businesses if they are looking to relocate or establish some kind of branch. That is a key consideration in their decision-making process.

Mr O'DONOHUE — So a declining on-time performance or declining performance of the rail network would have a negative impact on tourism?

Mr PETERSEN — A distinct negative impact, yes.

Mr O'DONOHUE — I note on page 6 of your submission the decline from 1999 to 2008 in Connex's on-time performance and V/Line's on-time performance. Further to your answer, that would have a detrimental impact on tourism and business in Victoria?

Mr BARKER — Yes, it would, but you will also notice — and I said this in my opening statement — the decline here is not as great: the on-time running performance is still quite good considering the restraints on the system. We have on-time running levels in other jurisdictions and other capital cities that are definitely not as good as Connex's and V/Line's.

Mr PETERSEN — Sydney is one particular example; in fact the CityRail system has fewer services on it now than it did a few years ago as opposed to 1300 more a week as in Melbourne.

Mr BARBER — Given you are a transport research body and you are national, what are your measures of an efficient rail system, and how does Melbourne compare to other state capitals?

Mr PETERSEN — The key performance indicators are definitely a good benchmark to go by. Many of you may or may not know but there is no actual national benchmark for transport operations. Quite often not only do different cities have different performance indicators but they also measure those performance indicators differently. That being said, as I said to you previously, on-time running performance for Connex and V/Line is still quite good compared to other cities. You will also notice the patronage increases which are a tell-tale sign of the success of a system. Patronage increases in Melbourne have been astronomical and far beyond anything that could have been predicted. It really goes to the success of the system.

Mr BARBER — But what I am asking is, what are your measures of an efficient rail system?

Mr PETERSEN — If they can improve and get more services on the same tracks, I think that is definitely a key performance indicator.

Mr BARBER — If we look at numbers of services per line, how does Melbourne compare to other rail systems?

Mr BARKER — One of the problems that comes with the massive increase in patronage growth is that it simply takes a long time to get people on and off trains. Dwell time is a major issue. If you have got trains that are running at 130 and 140 per cent of capacity, it takes a lot longer than is ideal to get people off, which reduces the capacity of each line. It is difficult to compare the performance of the system now to four years ago because the dwell times will be a lot greater if you are running a similar number of services, particularly during peak hour when the system is already operating at capacity. It is just an ongoing issue and something that will not be addressed without extra infrastructure to deal with those capacity constraints.

Mr PETERSEN — That being said, I note that when you had Jonathan Metcalfe from Connex in here at the last hearing he noted that Melbourne metropolitan trains maintain ‘double the number of passengers per train kilometre than Brisbane and 30 per cent more than Sydney.’ Independent studies have also shown that on a cost-per-passenger-kilometre basis, the Melbourne operation is ‘around half that of Sydney or Brisbane’. I would consider both of those key benchmarks in the performance of the Melbourne train network.

Mr BARBER — The first one is how full the trains are.

Mr PETERSEN — That is right.

Mr BARBER — And the second one, which you are saying arises out of that, is how expensive the trains are to run.

Mr PETERSEN — How cost-effective they are to run.

Mr BARKER — Per passenger kilometre.

Mr PETERSEN — Per passenger kilometre.

Mr BARBER — I guess from the point of view of a federal or state government which wants to invest in a rail system — leaving aside the alternatives like roads and stuff and just focusing on the train system — which is the most efficient train system amongst the state capitals, either as a system or as a set of lines?

Mr PETERSEN — That is a curly question.

Mr BARBER — It is not actually. You are saying, ‘Give us more money and we will do more’. I am asking how much you are doing now. Is Melbourne’s an efficient train system or is it an inefficient train system? Should I throw money at efficiency or should I throw money at inefficiency?

Mr PETERSEN — Melbourne is generally considered one of the better run systems in Australia, definitely, by reputation.

Mr BARBER — By what measures?

Mr PETERSEN — By the measures that I have indicated already.

Mr BARBER — The trains are really full and therefore it is really cheap to run the system.

Mr BARKER — On a per-passenger-kilometre basis, that is generally correct, yes.

Ms HUPPERT — One of the issues that has been coming up in the public hearings and submissions to date is the issue of planning. I think there is a lot of agreement about what led to the difficulties over the last summer — I do not think there is too much disagreement about the factors that led up to that — but what arises from that is how you resolve the issue. Your organisation has a concern in the transport area. There have been a number of reviews and planning processes that have involved the public over the last number of years, resulting in the Victorian Transport Plan and also some of the bus changes that are happening, and I wondered if I could get your organisation’s view on the planning process and how that has operated.

Mr PETERSEN — In terms of whether we were consulted or not?

Ms HUPPERT — Just generally. Both whether or not you were able to feel that you had some input and then generally about input from the community.

Mr PETERSEN — From our point of view, we did have input into the Victorian Transport Plan and we were kept informed of the process as it was going along. In terms of the community, I believe there was the ability for the community to make submissions and so forth and consultation took place, and I think the Victorian government did very well in terms of consulting with key industry stakeholders and the community.

Mr DRUM — With Connex now losing the franchise going forward and a new mob coming in from Hong Kong, do we have any reason to be optimistic that things can improve simply by having new operators?

Mr PETERSEN — New operators will bring innovation and new ideas to the network that were not previously there. That being said, there will be a transfer of staff. Most of the staff will just transfer to the new operator so the changeover will come at that high executive level — the decision-making and strategic planning level. I believe, yes, there can be improvements that the new operator will bring.

Mr BARKER — But the fundamental point remains that the major issue in the long term to deal with the capacity growth and the population growth that has been forecast for Melbourne is whether the infrastructure is there. Like Sydney, you have a radial system which is focused on the CBD. I am not sure how many people work in the Melbourne CBD, but in Sydney it is about 300 000. Having a radial network is not serving the greater population of Sydney, and the same applies in Melbourne unless you are going to massively centralise, which I cannot see happening here. The idea at the moment is transit-oriented development and decentralisation of workplaces so you can spread the load. You do not want a radial CBD-focused rail system, which is what you have now, as we have in Sydney. It is not going to stack up in the long term without serious infrastructure investment to free up capacity or create extra capacity.

Mr DRUM — In Victoria, once the weather gets to around 32, 33 — and you mentioned at 35 the air conditioners go — on our V/Line services the trains have to slow. I am interested in what happens in other jurisdictions, in particular Perth. I know it has a lesser population to move but it does not slow down anywhere near as much as our V/Line services slow down.

Mr BARKER — It is newer, that is one thing. The infrastructure generally is a lot newer.

Mr DRUM — But our regional services are only three or four years old.

Mr BARKER — The rolling stock or the track?

Mr DRUM — They are new lines that were put down with the fast rail project, less than four years, five years ago, and yet we have to slow to 80 kilometres an hour as soon as it gets around the 32, 33 degree mark.

Mr BARKER — I do not know if they were laid on concrete sleepers or not; that is something I am not aware of.

Mr DRUM — I do not think they were. I think they were laid — —

Mr BARKER — That may well be the issue. The issue that occurred with the heat in Melbourne was that the wooden sleepers are not rigid enough to stop the tracks from buckling. If you laid concrete sleepers, you would not have the same problem.

The DEPUTY CHAIR — Can I ask a question complementary to Mr O'Donohue's question about who you represent? Being the Tourism and Transport Forum, you mentioned a lot of transport entities. Can you fill us in on a few of the tourism ones?

Mr BARKER — Sure. All the major airports around Australia are members; they are obviously key transport and tourism pieces of infrastructure. We have a number of airlines, including Qantas, Virgin Blue, Jetstar, Singapore Airlines, United et cetera. We have hotel owners, operators and investors — the Intercontinental Hotels Group, for example, Accor and people like that; also attractions operators like ING, which unfortunately has a wheel that does not go around any more.

Mr PETERSEN — They have half a wheel now.

Mr BARKER — In Sydney, Bridge Climb, Taronga Zoo and Luna Park, so it runs a pretty wide gamut.

Mr PETERSEN — We have stadiums as well: ANZ Stadium, the SCG.

Mr BARKER — Football Federation Australia, Cricket Australia, all sort of events.

The DEPUTY CHAIR — So will you, as an entity, lobby the rail network or the operators for extra services when there is a major event? Is that something you get involved in?

Mr BARKER — Obviously if you can facilitate people not having to drive — I do not know if you have ever driven to a major stadium: trying to get in might be all right if you arrive early but trying to get out is a nightmare. Facilitating mass movement of passengers to special events is something we advocate — no question about that. You could argue, though, that peak hour in Sydney and/or Melbourne every day is also a special event and you need extra capacity to deal with that as well.

Mr O'DONOHUE — Just further to that, with perhaps some of the airports and airlines you represent, do you have a position or do your members have a position on public transport access to major airports, because I think the government in opposition promised a rail link to Melbourne Airport and that has not happened. Sydney has built one. Brisbane has built one. Do you want to make some comments on the benefits of rail links to major international airports?

Mr BARKER — The benefits are the same as any points of a major piece of infrastructure — the Olympic stadium in Sydney has its own dedicated railway station. The air train in Brisbane has been very successful. It has had a couple of million people, I think, use it in the last calendar year, or just shy of that and they are going for 2 million this year. Sydney unfortunately has not been as successful; I do not know whether that is because it is just a more ingrained habit for people to get a cab. The city is not far from the airport so outside peak hours it is relatively cheap to get a taxi, and if there are three or four people, and in fact from the city probably if there are two of you, it is cheaper to get a cab than it is to get the train. That is an issue. Pricing is a factor, but anything that can reduce congestion on one of these major pieces of infrastructure, particularly when you are dealing with freight as well as passenger movements, is a plus.

Mr O'DONOHUE — So distance from the CBD would be a factor as well?

Mr BARKER — Arguably, if you are only stopping at a couple of locations on the way to the airport or if it is a dedicated line — Sydney does have few stops on the way, so it could ostensibly be a commuter service as well.

Mr PETERSEN — They do run just normal commuter trains on the service as well — there is no dedicated bit to put your luggage in or anything like that, which is an issue. But that being said, the Skybus here in Melbourne is a great service; I have used it many times. You have got to have the right infrastructure for the right situation, and at this point in time it seems that the Skybus is operating very well.

Mr BARKER — Melbourne Airport, though, is enjoying record passenger growth, so that will be something that has to be planned for in the future. If there were a corridor, I am sure they would probably love to have a train out there. The obvious advantage of the train is it is not subject to traffic conditions. If you have some kind of bingle on the Tullamarine Freeway, you are stuck.

Mr BARBER — Back to this question of efficiency of infrastructure, would you know how fast Melbourne's trains run compared to other metropolitan rail systems?

Mr PETERSEN — No, I would have to take that on notice.

Mr BARBER — Most taxi drivers I know drive bloody fast.

Mr BARKER — In between the traffic lights.

Mr BARBER — But the reason they do that is because they can rack up more jobs end to end, right?

Mr BARKER — Yes.

Mr BARBER — Sufficient use of time, not to mention capital, so for an efficient rail system you would want the trains to run as fast as possible, and you are saying you do not have any sort of benchmarking evidence that could guide public investment in the sense of efficiency in that way?

Mr PETERSEN — In terms of — —

Mr BARBER — You said the trains are really full, which I know because I use them, but what are the other measures of efficiency of a train network from the point of view of capital?

Mr PETERSEN — As I said to you before, in terms of cost per passenger kilometre, and I think that is probably one of the keys, as you said.

Mr BARBER — Do you think that is what Infrastructure Australia thinks?

Mr PETERSEN — Infrastructure Australia has, I think, in general, given Melbourne \$3.2 billion — the highest amount given to any urban capital for urban public transport infrastructure.

Mr BARBER — You might know more than me about how Infrastructure Australia makes decisions about investment of public capital, and I am wondering what are those measures?

Mr PETERSEN — I wish I did, but unfortunately I do not. If I was able to get into the mind of — —

Mr BARBER — Does anybody know? Does anybody amongst all of your numerous members know?

Mr PETERSEN — There could be members in there that have done work for Infrastructure Australia, but Infrastructure Australia is a federal government body and we are not privy to that information.

Mr BARBER — So with the \$3.2 billion, you said, that has been given to Victoria, you do not know how those projects stacked up against other sorts of possible projects, or even the other projects that were funded, because you are saying it is a bit of a black box.

Mr BARKER — They will obviously have a set of criteria, I just do not know what it is.

Mr BARBER — You do not think it is your business.

Mr BARKER — Our sibling organisation in Infrastructure Partnerships Australia might have a better handle on that than we do.

Mr BARBER — As the TTF, though, you are not interested in finding out a bit more about cracking open that black box?

Mr BARKER — It is obviously something we need to do.

Mr PETERSEN — And any other government or industry body would love to know that.

Mr BARBER — Or any other taxpayer.

Mr PETERSEN — And the taxpayer.

Mr BARBER — Okay, but it is not something you guys are into, that is fine.

Ms HUPPERT — Your comment on the airport was interesting, because obviously I know that we have constantly got announcements about new airlines that are using Melbourne, as you said, so it is very pleasing to see the growth and the impact that will obviously have on the growth of business in Melbourne, and the population here is affected by that. And I note that there is actually land that has been reserved for a railway line, so clearly it is part of the long-term planning. I think this relates to the question I asked before about the planning process and the fact that we are dealing with population growth as a major concern, and the commuter trains are obviously the issue. Part of that planning is the changes. You have talked about the radial nature of our train system, but clearly there are changes in the way people get around during the day and not as many people actually come into the CBD. You commented on the number of people in Sydney who come into the CBD. Do you have any comment on the existing system or the planning that has been done to look at

movements people make during the day that are not those radial-type movements, movements between the activity centres that are allocated in Melbourne 2030, that type of thing?

Mr BARKER — One thing that will help immeasurably with that is myki when it starts, because you will have exact information on a day-to-day basis about where people get on and where they get off, what modes they use, and so you will be able to tell, within a very small radius, where somebody starts their journey and where they finish it and then where they go to the gym after work or where they go for a swim if they are using public transport. This will be an invaluable resource in terms of planning, not only for your infrastructure but for your rolling stock and also planning for housing development and residential and commercial developments as well, because you will have a much better idea of people's public transport usage and their travel patterns.

Mr DRUM — I have a couple of questions. Getting back to comparing our train fleet against those of other jurisdictions, previous evidence has more or less described certain parts of our fleet as like 1983 Commodores. It is very difficult to run a modern public transport network when you are using that type of thing. How do those older trains we have here stack up to the Hitachis and Comengs? How do they stack up against other jurisdictions?

Mr BARKER — To Sydney, they are very similar. To Perth you are probably looking at — it is just a newer system and they seem to have planned better and invested more over a longer term in their transport infrastructure than other places. But in Sydney, yes, there are certainly trains that are upwards of 20 years old, and I was on a bus the other day that was 30 years old if it was a day. Yes, rolling stock is an issue because it is expensive to renew and refurbish.

Mr PETERSEN — In Sydney I think it is 33 per cent of trains do not have air conditioning. In Victoria it is about 4 per cent, so there is a massive difference just on that that you have to be mindful of.

Mr DRUM — Just recently V/Line was having trouble meeting its punctuality targets. Effectively it has had trouble meeting its punctuality targets for the last six years. It has taken the step here in Victoria of simply adding minutes, about 3 to 5 minutes on to its travel times, its journey times. Have other jurisdictions taken this approach?

Mr BARKER — Yes.

Mr PETERSEN — Yes, Sydney did that. For their metropolitan trains they added an extra minute, and I think it was 59 seconds on their on-time running targets in 2005.

Mr BARKER — There are a number of routes now where it was actually quicker to get the train in about 1936 than it is today, which is just incredible.

Mr BARBER — So they are getting less efficient, from that point of view.

Mr BARKER — Yes, extending the on-time running from 3 minutes to your on-time of 3 to 5 minutes, they have done as well.

Mr BARBER — So if that was a measure, your members and their operators, who are also your members, are getting less efficient in the way they run trains than in 1930, for example.

Mr BARKER — And it is primarily to do with overcrowding and dwell times. It just takes a lot of time to get people on and off a train, and there are safety concerns. If you had a more Metro-style system with more doors, you might be able to facilitate getting people on and off, but in Melbourne, as in Sydney, part of the issue is the size of the stations. The platforms, for example, in Sydney cannot take a train longer than eight carriages, so you simply cannot increase, and unless you increase frequency you cannot increase the patronage capacity at all because the trains are as big as they can be, unless you are going to stop halfway along, get half the people off and move the train along, which, again, would increase your dwell time to a ridiculous level.

Mr PETERSEN — Going back to the regional rail services, you should bear in mind as well, the CountryLink services have also had issues with their on-time running. I think their on-time running targets at the moment are currently 75 per cent and they are struggling to meet those targets, so when I am looking at the on-time running of the V/Line services, it is meant to be performing a lot better.

Mr DRUM — Yes, 5 or 10 minutes. We have 5 or 10-minute windows, so you could be 10 minutes late but you are effectively on time.

Mr PETERSEN — And that is the same with CountryLink: if it is 10 minutes late, it is considered on time.

Mr DRUM — On top of that, we have had to add 5 minutes to the journey time of some of the trips.

Mr PETERSEN — Yes.

Mr DRUM — I just want to know whether that is a tool that has been used in other jurisdictions to improve punctuality.

Mr PETERSEN — Yes.

Mr BARKER — Yes.

Mr PETERSEN — The short answer is yes.

Mr O'DONOHUE — I want to challenge some of your underlying assumptions. You gave, in your introduction, three justifications for the failings of the system, and you spoke about unbelievable patronage growth of 54 per cent over four years.

Mr PETERSEN — Yes.

Mr O'DONOHUE — For a lot of the private-sector organisations that is 13, 14 or 15 per cent per annum growth.

Mr PETERSEN — It is extraordinary.

Mr O'DONOHUE — For a lot of private sector organisations that is not extraordinary at all; it is quite standard. It is only a 9 per cent increase from 1976; it is hardly extraordinary. We see a lot of advertising from government and have for a significant period about climate change and the effects of climate change, so surely the patronage growth is not unbelievable given that year on year it is not extraordinary growth at all. Secondly, the issue of heatwaves is something which the government has been talking to the community about for a significant period. Therefore it is not an unbelievable or one-off situation.

Mr PETERSEN — The patronage boom is unbelievable when you are looking at it from 2004 up until now; you are looking at a 54 per cent increase in just that period. There is no other jurisdiction in Australia that has had that patronage increase over not just that period but any period; it is extraordinary. To be able to foresee that — I do not think any policymaker or decision-maker could have possibly foreseen that level of patronage increase. That is why we have some of the issues with overcrowding, reliability and so forth.

Mr BARKER — If you are talking about a company in another side of industry, it can invest in new plant and equipment, which basically has not happened in terms of fundamental capital infrastructure. We have not seen that. That growth has been in the use of existing infrastructure, whereas your other private company, whatever it is, might have built a new widget factory.

Mr O'DONOHUE — Government has that same choice; it can invest as well.

Mr PETERSEN — That is true.

Mr O'DONOHUE — What you are saying is the underlying failure is that failure to invest.

Mr BARKER — Over a period of successive governments.

Mr PETERSEN — When you think of lead times for the construction of new infrastructure, you need to really plan 10 to 20 years in advance for this. As I said, the patronage increase which has happened over a five-year period has been extraordinary, and we could not have possibly foreseen that.

The DEPUTY CHAIR — I would have thought private industry would be doing handstands if it had 54 per cent growth over five years.

Mr PETERSEN — I would be more than happy with a return of 10 per cent.

Mr BARKER — As a shareholder you would, yes.

The DEPUTY CHAIR — Absolutely.

Mr BARBER — The government set itself a 20 per cent by 2020 mode share target some years ago. That target, if it were to be achieved via a straight-line progression, actually required this level of patronage growth in order to be achieved. Having got this level of patronage now being achieved, why do you say that it was impossible to predict when it was not only predicted but was actually necessary in order for them to achieve their 20 per cent by 2020 target?

Mr PETERSEN — That is for public transport overall, that 20 per cent target. The level of 54 per cent we are seeing is just on the rail services.

Mr BARBER — No, I am saying in order to get to 20 per cent of all trips by 2020 the government needed to increase patronage.

Mr PETERSEN — Yes.

Mr BARBER — And when they mapped it out as a straight line between here and 2020 the sort of growth in patronage that was required to meet that target is in fact the same as this patronage that you are now describing as unprecedented and unpredictable. If they wanted a 20 per cent by 2020 target and they are now getting it, why are you saying it was unpredictable?

Mr PETERSEN — I have seen the 20 per cent target in the Victorian Transport Plan, which only came out in 2008. What are you saying was the first time when that target was stipulated?

Mr BARBER — You tell me, policy guru.

Mr O'DONOHUE — It was many years ago.

Mr PETERSEN — Before the Victorian Transport Plan we had the Meeting Our Transport Challenges. That was in 2007. Lynne Kosky even came out and said — and I have got this in our submission — that they failed to predict the patronage boom in that.

Mr BARBER — It is a case of short memories, I think. In your concluding remarks you say:

TTF believes that the series of cancellations and delays throughout January and February 2009 period were unprecedented — and I agree with that —

and could only have been avoided with long-term investment in the train network over a period of decades.

Mr PETERSEN — Yes.

Mr BARBER — Your member, Connex, came here and said, basically, that the reason for those unprecedented cancellations was that the air conditioners all stuffed up and that it thought it had an agreement with the union which took an aggressive approach to finding faults and stopping trains. That was effectively its explanation for the majority of the extra cancellations. Why do you say those two things could only have been avoided with long-term investment in the train network over a period of decades?

Mr PETERSEN — The long-term investment in terms of having air conditioning on carriages — you could have had new rolling stock in there that would have been able to cater for the 35 degrees with optimal usage of trains. Industrial relations matters are something different and might not have been able to be avoided.

Mr BARKER — But you certainly could have avoided tracks buckling if you had re-sleepered and invested in the rail infrastructure.

Mr BARBER — Track buckling was nothing; it caused a tiny proportion of delays, even on those two days. I know that is a fantastic picture in the *Age* newspaper, but — —

Mr PETERSEN — It is a fantastic picture.

Mr BARBER — If you look at the stats, it was tiny. It was the air conditioners, and it was the aggressive fault finding, according to Connex — I have not heard from the union; the Department of Transport did not have much to say on that topic. Is there anything else that you know of that we have not been told so far about the causes and how they could have been avoided, because clearly industrial relations is not a function of long-term investment and air conditioners. We know that trains were built to stuff up, but they could have been fixed at any time. Is there anything else you are referring when you say it could only have been avoided with long-term investment over a period of decades?

Mr PETERSEN — Again, that is why I am talking about investment in rolling stock.

Mr BARBER — That is fine.

Mr BARKER — That is the primary reason.

Mr PETERSEN — Yes, that is the primary reason.

Mr DRUM — I missed the third major reason for increased patronage. You have got increased petrol prices and an increase in normal traffic congestion as a couple of drivers — pardon the pun — to getting people off the road. What was the third issue, the third area?

Mr PETERSEN — Environmental awareness.

Mr DRUM — Sorry?

Mr PETERSEN — People being more environmentally aware, environmental consciousness generally.

Mr DRUM — Those three areas are Australia-wide. Certainly petrol prices are Australia-wide; the increase went across the nation. The environmental awareness has become a nationwide phenomenon. Congestion?

Mr BARKER — It is a big issue when in all the major cities in Australia it costs — arguably by accepted measures — billions of dollars a year, and it will only get worse as we go forward.

Mr DRUM — If we are looking to something that, according to your evidence, hit Melbourne around 2004 — —

Mr PETERSEN — In terms of the patronage?

Mr DRUM — Yes, to understand the patronage boom. I would suggest it would be a reasonably fair statement to say that for the last 20 years Sydney has had ridiculous congestion. Maybe Sydney had its rail boom 15 or 18 years ago. Do we have a situation in Melbourne where the punters have finally got sick of sitting on the freeways and have decided to try the trains?

Mr PETERSEN — Yes, quite possibly.

Mr BARKER — I must say that I am not sure of a particular catalyst from 2004.

Mr PETERSEN — That is when we noticed the start of the patronage boom, and these factors occurred at that time as well. There could have been other things. City employment could have played a big part in getting people onto public transport. People could just have got fed up with sitting in their cars. There are many, many reasons.

Mr DRUM — Are you aware of other policy decisions? Did we slash the price of public transport, including train services, around that time to facilitate extra growth? Did we put on extra services, or did we — —

Mr PETERSEN — I was living here at the time. I do not think they slashed the prices. I think my zone 1 card was still exactly the same.

Mr DRUM — Okay. I am happy to acknowledge the 54 per cent growth. It would be advantageous for us if we could put our finger on a specific reason so we could say, 'The government got this right' or 'The

government got this wrong' or 'We need to look at other jurisdictions'. We could go forward with some type of certainty other than supposing or thinking, 'This may have been the way it happened'.

Mr BARKER — Sure. We can look into that.

Mr PETERSEN — I definitely think it is something we can look further into for you.

Mr BARKER — To see if there are some key factors that really contributed to the start of the growth.

The DEPUTY CHAIR — On your statement about your zone 1 ticket, something that did happen was that zone 3 was eliminated.

Mr PETERSEN — There is that too.

The DEPUTY CHAIR — Which might have encouraged people — —

Mr PETERSEN — In the outer fringes to travel.

Mr BARBER — Just coming back to the question of traffic congestion, that may be driving substitution.

Mr BARKER — Sure.

Mr BARBER — Do you have any measure of the sorts of trips that have been substituted from road to rail?

Mr PETERSEN — No. We would have to take that on notice.

Mr BARBER — What is your accepted measure of road congestion? How do you measure it? You said it costs billions more; it is costing us billions.

Mr PETERSEN — According to the — —

Mr BARBER — Where does that cost come from?

Mr PETERSEN — From the BITRE — the Bureau of Infrastructure, Transport and Regional Economics.

Mr BARBER — How do I know what is congestion?

Mr BARKER — It is reduced productivity. There is a social factor as well. We are talking about an environmental cost and opportunity costs. They are the basic fundamentals, as I understand it.

Mr BARBER — But what is the measure of a congested road? How do I measure that congestion? It is easy to see if it is getting worse, but what is the measure of what congestion is? Travel time?

Mr BARKER — That is the big one. There is one key road in Sydney that is now running at about — in Victoria it is down to about — —

Mr PETERSEN — Thirty-two — —

Mr BARKER — Down from 32 to 26 kilometres an hour in peak times. But the local road authorities run regular testing and experiments to measure the efficiency of roads and to measure any increase in congestion on a yearly basis, if not more frequently.

Mr BARBER — If I am now travelling more slowly on the freeway but I am doing a shorter journey because I have moved house to be closer to my job — which I have probably done because the roads are getting slower — how do we know that, as measured in terms of my time, there is actually increased congestion?

Along with one of the charts you provided, which I think you must have got from the department, there was an extra bar which was the number of cars on the road. It shows no growth — —

The DEPUTY CHAIR — Which chart is that?

Mr BARBER — It was in the department's submission, Deputy Chair, but it shows the various measures which are the different rail systems in different state capitals, and then it shows road travel in Melbourne and it shows virtually zero growth over the same period.

Mr PETERSEN — In terms of the chart, I got it in consultation with all those member organisations. We have a good relationship with Transperth as well. It is also from a submission that Connex put to the Senate inquiry into transport across the nation. I have not seen the department's one that has the road sections in it.

Mr BARBER — You produced this chart from your own data?

Mr PETERSEN — Own data and also from the submission from Connex to the Senate inquiry.

Mr BARBER — If we are going to claim that increasing congestion has led to increasing patronage on the public transport system, it would be worth having a good measure of that congestion, and it would also be worth knowing which trips have been substituted from one — —

Mr PETERSEN — Yes, it would be, definitely.

Mr BARBER — Is it long trips, is it short trips, is it out trips, is it cross trips?

Mr BARKER — You raised the example of people moving to have better access to their workplace or whatever. That is a primary driver. Access to public transport and/or shortening your commute is definitely a primary driver of people's intention to move and their decision-making process as far as where they decide to move to. That would be an interesting comparison. We could certainly look at that.

Mr BARBER — It is important because in the submission from Dr Stone he talks about other cities that have used traffic congestion as a tool.

Mr PETERSEN — Right.

Mr BARBER — He also referred to — —

Mr BARKER — To do?

Mr BARBER — He has referred to policy settings which could include spending no money on roads and spending all the money on PT or trying to do both. I guess in terms of our policy choices it is important to understand (a) what we have been doing, and (b) what we propose to do, because in Melbourne we are doing both. Proposing to spend a lot of money on freeways and a lot of money on public transport, and reflected in Infrastructure Australia's — —

Mr BARKER — It would be politically unpopular to stop spending money on roads, I am sure.

Mr PETERSEN — But not just that, investment in roads provides benefits to public transport if you utilise that road infrastructure. You can have dedicated bus lanes, for instance.

Mr BARKER — Or freight lanes.

Mr PETERSEN — Or freight lanes, which would provide other benefits for public transport.

Ms HUPPERT — Leading on from your last comment, because we have had a bit of emphasis on the changes in infrastructure and the impact that that has on the system, I am also interested in some of the less sexy ways in which we are improving or addressing the concerns we have about the system. One of them is the dedicated lanes, which the government facilitated through its legislative changes earlier in the year, and I know there is some planning going on around dedicated bus and public transport lanes on roads. But there are other things that are happening in the train system as well. I am interested in whether or not you have any views on some of the changes in terms of timetable changes, signalling changes, better use of the system — the more incremental changes — and how they are going in terms of improving the system, and whether your members have noticed any difference.

Mr PETERSEN — That would be more a question for our members, definitely. What I can say is that any changes that will bring more services to the system or enable the system to work more efficiently would definitely be welcome.

Mr DRUM — Just again on working through congestion, I am aware of figures that predict that over the 10-year period we are in the middle of, say, 2002 to 2012, the cost of Melbourne's congestion is going to rise from about \$2 billion to \$8 billion. Are you aware of those types of figures?

Mr PETERSEN — Yes, definitely. The Bureau of Infrastructure, Transport and Regional Economics report we mentioned before might have even put it at \$3 billion for Victoria in 2008 or 2009. It actually has it year by year going all the way to 2020, I believe.

Mr BARBER — There was a VCAC report into congestion.

Mr PETERSEN — Really, has that come from that as well?

Mr DRUM — I know that that figure of \$8 billion is listed in the previous federal government's AusLink document. A large part of that increased congestion cost was the amount of transport freight that was being put onto the roads and therefore having to get to our port. The fact is that our port is right in the middle of our CBD, and because of the poor state of our transport to get our wheat crops through, to get our dairy produce through or to get other export items on rail we have been forced onto the roads, and that plays a significant role in traffic congestion. Are you aware of that scenario? Do you think it is inaccurate or accurate?

Mr BARKER — It seems entirely reasonable, and that is one of the reasons that Sydney has basically moved its entire shipping operations out of Sydney Harbour and down to Port Botany, and they are constructing a dedicated freight corridor for both road and rail. I am not sure if the road is as far advanced as perhaps we might like, but certainly the rail is on the way.

Mr PETERSEN — And part of the Regional Rail Link, as I said before, is separating regional services from metropolitan, and there will definitely be freight benefits as well. Yes, freight definitely has a great impact on congestion, and getting more freight onto rail should be a priority for all governments across the country.

Mr BARKER — Especially bulk commodities.

Mr BARBER — Do you know how many people this underground rail tunnel is meant to carry each day?

Mr BARKER — The capacity is 12 000 an hour, isn't it?

Mr PETERSEN — The underground rail tunnel? Are you talking about the — —

Mr BARKER — East-west.

Mr PETERSEN — The east-west link, or are you talking about the city loop? The east-west?

Mr BARBER — The rail tunnel.

Mr PETERSEN — Not off the top of my head. I can take that on notice.

Mr BARBER — Do you think it is 12 000 an hour — 12 trains an hour?

Mr BARKER — That rings a bell with me. That would be 15 trains an hour, 14 or 15 trains an hour at 800 a pop.

Mr BARBER — It is just that you say here that in 2007 patronage growth translated to an additional 160 000 people travelling each day. It sounds like that is about a tunnel's worth of people that have come onto the rail system in one year. Clearly we are not going to build a new tunnel every year.

Mr PETERSEN — An extra 200 trains.

Mr BARBER — We are going to have to do something else if we are to keep that sort of increased patronage. A tunnel, even if they all used it, would only be one year's worth of growth, according to your measure.

Mr PETERSEN — I can definitely understand your logic. We need to find those efficiencies within the system, and I hope the new operator can find ways to utilise the system in a more efficient manner to enable that type of continued patronage growth.

Mr BARBER — How would they do that?

Mr PETERSEN — That is a question for them.

Mr BARBER — You talked a lot about dwell times before as being a major cause of slowdown. Do you think they can improve dwell times in the short term?

Mr BARKER — More frequent services would lead to less crowding on each train, at least in the short term, which would reduce dwell times.

Mr BARBER — Do you think they can squeeze another train per hour into the morning peak?

Mr BARKER — That is the issue with the capacity constraints at the moment. Another line through the city would certainly add some capacity.

Mr PETERSEN — I hope they could squeeze another line on there.

Mr BARBER — So when they dig this tunnel it is going to have two lines, right? It is going to have one in and one out.

Mr PETERSEN — Yes.

Mr BARBER — You do not think it should be bigger: it should be two in and two out? Once you drill the hole you might as well drill it for future capacity.

Mr PETERSEN — That is a very good question. I guess that is a question to be asked of the government and also the department.

The DEPUTY CHAIR — Thank you very much, Mr Petersen and Mr Barker.

Witnesses withdrew.