



MINISTRY OF TRANSPORT

**Senate Standing Committee on Rural and Regional
Affairs and Transport**

**Inquiry into the investment of Commonwealth and
State funds in public passenger transport
infrastructure and services**

NSW Ministry of Transport submission

March 2009

Introduction

The Ministry of Transport notes the broad range of the Terms of Reference for this Inquiry currently being conducted by the Senate Standing Committee on Rural and Regional Affairs and Transport.

This submission provides a summary of the transport task in NSW to the Senate Committee and the measures being taken by the NSW Government to address these challenges.

Information is provided in the following categories:

- Transport Providers in NSW;
- The Transport Task in NSW;
- The Rail Network;
- Bus Services in NSW;
- Ferry Services in NSW;
- The Impact of Freight Movements on Passenger Services; and
- Addressing The Transport Challenge.

Should further information on these matters or on other aspects of transport provision in NSW be required, the Ministry of Transport will provide further information upon request to assist the Senate Committee in its investigations.

Transport Agencies in NSW

The Ministry of Transport provides policy advice and manages a budget allocation of \$3 billion to support rail, bus, ferry and taxi services in NSW. The Ministry also has a key regulatory role in the bus, taxi, hire car and tourist vehicle industries, along with the management of bus and ferry contracts.

Within the Transport portfolio there are three government transport providers:

- RailCorp – responsible for providing services on the CityRail network in greater Sydney and the CountryLink rail/bus network in rural and regional NSW.
- State Transit – responsible for government bus services in Sydney and government bus and ferry services in Newcastle.
- Sydney Ferries – responsible for running Sydney Ferries services.

There are also in excess of 700 private bus and ferry companies which are contracted, funded and regulated by the Ministry of Transport in all parts of the State.

Sydney Metro is the NSW Government agency responsible for planning, delivering and commissioning the CBD Metro and any potential future extensions. In the long-term, it will oversee the ongoing Metro operations and dictate the service delivery standards to the private operator.

The Transport Infrastructure Development Corporation (TIDC) is a State Owned Corporation responsible for developing and delivering major transport infrastructure projects for the NSW Government.

The Independent Transport Safety and Reliability Regulator (ITSRR) was established by the NSW Government to administer rail safety legislation, report on the reliability and sustainability of publicly funded transport services and to coordinate safety regulation across rail, bus and ferry services.

The Public Transport Ticketing Corporation (PTTC) is responsible for establishing and managing an electronic ticketing system for public transport users and operators in the greater Sydney metropolitan area.

The Country rail network is maintained by the Australia Rail Track Corporation (ARTC) under a combination of a 60 year lease for the interstate track and a contract with the Rail Infrastructure Corporation for other lines.

The Transport Data Centre (TDC) has been operating for approximately 15 years in NSW. The TDC conducts continuous Household Travel Surveys and undertakes strategic travel forecasts to help better plan services, infrastructure and inform policies.

The Transport Task in NSW

There are unique factors present in NSW that influence the challenges and costs of maintaining effective transport outcomes.

Sydney is Australia's largest city and its urban form is characterised by areas with very high urban density, a large "footprint" and topographic challenges. In NSW, strong population and income growth have represented a strong influence on transport demand. These issues have a significant influence on the cost, quantity and diversity of transport services in NSW.

NSW has an extensive metropolitan public transport network that covers Sydney, the Central Coast, the Hunter, the Illawarra and the Blue Mountains. The network is built around heavy rail but is supported increasingly by more flexible and integrated bus networks initiated by the Unsworth Review of Bus Services in NSW.

In rural and regional NSW, notwithstanding the large population distribution, there is a significant CountryLink rail and bus network, with timetabled bus services operating in many country towns and regional centres and dedicated school services providing transport for students across the State.

The transport task for Sydney, Australia's largest city, and responsible for generating approximately 25 per cent of national Gross Domestic Product (GDP) is critical to a range of economic, social and environmental outcomes.

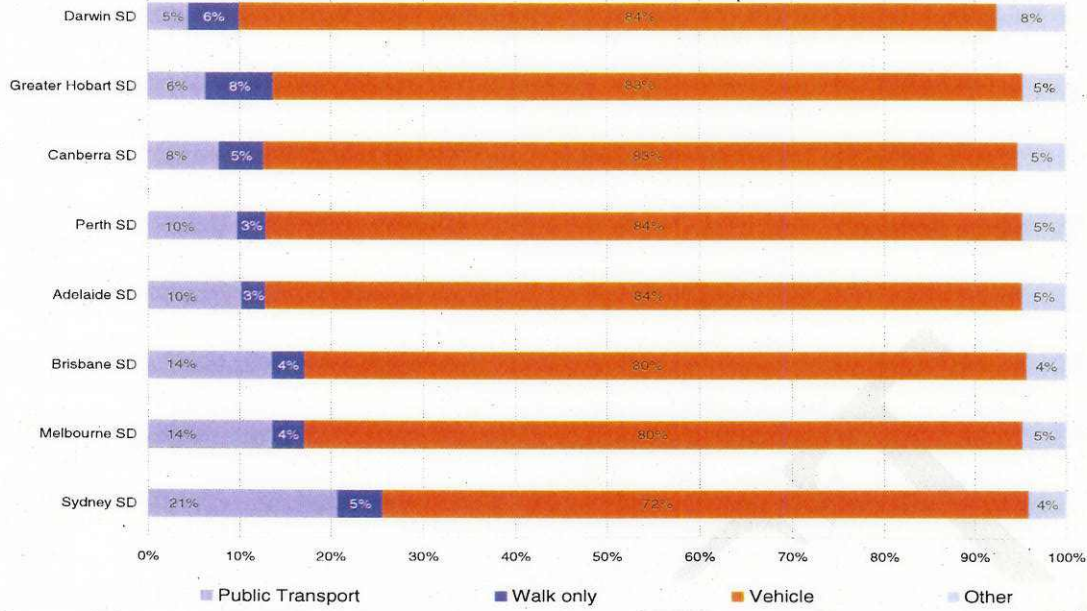
Population projections show that Sydney is expected to grow from 4.2 million people in 2006 to 5.9 million people in 2036.

Approximately 1.8 million passenger trips are taken on the public transport network (buses, trains and ferries) on an average weekday in Sydney, excluding tourist trips.

The 2006 Journey to Work data shows that Sydney has the highest rate of public transport usage in Australia. Twenty one per cent of people currently use public transport to get to work in the Sydney area compared to 14 per cent in Melbourne and Brisbane. (See Chart 1)

The public transport mode share is even greater amongst those who travel into the CBD for work during the peak, with around 75 per cent of these people using public transport to commute.

Chart 1: Journey to Work in Australia's Capital Cities



Source: 2006 Journey to Work data

The Rail Network

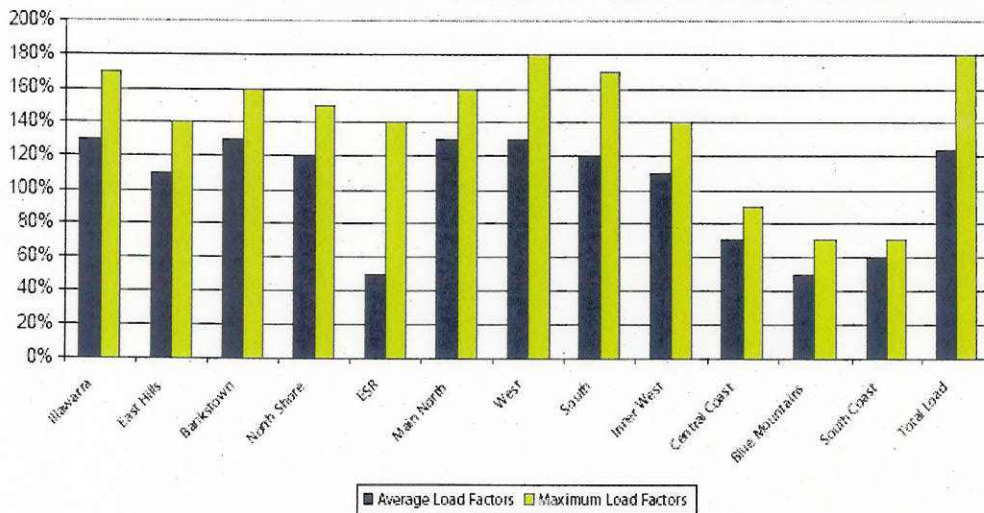
The NSW rail network is a highly complex system. It involves the operation of approximately 2,300 services to carry over 900,000 passengers to and from 302 stations daily.

CityRail services operate in the Greater metropolitan area which includes Sydney, Newcastle, the Central Coast, the Blue Mountains and the Illawarra. Freight services operate on the same metropolitan network.

CityRail operates a fleet of more than 1,500 carriages over 2,060 kilometres of track controlled by more than 2,500 signals.

Population growth and a large public transport mode share, particularly on certain sections of the rail network, is a contributing factor to the challenge in delivering services in NSW. In 2008, rail experienced a patronage growth of 5.7 per cent system wide on the previous year, with 4 per cent growth on peak services into the CBD. (See Chart 2)

**Chart 2: Average Train Loads into CBD
(% of seated capacity during morning peak hour, 2007)**



Source: RailCorp

Bus Services in NSW

The State Transit Authority of New South Wales is the government owned authority responsible for the operations of Sydney Buses and Newcastle Buses and Ferries.

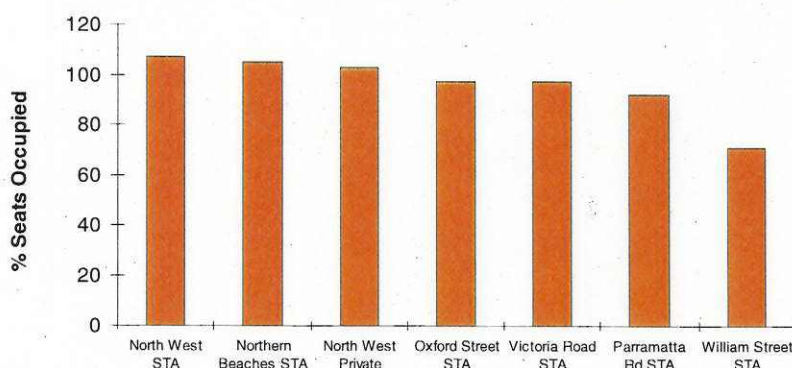
State Transit manages one of the largest bus operations of any city in the world with more than 200 million passengers every year travelling on more than 1,900 buses.

Around 700 private bus companies are also contracted by the Ministry of Transport to provide services in metropolitan Sydney, the outer-metropolitan areas of Newcastle and Wollongong and in country NSW. The private bus fleet in NSW exceeds 2,000.

Around 950,000 passenger trips are taken on private and State Transit buses in the Sydney metropolitan area on an average weekday.

Across the Sydney metropolitan bus network, there continues to be steady patronage growth with a 3.2 per cent increase (excluding free school student travel) being recorded in the 2008 calendar year compared to 2007. Approximately 197 million passenger boardings (excluding free school student travel) were recorded in 2008, up by close to 6.1 million trips on the previous year.

Chart 3: Average Bus Loads into CBD (Morning Peak 2 Hours)



Source: STA

Across the outer-metropolitan private bus network (Wollongong, the Lower Hunter, Central Coast, Illawarra and the Blue Mountains), there has been an average of 7.6 per cent* patronage growth in the 2008 calendar year compared to 2007.

Ferry Services in NSW

Sydney Ferries operates approximately 110,000 services, transporting more than 14 million people across Sydney Harbour and the Parramatta River each year. The ferry network connects 39 destinations and spans approximately 37 kilometres from Parramatta in Sydney's west, Manly in the north and Watsons Bay in the east.

The Sydney Ferries fleet consists of 28 vessels (all of which are wheelchair accessible) which travel around 1.3 million kilometres per year.

In the period July to December 2008 Sydney Ferries recorded a 5.9 percent growth in patronage compared to the same period in 2007.

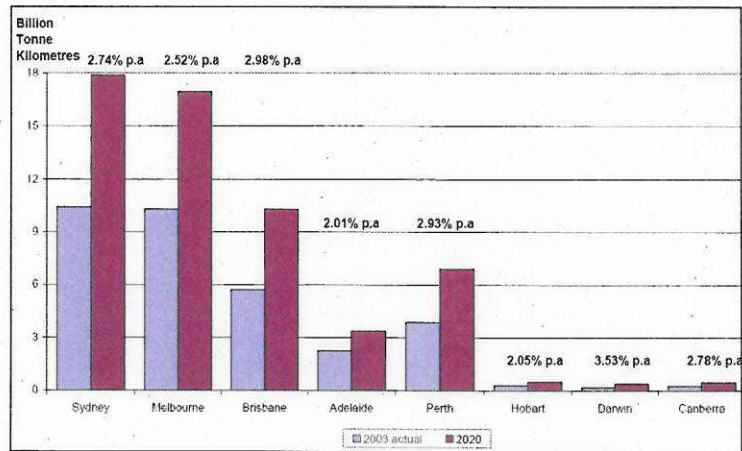
The Impact of Freight Movements on Passenger Services

The rail freight task impacts on the delivery of passenger services. This is primarily due to the level of integration between the freight and passenger networks in metropolitan NSW.

The Sydney metropolitan rail network is one of the most complex and integrated in the world. There is an increasing passenger demand for rail services coupled with the increasing volume of trade.

Sydney is expected to experience amongst the highest increases in tonne kilometres performed to 2020 of all Australian capital cities, and will account for around 32 per cent of the total increase in within-city freight movement on the road and rail networks in Australia.

Chart 4: Current and Forecast – Urban Freight Task



Source: Bureau of Transport and Regional Economics 2005

Addressing the Transport Challenge in NSW

The NSW Government is making unprecedented investments to maintain and enhance the current public transport network and to build new infrastructure.

Rail and Metro

On 23 February 2009, services commenced on the \$2.3 billion Epping to Chatswood Rail Link. Once fully integrated into the CityRail network, the link will introduce around 12,000 people onto the network each day.. The Epping to Chatswood Rail Link includes a 12.5 kilometre tunnel and underground train stations at Macquarie University, Macquarie Park, and North Ryde.

The Government has committed to fully fund the \$4.8 billion metro system from Central to Rozelle through the CBD. This Metro will enable future metro lines which would extend across Sydney, potentially to the West, North West, South East and North East.

The NSW Government is already working on a feasibility study with the Federal Government for a West Metro to Parramatta and has also made a submission to Infrastructure Australia seeking funding support this extension.

The CityRail rolling stock investment program includes a contract for 626 new rail carriages worth \$3.6 billion. This represents the largest order for trains ever placed in Australia.

NSW has placed an order for 122 Outer Suburban Carriages, or OSCARs, worth a total of \$439 million. Deliveries have now reached 29 four-car sets. Further OSCARs are also to be purchased as part of a \$370m investment.

Fourteen Hunter Rail Carriages worth \$102 million have already entered service as have 141 Millennium Train carriages worth \$466 million, the last of which were delivered in June 2005.

To improve access to the rail network, the NSW Government has committed an additional \$56 million towards the expansion of commuter car parks in Sydney under a strategy announced in November 2008.

In the 2008/09 budget, \$25.3 million has also been allocated to build, complete or start new station upgrades and plan for future easy access upgrades across the network in the 2008-09 rail capital budget. Ninety-seven CityRail stations across the network have already undergone easy access upgrades at a cost of \$480 million.

Bus

The Government's bus reform program aims to develop bus services that reflect community needs. In metropolitan Sydney the number of contracts has reduced from 87 to 15 and have introduced consistent service standards, clear performance requirements and sustainable funding.

The new bus contracts incorporate community and stakeholder consultation and regular service reviews into service planning to enable the integrated network in each region to be adjusted to meet changing demands.

The community is responding to these improvements which is shown by a strong growth in patronage.

Across the Sydney metropolitan bus network, there continues to be steady patronage growth with a 3.2 per cent increase (excluding free school student travel) being recorded in the 2008 calendar year compared to 2007.

There has been an overall growth in patronage of 8.7% (excluding free school student travel) in the Sydney metropolitan private bus sector during the 2008 calendar year compared to 2007. This is a significant turnaround after 15 years of decline.

The NSW Government has commenced a bus replacement process, with 1,450 to be purchased over the 7 year contract term for metropolitan and outer-metropolitan bus operators. As at 31 December 2008, 700 of these buses had been fully funded.

This investment includes \$263 million allocated to acquire 250 Volvo diesel buses and 255 Mercedes compressed natural gas powered buses.

In addition, the Government will purchase 150 new bendy buses for the State Transit fleet with an allocation of \$115 million to fast track the delivery of 50 new articulated buses.

Over two years, \$170 million will be spent to fast track the delivery of 300 additional new buses for Sydney, the Illawarra, the Central Coast and Newcastle.

To improve travel times and reliability, the Government is spending \$135 million on bus priority measures with an additional \$100 million committed up until 2012. Also, buses in the CBD are progressively becoming "cashless" between 7am and 7pm to help reduce boarding times and ease congestion.

An extended Metrobus network will be progressively rolled out after a successful trial of a Metrobus route between Kingsford and Leichhardt that proved popular with Sydneysiders carrying more than 600,000 people with a patronage increase of 81% since it began in October 2008.

The Metrobus model is based on:

- Providing capacity along busy corridors between two locations approximately 20-30 minutes from the city;
- Connecting places of work, shopping districts, entertainment and dining venues and hospitals;
- Delivering high frequency services not requiring a timetable;
- Offering a cashless, PrePay-only service for faster boardings; and
- Utilising a mixture of high capacity and standard buses.

The NSW Government has also recently introduced two free shuttle bus services. The "CBD Shuttle" operates in the off-peak and on weekends in the Sydney CBD between Central Station and Circular Quay and the "Gong Shuttle" operates daily on a loop around Wollongong. Both shuttles provide free high frequency hop on – hop off services in both directions between places of employment, shops, cafes and other places of interest.

Electronic Ticketing

The Public Transport Ticketing Corporation released an Expression of Interest (EOI) for a new electronic ticketing system to the market in August last year. The EOI closed on 16 October and responses were received from fifteen Australian and international entities.

Three short-listed entities have been chosen to provide detailed proposals on technical solutions, commercial arrangements, timeframes and costings by June 2009 with a view to awarding a contract in 2010.

Sydney Ferries

In December 2008, the NSW Government commenced an Expression of Interest (EOI) to operate Sydney Ferries under a contract with the Ministry of Transport. The second stage of the EOI process is currently underway.

Sydney Ferries' performance will be tested against proposals from the market to ensure ferry services on Sydney Harbour are run by the best possible operator, whether that is a private operator or the existing operator.

The NSW Government also sought interest for a private operator to take over the operation of the fast ferry service between Manly and Circular Quay on a commercial basis. Fast ferry services commenced on this route in February 2009.

The Government has also called for Expressions of Interest from private operators to run a commuter ferry service between Parramatta and the CBD.

Freight

The NSW Government has set a 40 per cent rail mode share target for port related freight and has developed an intermodal terminal strategy to improve the distribution of freight in the metropolitan area, which will reduce road mode share and therefore congestion and emissions.

Specifically, the NSW Government is:

- Developing an intermodal terminal at Enfield, linked by a dedicated freight line to Port Botany, due to be operational by mid 2011;
- Working with the Commonwealth on the development of an intermodal terminal at Moorebank;

- Contributing \$83 million to the Commonwealth ARTC's Southern Sydney Freight Line Project, a dedicated 36 kilometre freight track from Macarthur to Sefton, which will free up the Main South Line for increased passenger traffic;
- Working with the Commonwealth on options for improving freight access from northern Sydney; and
- Working with the Commonwealth on improvements to rail and road infrastructure at Port Botany.

Concessions and Subsidies

To ensure equitable access to public transport, NSW provides the most generous transport concessions scheme in Australia, spending almost \$800 million annually to provide more transport options to more categories of concession beneficiary than any other jurisdiction.

In NSW, concession travel is offered to pensioners and seniors, students, apprentices, job seekers and carers.

The Pensioner Excursion Ticket that offers unlimited travel on metropolitan and outer-metropolitan services for \$2.50 per day has now been extended to regular route services in rural and regional areas under the Regional Excursion Daily ticket.

The School Student Transport Scheme offers free travel to and from school for eligible students. For students in more isolated areas, the NSW Government assists parents by subsidising fuel costs through the Private Vehicle Conveyance Scheme.

The Taxi Transport Subsidy Scheme helps with the cost of taxi transport for people with a profound and permanent disability by subsidising 50 per cent of the cost of a taxi fare up to \$30.

The "Family Sunday Funday" ticket was introduced in December 2008 and allows all day travel every Sunday on CityRail, Sydney Buses, Sydney Ferries and participating private bus companies when a minimum of one adult and one child are travelling together.

Also, the NSW Government is introducing a Companion Card for people with disabilities who require the assistance of a Carer in their daily lives. The Card will provide free travel on CityRail, CountryLink, regular route bus services and Government ferry services for a carer accompanying a person with a profound and permanent disability.

The NSW Government has also extended pensioner and seniors transport concession entitlements to interstate Seniors Card holders under the terms of the Commonwealth's funding arrangements. NSW Seniors Card holders can also obtain reciprocal entitlements in participating States and Territories. This will be very beneficial for seniors living in border areas.

Conclusion

The NSW Government notes the reports of previous inquiries which the Commonwealth has undertaken.

The Sustainable Cities Report, released by the Standing Committee on Environment and Heritage in 2005, recommended "the Australian Government significantly boost its funding commitment for public transport systems, particularly light and heavy rail, in the major cities." (Recommendation 6)

The Senate Standing Committee on Rural and Regional Affairs and Transport released a 2007 report on Australia's future oil supply that noted that "there may be a case for Commonwealth assistance to major projects such as rail extensions which are unlikely to happen, or unlikely to

happen soon enough, without the involvement of the bigger budget which the Commonwealth commands.” (Section 8.53)

The NSW Government acknowledges the Commonwealth’s objective of linking investment in Australia’s public transport to national productivity and welcomes the opportunity to contribute to this Inquiry and explore measures where the Commonwealth and NSW can improve public passenger transport services and infrastructure and encourage efficient use of current networks.

In this regard, the NSW Government would fully appreciate the opportunity to further explore:

- The possibility of rectifying the discrepancy that exists in relation to the Fringe Benefits Tax treatment of home to work travel by car versus public transport. A copy of a Report titled “Tax Incentives for Public Transport Users” is attached for information.
- The potential to work with the Commonwealth through the Infrastructure Australia process on the delivery of major transport infrastructure such as the Sydney Metro system.