

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Thursday 6 December 2012

MEMBERS

Mr Dean
Mr Finch
Mr Gaffney
Mr Mulder
Ms Rattray (Chair)
Mrs Taylor (Deputy Chair)

IN ATTENDANCE

Mr McKim, Minister for Sustainable Transport

Ministerial Office

Mr Tom Allen, Adviser
Mr Andrew Perry, Head of Office

Metro Tasmania Pty Ltd

Mr Ron Ward, Chairperson
Ms Heather Haselgrove, Chief Executive Officer
Ms Anita Robertson, Chief Financial Officer
Mr Anthony James, General Manager Business Development & Planning

The committee met at 9 a.m.

CHAIR - Welcome to this government business scrutiny of Metro. The committee is looking forward to your opening remarks in relation to Metro and how the business is doing.

Mr McKIM - Before I give my opening remarks, I express my gratitude to the committee for changing the time for this hearing to enable me to attend the education ministers' ministerial council in Adelaide this evening.

One of my key onuses as Minister for Sustainable Transport and Alternative Energy and one of Metro's key onuses is to bring about an increase in the number of people using passenger transport. My view is that there continues to be a bias towards cars and a car-centric culture, but it is increasingly being recognised that we need to make some changes to this bias. There are many indisputable benefits to be gained from increasing public transport use: improved traffic flow, lower emissions, better access for more people to use services, and employment.

The committee may be aware of the State of Australian Cities 2012 Report, released this week by the federal Department of Infrastructure and Transport, which makes it clear that bikes, buses, rail and footpaths are critical to making our city sectors liveable, productive and green. The report says: 'mass transit systems will become the only viable solution' for moving large numbers of people in our urban areas in the future.

Foreshadowing a decline in car use, the report says that public passenger transport is critical for the productivity of cities like Hobart, Launceston, Devonport and Burnie, and, 'productivity rates in cities will be increasingly constrained by the capacity of mass transit systems, particularly rail'. The report also makes clear that our planning needs should be more joined up and forward looking, calling for more emphasis to be put on, 'public transport to combat congestion and address social inclusion by integrating transport planning with land use decisions'. That is why it is disappointing that we have seen a small decline in the number of Metro passengers in the last year. This is a small decline of 1.4 per cent, but I should express to the committee that it follows strong growth reported in the previous financial year. Metro is still recording 300 000 more passenger boardings per year than it was two years ago. I am happy to go into those figures and I am sure the committee will ask me about those.

I am pleased to inform the committee that Metro is responding to the challenge and has embarked on a range of initiatives during the financial year to increase patronage, including a low-fare weekend on the long weekend in February, partnering with major event organisers such as the Tasmanian Cricket Association and the North Melbourne Football Club with the boundary rider service to cricket and AFL games, and the highly successful night rider services with MAIB on New Year's Eve.

Metro has continued to upgrade timetables statewide to ensure they are more accurate and easy to understand. It is improving information on the website and also embracing social media, for example, using twitter alerts to allow people to get real time information about issues affecting services. Members of the committee may also have heard updates on ABC local radio about some services in more or less real time.

In December last year Metro relocated its Hobart customer service team to a new street-level Metro shop on the Elizabeth Street interchange to make it easier for passengers to get information about services and to purchase or recharge Greencards. The Metro shop is now visible and accessible from the street, which it was not before. Metro has also continued to work hard to improve stakeholder relations with a program of meetings with local councils to inform them of Metro's plans and also to invite feedback to Metro on issues affecting them. Metro has now completed the Greater Hobart Passenger Transport Network Plan to provide integrated passenger

transport outcomes across greater Hobart, which identifies and prioritises projects to ensure the best use of available funds over the short and long terms.

We are currently working on an additional number of initiatives to increase patronage, including working with DIER to plan for a high-frequency bus service on the main road corridor in Hobart between the hours of 7 a.m. and 7 p.m., undertaking a redesign of the northern suburbs bus services in line with the principles of the Greater Hobart Network Plan and conducting a survey of passengers who did use Metro, but who are no longer using Metro, to determine the reasons they are not using Metro any more.

Over the last couple of years the Metro board and Ms Haselgrove and her management team have taken a structured and strategic approach, and we believe that the work that is being done now by Metro will give us the best chance of restoring and continuing to grow patronage levels on Metro's services.

Greencard use has remained constant this year, with most journeys being made using a Greencard. Metro issued 32 784 Greencards in 2011-12 and, at 30 June 2012, Metro had issued a total of 108 040 Greencards. Greencard carriers receive a 20 per cent fare discount when using Greencard instead of cash, and Metro continues to refine and improve the card.

Metro continues to work to improve access for people with disabilities, updating bus stop signage, improving bus shelters and seating, and the Metro website now features Google-enabled journey planners for Launceston and Burnie, and the journey planner for Hobart will be rolled out next year. I have further information on some of those matters, but I will place myself in the hands of the committee now and no doubt the committee will wish to explore some of those issues and others in greater depth.

CHAIR - Thank you, minister, we appreciate that overview. I would like to take you back to the numbers. You talked about the small decrease, but effectively that decrease is more considerable when you look at the increase in 2011. Is there something that the organisation is doing? I know you talked about a user survey to find out why people are not using public transport, but are there other initiatives being put in place to address that issue because that is going to affect the bottom line of the company on a continual basis? Either that or the fares will have to go up.

Mr McKIM - I am happy to talk about fares at the committee's discretion. I will go into a bit more detail about those numbers: a decline of 1.4 per cent, which follows strong growth in the 2010-11 financial year. Metro is still reporting 300 000 more passenger boardings per year than it was two years ago. In 2010-11 the boardings were 10 545 863 and in 2011-12 there was that decrease down to 10 397 063 boardings.

CHAIR - The decrease from 10 545 000 is about a 40 per cent decrease if you look at the numbers. Is that fair to say?

Mr McKIM - No. It is a 1.4 per cent decrease from 10 545 863 to 10 397 063 and the point I made in my overview is that even that 2011-12 figure of 10 397 063 boardings is still 3 per cent up on the boardings in the 2009-10 financial year. The figure for that year was 10 098 958.

CHAIR - I know the member for Elwick would like to pursue that line.

Mrs TAYLOR - In the year before last you had a fantastic year. The Greencard was introduced and it was a great innovation. You increased boardings by half a million people - 500 000. This year that has dropped by 200 000.

Mr McKIM - Yes.

Mrs TAYLOR - You have actually lost 40 per cent of your increase. You had 500 000 extra and now you have lost 200 000; so that is where the 40 per cent comes in.

Mr McKIM - Yes, without pulling the calculator out, Mrs Taylor, I suspect that is right.

Mrs TAYLOR - It is in your report, which is where I got the information from.

Ms HASELGROVE - Yes, but I do not think we have quoted a 40 per cent decrease.

Mrs TAYLOR - No, you did not say 40 per cent, but when you do the maths that is what it says. The year before last you had a fantastic increase. You obviously want that to keep going, so there is some reason why 200 000 of those 500 000 boardings - the increase of the previous year - have not been maintained. When you drill down into those figures from your report it says that your schoolchildren figure was slightly up - one point something per cent.

Mr McKIM - That is right.

Mrs TAYLOR - But both your concessional and your full-fare passengers are down; so that must be a matter of concern to you.

Mr McKIM - I will ask Mr Ward to make a comment but could I say that one of my prime drivers as minister, and I know one of the priorities of Metro management and the Metro board, is to continue to increase patronage on our passenger transport services. I think that is appropriate for the reasons I mentioned in my overview. The figures you quoted are right. Student boardings are actually up by 1.9 per cent; adult boardings, that is full fare, are down by 4.5 per cent; and concession boardings are down by 2.1 per cent. That is in the most recent completed financial year. There are most likely many reasons for this. I do not think it would be accurate to suppose that a drop in boarding is simply the result of one particular factor. It is challenging to match cause with effect in this area and I am very happy to ask Mr Ward to make some comments, if he likes. That is why it is so important that we survey people who are no longer using Metro but who have used it in the past.

Mrs TAYLOR - Absolutely.

Mr McKIM - We need some empirical data to understand what is driving those decisions. It may be a range of factors that impacts on a particular person.

Mrs TAYLOR - Is the survey currently happening?

Mr McKIM - I am happy to ask Ms Haselgrove but Mr Ward did want to make a comment first.

Mr WARD - I am happy to comment, but not on the causes which, as the minister has said, are complex and difficult to determine. Just to get the numbers right, in the round the increase in

the previous year was 500 000. The decrease in the following year was 150 000; so we lost 30 per cent of the increase we had achieved, not 40 per cent. It is still not the outcome we wanted but I just wanted to correct that for the record.

Mrs TAYLOR - Thank you.

Mr WARD - The financial impact is minimal, by the way.

Mrs TAYLOR - That is not the problem.

[9.15 a.m.]

Mr McKIM - Of course, we all want to see Metro patronage grow and that has been something we have worked really hard on. We have been very successful at that since I have become a minister and a shareholder minister in Metro. All of us here acknowledge that we need to understand why we are experiencing this small decrease in patronage from the previous financial year. More importantly, once we do understand why it has happened, we need to respond to that so that we can continue on what has been, as the figures show, a good, solid upward trajectory in the two years previous to the 2011-12 financial year. That is what we are working hard to do.

Mrs TAYLOR - I suppose the point is that Metro has changed its focus over the last few years because it has been seen as the only public transport option for people with concessions and for people who have no other choice. We have done that by going around all the suburbs, making slow trips. Metro has changed its focus to aiming at rapid transport down main corridors so that you attract commuters - full-fare passengers. That is what it appears you have been aiming at. It is a good thing - nobody is arguing about that. Metro has to do both those jobs. I know that it is very difficult to do both fast commuter transport and also to cater for the people who have no other choice but to use Metro. I would not be concerned about this if I could see by the figures that that is what is happening. Your drop is small, I agree with you, but the trend is what I am looking at. In the last year, the biggest percentage drop has been in full-fare passengers. Your aim, which is to increase people using the bus for transport to work and whatever - full-fare passengers - that is the bit I am looking at and that is the bit, according to your plan, that you want to see grow.

Mr McKIM - The network plan is not yet implemented by Metro. You have characterised the network plan accurately, but that plan has not yet been implemented. Metro re-cuts timetables quite regularly to meet shifts in travel patterns and other drivers of timetable changes, but the network plan itself is yet to be implemented. I would argue that Metro is still doing both of those things that you mentioned. For example, in bus-purchasing decisions that Metro has made; the last purchase was four articulated buses.

Ms HASELGROVE - They are on order.

Mr McKIM - On order. Yes, Metro is making strategic decisions in line with its network plan. The articulated buses are our biggest people movers so we can carry more people in a single bus. I would argue that the network plan will take some time to roll out and implement. At the moment, Metro is effectively running - with the caveat that it does re-cut timetables from time-to-time - on the same basis that it has run over the last few years.

CHAIR - Do you want to finish that?

Mrs TAYLOR - I will come back to it later, if you like.

Mr MULDER - Although you try to put the two things together, your business purpose is to deliver urban mass-transit passenger-transport services; so that is where the focus should be. I also note that down some of the corridors, you still have high frequency but low patronage services running. You can stand on Clarence Street sometimes at lunchtime and watch a bus go down the street every 10 minutes with one or two people on it. Mr Ward with his freight logistics background might like to explain why you are not pursuing your business purpose?

Mr McKIM - I will allow Mr Ward an opportunity to respond to that if he wishes but I believe we are following through on the business purpose, as you put it. I will take some advice on that particular route and the frequency on Clarence Street because I do not have that information in front of me. I am sure someone can find it.

From time to time there are buses with very few passengers. Metro provides a really important service to our community. The fact that a bus, from time to time, may not carry more than a handful of passengers does not of itself mean that we should cancel that particular bus service. I have found, in my time as Metro minister, that, even if only a handful of people use a particular service, when you cut it you get a lot more letters into your office than the number of people who ever use that service. When the campaign is on to restore the service, you get flooded with suggestions to restore a particular service and then when you do, it is used by only a handful of people again. I would argue strongly that the fact that a bus on a particular route at a particular time may, from time to time, only carry a small number of passengers is not of itself an argument to cancel it.

Mr MULDER - I am not suggesting cancelling services, but maybe having less frequent runs down corridors where the patronage is not there. I am not suggesting you stop running buses down Clarence Street. I am suggesting that instead of every 15 minutes, you might like to experiment with once an hour and see what impact that has on the market.

Mr McKIM - Metro regularly reviews its services to deliver the greatest efficiency within its financial, fleet and driver constraints. That is something that Metro takes care of. Ms Haselgrove might wish to add something.

Ms HASELGROVE - Eighteen months ago, Metro did a survey of users, non-users and people who used to use services. One of the questions they were asked was: what would make you use services more, or return to using services, or start using services? The things that people raised were that they needed to know the service was reliable and I think we could say we got a tick there. They need to feel safe, and cameras on the buses give us a tick there. They want to be able to get from where they are to where they want to go without meandering around a lot of back roads in the suburbs. Some of the services are direct but there are a lot that meander around. We need to address that and that is what the network plan does.

The other two most important things they said were the span of hours in which services operate - fairly early in the morning until later at night - and frequency. They would like to be able not to rely on a timetable on the main corridors. Clarence Street, Sandy Bay Road, and probably the outlet to Kingston, are the main corridors. That is what the network plan has identified. We can have high frequency in those corridors with feeder services in. At the peak time those feeders would run straight through, but at inter-peak they would run into an

interchange point where people could hop off a feeder bus onto a frequent service and get taken straight into the CBD. That is what we are aspiring to. There will be occasions when there are few people on the bus, but as more people use it that is what we want to deliver.

Mr MULDER - I don't want to quibble about the occasional use because you will find that the definition of occasional low numbers of passengers on buses is not quite an accurate description of what you see in great swathes during the day. I am interested in the fact that you do these surveys to find out what people want and you deliver it but they do not transform their wishes into action. There is an issue with disconnection there. I think people should be judged by their actions. If you run the services for a while and find they are not being patronised, I wonder why you do not then review your service delivery to what people want rather than what they say they want.

Mr McKIM - I am happy to ask Ms Haselgrove to respond if she wishes, but I will make a couple of comments. First, Ms Haselgrove, as you would expect being a public transport expert, is quite right. There is a bit of a chicken and egg situation here. All of the research shows it is services, services, services that make the most difference to people's travel behaviour. When you want to shift modes or when you want to change someone's decision from, for example, taking a car to catching a bus, you have to change their mind about how to travel. Ms Haselgrove has mentioned some of the expectations that people have, but it is services, services, services. For those members of the committee who have caught a tram in Melbourne, which I also do, when you are on a busy tram you do not look at a timetable, you show up at a stop and you know one is coming past in the next five to 10 minutes. In the peak corridors that is our aspiration: to provide a level of service in those corridors that attracts more people to use it.

When you are trying to shift modes and therefore shift the mind and the decision-making process of potential patrons, it takes some time. There comes a time, Mr Mulder, where, yes, you would need to review services and Metro does regularly review aspects of its timetable to provide the most efficient level of services across the system. We believe we are on the right track in terms of the network plan, which is about increasing the frequency of services in our peak corridors.

Mr MULDER - We will leave it with 'they are nice theories', but if they do not happen in action then you need to look at it again. Your examples of Melbourne which you continually refer to - I lived in Melbourne for three years - I have a Greencard and I use the Metro buses -

Mr McKIM - I am very pleased that you do.

Mr MULDER - We could ask you whether you have one?

Mr McKIM - Yes, I have.

Mr MULDER - In the Melbourne CBD there are frequencies, but the frequency relates to the patronage. It seems to me we have a theory that is not working in practice, which means the frequency must meet the patronage or you are running a poor business model.

Mr McKIM - I do not accept that we are running a poor business model, far from it. There is a bit of the chicken and the egg here because in order to drive up patronage, we believe you need to increase the frequency of services.

Mr MULDER - As an analogy, how long has this egg been incubating?

Mr MckIM - There is a lag between increasing the frequency of services and seeing the sort of patronage increase that we are hoping for. I hope I can reassure you to a degree, Mr Mulder, that Metro takes very seriously its obligations to run an efficient business and it regularly reviews passenger numbers on particular services at particular times. Where there are needs and drivers, their timetables are re-cut to reflect reality in terms of what is happening in terms of boardings on the ground.

Mr MULDER - We will come back to passenger numbers and budgets later.

CHAIR - Thank you, minister, I would like to move now to Mr Finch.

Mr FINCH - When you are trying to change people's thinking and you do surveys and you get an understanding of where people might change and where you might be able to help them with the change that might suit them, what sort of marketing do you undertake to deliver the message of what you found out from your research? How do you market? Can you provide some sort of indication of the expenditure that Metro goes to, to change people's thinking and promote the changes that might have come about from research?

Mr MckIM - Metro does some marketing and I will ask Ms Haselgrove -

Mr DEAN - It is pleasing that you do marketing.

[9.30 a.m.]

Mr MckIM - I think it is pleasing. My irony radar is over-finely tuned this morning, Mr Dean; of course we do marketing. Members may have seen a relatively recent television commercial about Greencard to try to drive more people to use Greencard.

Ms HASELGROVE - There are two things we do. Before we make any changes, we go out and consult with the community. We look at changes to bus stops because we are currently reviewing all the bus stops on the major routes. There is a very detailed campaign. We put a notice in the public notices saying we are going to do this.

CHAIR - Is this in all regions?

Ms HASELGROVE - Yes. Then we place a notice on any bus stop that is going to have any change at all. People are invited to respond. They can do that by telephoning us, by responding on the website or by writing to us. In the next round of changes we will have two public sessions. We are holding those at the Metro shop after hours. One is at 6 o'clock on Tuesday night and one will be on Saturday. Some people have said what we were doing may not have been enough so we are having the public sessions. We take that feedback on board and then we review what we have done. With Sandy Bay Road we made some changes based on the feedback from the public. That is the consultation we do. Then, once we have made a decision, there is another campaign to inform people of what we are doing. They get notice of when it is going to happen and then it is put in place. It is always on the website; we Twitter it to people who are registered for Twitter. Depending on the size of the change there could be a campaign where we advertise in the media.

Then we have our promotions for which we also have campaigns. For New Year's Eve nightrider services there will be a fully-developed campaign to let people know it is on. It is a \$2

fare. You get into the city, enjoy yourself, have a few drinks and then you can get home. Those services will run till 2 o'clock in the morning. Fortunately for us, that is funded by MAIB because their aim is to keep people from driving. We are happy to work with them to get people to use our bus services. We also do that so we get people to trial the bus service. When you talk to people they say, 'I used to catch the bus to school'. Depending on the age of the person the bus could have been an old rattler. Now we have a modern fleet of buses; some of them are older but they are all very clean. They all have CCTV; they are safe. The drivers are fantastic and friendly. It becomes part of the event.

We promote that and in the last financial year we spent \$316 000 on our marketing. Radio was \$5 000; press was \$13 000; sponsorship was \$3 000; promotion, \$172 000; market research, \$30 000; printing our timetables, \$92 000. We invest heavily in this area. Customers need to know how to use that service.

One of the initiatives we have just introduced is a destination guide for MONA. It is the state's number one tourist precinct. We have partnered with MONA to put a new, fantastic-looking bus stop on the main road. I thought it might be pink but it is actually black. The glass at the back is going to be a permanent display. It will reflect the exhibitions of the time - Theatre of the World currently. It looks sensational - state of the art. A business card-size brochure tells people all about MONA and which bus services to catch. We will be looking at doing that for other destinations so that people can get it. These are available on the website but they are also available in hardcopy. If anyone was travelling to Hobart they could google MONA and it should come up and encourage them to use our bus service to get out there. They are the sorts of things we are doing.

Mr FINCH - Do you have a marketing department? Do you outsource your marketing? Do you track the effectiveness of those campaigns that you talked about?

Ms HASELGROVE - We do have a marketing department. It is a fairly small department, but we also have a consultant, Red Jelly, which provides advice to us on our campaigns. We track the effect. There was a big campaign in July to encourage people to get a Greencard. We tracked the impact of that over the next two or three months. We knew how many people took up the offer and because the Greencards are all separately identified we could tell how many people were using it, whether they recharged it and so on. With the Greencard we can get some very rich information.

Mr DEAN - I want to go back to passenger numbers and the minister's relationship to Melbourne and the trams. I do not think that is a good comparison to make - trams on rail, electric-operated and so on, with buses. What comparisons do we make in relation to other areas on the mainland where they have public transport? How do we come up to their standard? For instance, Bendigo and Ballarat have public transport, so how do we come up to their standard?

CHAIR - How do we measure it?

Mr DEAN - How we measure it and do we look at those other areas?

Mr McKIM - I will stand by my analogy to Melbourne trams. You can respectfully disagree with that but -

Mr DEAN - I would have thought relating to buses is a better way.

Mr McKIM - No, I do not agree. My belief, based on a lot of research I have done and advice I have taken, is that frequency of service is the number one driver in terms of shifting people's decision-making around passenger transport. In that context, whether it be on a bus, train or tram, I think the analogy is accurate. There is what is known as the 'sparks effect' where the particular mode may increase the number of people making decisions to board. The sparks effect has been tracked around Australia.

That responds to the second part of your question, Mr Dean, in terms of some of the light-rail projects. Some people, no doubt, will catch a train but will not catch a bus on a very similar or parallel route. Mode does make a difference, but it does not make as much of a difference in my view as the level of service.

In terms of how we compare ourselves, I am not aware of any direct empirical comparisons. Ms Haselgrove worked in another state for most of her professional career and I know she follows developments in passenger transport around the country very closely. She may wish to add some further information.

Mr DEAN - So how do we compare?

Ms HASELGROVE - I think we provide a good level of service for cities of the size of Hobart, Launceston and Burnie. Burnie has an exceptional service for a population of 16 000 people. Victorian public transport has, since the election of the new government, been reorganised and the contacts we had previously have disappeared, so we are re-establishing those contacts to get more information. We have asked for information on boardings, but that will take some time to get. I know that Newcastle, which is a similar size, has had a patronage decline, so it is not unusual. The cities with patronage increases have put on more services. We have not put any more services on. You cannot unscramble the egg and say if you had not put on extra services what the effect would have been.

We keep an eye on what is happening in New Zealand's major cities - Christchurch, Wellington and Auckland. If they come up with a really good idea that works, we would try to implement that here.

Mr DEAN - Is there any indication in Newcastle as to why there has been a decrease in passenger numbers there?

Ms HASELGROVE - No.

Mr DEAN - Is it because they are promoting walking and bicycle use? Is that having an impact? How far have you gone to look at it? Now, a 148 801 drop-off between last year and this year -

CHAIR - 30 per cent.

Mr DEAN - I am talking about numbers. 148 801, according to those figures; that is the drop-off this year. That is significant because Metro operates only in a small part of Tasmania, so that is a lot of people to drop off in one year. Surely, there would have been a very close study done to identify why. Where has the drop-off been mainly? Has it been Hobart, Launceston, or is it across the state?

Mr McKIM - I can give you the regional figures shortly, Mr Dean. You have called it a significant decrease. Metro operates about 540 000 trips per year, so the decline - I do not have the mental calculator with me.

Laughter.

Mrs TAYLOR - I will leave the numbers up to Mr Ward; he corrected me about that.

Ms HASELGROVE - What did you come up with?

Mrs TAYLOR - You have lost 148 801.

Mr McKIM - You are talking about -

Mr DEAN - I am talking numbers, not percentages.

Mr McKIM - It is about three passengers per -

Ms HASELGROVE - No, it is less than that.

Mr McKIM - We could get a calculator and work it out. It is a 1.4 per cent decline on the previous year, following two strong years of patronage growth.

Mr DEAN - You can refer back, but I am talking about this year - 148 801 got off this year.

Mr McKIM - I am making the point that the drop-off you asked about is a 1.4 per cent decline after two strong years of patronage growth at Metro. Is anyone here satisfied with that? No, we are not. We are working really hard to understand what the drivers for that decrease are. Then, once we have got that information we will take concrete action that we hope will turn that around and resume the previous trend of strong patronage growth.

Mr DEAN - Do you have the regional breakdown?

Mr McKIM - These are comparisons between the 2010-11 financial year and the 2011-12, the most recent completed financial year. Hobart has gone from 8 151 096 to 8 029 341, which is a 1.5 per cent decrease. Launceston has gone from 1 958 628 to 1 906 776, which is a 2.6 per cent decrease. Burnie has gone from 469 783 to 460 946, or 1.9 per cent.

CHAIR - Devonport?

Mr McKIM - We do not operate in Devonport.

Mr DEAN - What was Burnie's again?

Mr McKIM - 469 783 to 460 946.

Mr DEAN - While I am on passenger numbers, what is the success of the free Tiger bus in Launceston with patronage?

Mr McKIM - We don't operate -

Ms HASELGROVE - Yes, we do.

Mr DEAN - Metro does operate it. There is a contract between the council and Metro. I was involved in it, minister. I did not like it, nor did I agree with it.

Mr McKIM - This is not specifically a Metro issue but the Launceston City Council has asked me to consider funding for that through the park-and-ride funds available in my portfolio. I have explained very clearly to the Launceston City Council that we do not believe it meets the criteria. I will explain why, Mr Dean, as you are the local member.

[9.45 a.m.]

Mr DEAN - No. You have explained that before and I accept it.

Mr McKIM - You are comfortable with that?

Mr DEAN -Yes. Does Metro identify the numbers using that service?

Mr McKIM - I will take some advice on that.

Ms HASELGROVE - We count the numbers of people who use it. I am getting those numbers now - I hope they come back in time.

Mr DEAN - Fine.

Mr McKIM - We will let you know.

Mr DEAN - Thank you.

Mr GAFFNEY - Mr Ward, in his chairperson's review, commented that Metro has continued to cooperate with other key stakeholders to make bus transport more convenient and enjoyable for passengers - which makes sense. I would like to look at the roles and responsibilities of Metro outside the bigger urban areas and I am going to focus on the north-west coast. In light of the different circumstances for each of the regions, could you highlight the challenges and concerns that Metro has identified on the north-west coast? Second, what strategies and plans have been discussed to alleviate those challenges and concerns? Third, taking on board Mr Ward's comment in his overview, what stakeholder groups have been included in the discussions and what is in the pipeline to help out some of the circumstances on the north-west coast?

Ms HASELGROVE - Metro has been approached by the Cradle Coast Authority which represents that broad area. They came to Metro some time ago to say that public transport is an issue. There are three or four bus companies that provide services across that area and they asked if there is some way in which we can improve the services.

They facilitated a meeting between three of the bus companies. So it was Metro and Phoenix, which operates between Ulverstone and Devonport - we operate in Burnie, Wynyard and Ulverstone - and then Merseylink, which operates within Devonport. They facilitated a meeting and we all agreed we would be happy to work with the Cradle Coast Authority to see if we can provide a more seamless journey. Now the Cradle Coast Authority is working on how we can do

that. We are yet to have another meeting, but all three bus companies said they were happy to work together. That was an excellent outcome and we are waiting to see what the next step is.

The issue that the Cradle Coast Authority raised was that someone who wanted to get from, say, Burnie to Devonport, had to swap buses. It could be for education, health, work or parole reasons. There is a whole range of reasons. We agreed that we would work on improving the connectivity. A Metro or a Merseylink bus might even run all the way through. We are not precious about that; we want to see how we can provide a better service. That was the main issue that was raised.

There are other issues people raise from time to time but they are more about school services. We work really closely with the education department and also with the individual schools to see if we can provide better services. They are the main things I can think of, off the top of my head.

Mr GAFFNEY - Minister, I am really pleased to hear that because for a person who lives in Port Sorell and who wants to access the university, it is a two-and-a-half hour trip because of the number of buses they have to change over on. With the university in Burnie, there is a two-campus model for the hospitals and the workforce. I know the Cradle Coast Authority are very pleased with the discussions they have had so far and the north-west coast is willing to put some money into the game too. It is not as though they are coming cap in hand; so that is part of the deal. I am pleased to hear that that is continuing.

Mr McKIM - Thanks for your support, Mr Gaffney. The Cradle Coast Authority has been very proactive in this area and has shown real leadership in approaching this issue. I would make the point that we have inherited a particular historical context about the way bus services are structured in Tasmania with Metro operating in particular regions - Hobart, Launceston and Burnie - and a range of private companies providing service under contract to DIER for other parts of Tasmania. That raises challenges in terms of matching up services and trying to make travel times as short as they can possibly be.

I have provided some funding to Metro to develop a business case for integrated ticketing in Tasmania, which is something that Metro is still working on in collaboration with a number of private bus companies with a view to setting up a structure that would allow, as long as there are agreements reached, for there to be a common ticket between Metro and any private sector bus companies which are directly part of that project. That work has been underway for some time now in Metro and I am sure Ms Haselgrove can give you an update on where that is at.

CHAIR - Minister, do you envisage that that card would transfer to all modes of public transport in the future?

Mr MULDER - If there were any others.

CHAIR - If the minister is keen on this then there is probably opportunity.

Mr McKIM - There would be no reason that I am aware of why it would not. Metro has been working on this with a consultant for a reasonable length of time and I am happy to get Ms Haselgrove to update you. For example, if there were -

CHAIR - Say a ferry to go across the Derwent.

Mr McKIM - hypothetically a light rail or ferries then I am not aware of any reason it would not be able to cover those modes of public transport.

Ms HASELGROVE - We have had a conversation with Hobart Water Taxis. He came to talk to us about some way we could use the Greencard and we are sitting down to talk to him. I have just received the first cut of the business case for the rollout of Greencards to the other operators and there are some bus companies very keen to adopt the Greencard ticketing system on their services. Hopefully it will be next year or perhaps the year after. There are a lot of business rules that we have to sort out and things like that, so it is not just a matter of putting the equipment on the buses. I would say that every schoolchild in the state now has a Greencard and if they want to travel on the Metro bus their parents can put some money on it, so we are getting there slowly.

Mr WARD - The question of integrated ticketing and interfacing with modes is fundamental to the board's strategy and reflected in the goals. In answer to the question from my perspective, or the board's perspective - obviously these things need endorsement by the minister - that would be very much -

CHAIR - That is why I was looking for some positive feedback from the minister.

Mr WARD - The minister has indicated that support is there. There are obviously logistical issues around it, but they are all quite manageable. It goes to growing the pie, which is the fundamental premise that our strategy is all about. In the past that has not always historically been the attitude that has prevailed between Metro and the other players, and that has been greatly turned around with the board's support by Ms Haselgrove since her appointment. Relationships are much better.

CHAIR - In talking about growing the pie, what percentage of Tasmanians access public transport?

Mr McKIM - I am not sure that I have those figures. The difficulty here is that not all the private companies are electronically based in the way that they work. I will seek some advice on that to see whether I can provide you with that figure.

CHAIR - I recall a 4 per cent figure from some time ago.

Mrs TAYLOR - Is that metropolitan or across the board?

Mr MULDER - I think that is 4 per cent of Hobart people and it was from the Integrated Transport Options Committee.

Mrs TAYLOR - I think it is 2 per cent across the state.

Mr McKIM - I will seek advice on that.

CHAIR - That would be something that the committee would be interested in knowing because we have probably got some research around what the percentage is in other states and we want to know where we sit.

Mr McKIM - The answer to that question will go beyond Metro because it would inevitably involve an understanding of the private-sector patronage. I will have someone contact DIER now to see if we can provide that information.

I have an answer for Mr Dean; 2011-12 Tiger bus patronage is 72 500.

Mrs TAYLOR - Is that trips?

Mr McKIM - No, that would be boardings.

Mr FINCH - I come to the frontline workers of Metro - your bus drivers. I would like to get some indication of where your enterprise bargain agreement or negotiations with the Rail, Tram and Bus Union is at this stage. I believe there is an introduction in January but can you flesh that out and get some indication as to how that is progressing?

Mr McKIM - I will pass this to Ms Haselgrove, but I indicate to the committee that I regard these negotiations as operational issues that Metro takes care of as part of managing its business and its day-to-day operations. Inevitably, when agreements are up for renewal, there is a negotiation process. I am aware that the conversation has started with the representatives of the drivers. However, as a final comment before I pass to Ms Haselgrove, I am loath to conduct these kinds of negotiations via megaphone diplomacy. A better outcome is simply for the parties, the workers' representatives and the company, to sit down and have these discussions in good faith, which I am sure is the intention of both parties.

CHAIR - With that in mind, Ms Haselgrove, you might like to share something with the committee.

Ms HASELGROVE - Metro and the Rail, Tram and Bus Union have commenced negotiations. These commenced as far back as February this year. There are two aims to this. One is that we have to modernise the award, which is underway. We also need to negotiate a wage increase for the forthcoming year. The current enterprise agreement expires on 31 December. The RTBU have numerous parties attending the meetings and Metro has nominated some senior managers within the business to undertake negotiations. There are representatives from the three different operational sites so it is very important that each area has input into the negotiations. We try to have two meetings on consecutive days, so this week we have two meetings in Launceston. I have not yet been briefed on how they went yesterday. Next week I understand they are meeting here in Hobart. I have been advised that the meetings are progressing well. Metro is obviously looking for offsets so we can offer a higher increase than just CPI.

[10.00 a.m.]

We understand they are frontline staff so they are a very important part of our business. They make up the majority of our employees, so we would like to be able to offer them more than the CPI. The board has endorsed that we can share in any efficiencies that are identified. We are currently working through those things. I am sorry I cannot give you an update from yesterday.

Mr FINCH - Do you make comparisons with award rates in other states? Is that part of your assessment of what benefits might come to drivers and staff, and people who are employed by Metro?

Ms HASELGROVE - I do not believe the team has looked at other states. We have looked at the private-sector bus companies here in Tasmania and we know what they are being paid. We have looked at efficiencies that have been driven in other states, but we do not specifically benchmark the wage rates in other states. The union may do that, but Metro management does not look at that because our belief is that the Tasmanian living conditions are very different from Sydney, Melbourne or Adelaide. If other companies have introduced different initiatives we would hopefully be able to put those on the table for the union to consider. They have to talk to their members, but my understanding is that both parties are negotiating in good faith. Whether we get an outcome by 31 December 2012, I do not know. The days are counting down.

Mr FINCH - Do you have a separate negotiating process for administration and for your mechanics and maintenance crew?

Ms HASELGROVE - The only one that is currently due for renewal is the bus operators, as we call them, because they do more than drive. They have a series of quite sophisticated equipment they have to operate, so they are called bus operators. Their agreement expires on 31 December 2012. The mechanics' agreement expires on 30 September next year and the managerial and administration agreement expires on 30 June, so we will be talking to those two groups. We want to get the bus operators signed and then we will move on to the other two.

Mr FINCH - Within this industry do you generally get a percentage increase that is comparable amongst the different units and different areas of the operation of Metro? Would there be, for example, a 3 per cent increase for drivers, 3 per cent for administration, 3 per cent for mechanics. Does it work that way?

Ms HASELGROVE - If I can go back to the last set of agreements signed, that is what happened. Each area accepted the 3 per cent. I am not sure what happens in other bus companies.

Mr FINCH - We will have to wait and see when those agreements come up and what the end results are, as to what those percentage increases might be for the areas of the operation.

Ms HASELGROVE - That is right. Historically the percentage increases that have been negotiated while I have been CEO have been the same for the mechanics, the admin staff and for the drivers.

CHAIR - I was going to ask the minister - what sort of feedback do you get about the relationship between the management and particularly the face of Metro, the bus operators? Do you get any feedback in relation to that? Is it a good relationship? Is it something that you take an interest in?

Mr McKIM - There are many hundreds of bus operators and other staff -

Mrs TAYLOR - Is the union happy?

Mr McKIM - You would need to ask the union.

CHAIR - I am wondering whether you get any feedback about that relationship between management and the face of Metro, which is often bus operators?

Mr McKIM - I meet with Ms Haselgrove and Mr Ward, or another representative of the board.

CHAIR - Prior to this?

Mr McKIM - I meet with them regularly, at the most once a month, and our agenda and discussions cover a range of issues, as you would expect. The Metro workforce comes up regularly so I get regular updates and feedback from management and from the board about how things are travelling.

CHAIR - Did that feedback indicate that there was a good relationship?

Mr McKIM - I do not think that Metro has a poor relationship with its staff. I know Metro management work really hard to keep the relationship working well and productive for the company and people involved. I make the point that whenever you have an organisation with many hundreds of employees, from time to time there will be -

CHAIR - 450.

Mr McKIM - From time to time issues will arise. It is the same in any organisation and we do not resilie from that in Metro. My view is that Metro works very hard to keep a good working relationship with all of its employees, not just the bus operators.

Mrs TAYLOR - We had a stakeholder meeting with a union representative, which is why that question has come up. The issue of the increasing wages bill was raised; the percentage difference rather than individual EBAs or individual workers. It was pointed out that in this person's opinion the administration wages costs were a significantly higher percentage rise than the wages bill for operators.

Mr McKIM - Are you talking about rises or costs?

Mrs TAYLOR - Rises. It was something like 2 per cent for operators last year and 6 per cent for administration but the previous year it was about a 22 per cent rise. That would not necessarily be wages, that is administration costs, but perhaps the suggestion was being made that there are more administrators, or more costs of administration, and that is rising faster than operators. Is that correct and, if so, why?

Ms HASELGROVE - There has been an increase in the wages bill for administration. There has been no increase in the number of staff employed. I did the numbers last night. I went back to the time I started and I looked at the organisational chart then and I have looked at it now. It was 49.14 before I started and it is now 50.47 and that includes two administration trainees for which we are contractors because we employ them through a training organisation. We also have two temporary staff that are assisting us so those two people are not in there. They are not permanent appointments.

Salaried staff are paid as follows: we engaged a firm called Mercer and asked them to determine a market-based rate for each of the staff because we need to retain good staff and they are paid at the twenty-fifth percentile of the Tasmanian average. Each staff member has argued with me why is it so low, why is it the twenty-fifth percentile rather than the 50 or even 75. I have had to say that is what the board determines. It is the twenty-fifth percentile so it is -

Mrs TAYLOR - This is for administration staff.

Ms HASELGROVE - This is for administration staff, so we are paying at the twenty-fifth percentile of a market rate. Progressively we are going through and we are assessing each administrative position. Some people, historically, have been moved in to a position because their old position was discontinued and that may mean they are having their salary pegged so they will get no increases until the rate for the job rises their level. That has happened in a couple of cases.

CHAIR - They are effectively being overpaid for the work they are doing.

Ms HASELGROVE - Yes, but we cannot change it. We have pegged their rate until their wage rate catches up. In some cases that is a couple of years and in some cases it might be many years. This is about being equitable to everybody in the administrative staff. For other positions, they are below so we are slowly increasing them and they may get an increase over a couple of years. That is why it looks as if there has been more of an increase. It is always going back to what the market rate is. I know my bus operators all are paid above the market rate. If the private bus companies are the market rate, Metro bus drivers all get paid above that, so I am quite happy that we are being fair to the bus operators.

I needed to put in place a regime that was fair for the rest of the staff. It is independently assessed using a common framework that is used across Australia. It is the twenty-fifth percentile of the Tasmanian market, so we are not being generous and you could argue that we are not being generous enough. As has been explained, we had meetings with every single staff member - I have one more session to run and I think that is next week - where we have gone through this. It is what we call a performance-based remuneration framework. It was signed off by the board and it has progressively been implemented. I am quite comfortable about it. This has led to some people getting more than the 3 per cent increase because we need to retain them.

Mrs TAYLOR - Thank you. That is a really good explanation.

Mr DEAN - You were talking about the relationship between the drivers, the employees and the management in Metro, minister; what damage has been caused to that relationship because of the overweight policy that has been brought into being? Where is that at and how many drivers are involved and just where are you going with that? Our information is that it has damaged the relationship immensely.

CHAIR - Minister, this is a sensitive area and we do not want to make a big issue out of it.

Mr DEAN - I have asked the question and I want the answer to my question.

Mr McKIM - I am very happy to provide that for you, Mr Dean. I will ask Ms Haselgrove to provide some information to you on the issue. My understanding was and has always been that the union that represents operators has been supportive of the approach that Metro has taken in relation to this issue and that has been my advice. I am not aware of any damage to the relationship between Metro and the union. In terms of individual drivers I am happy to ask Ms Haselgrove to respond. Since you have raised it I think it is important to place a few matters on the record.

The seats that bus operators use in Metro buses are rated to a maximum weight of 130 kilos by the manufacturer and if a driver is over the weight there is the potential for the seat suspension to fail. That could have catastrophic outcomes in terms of an accident or a crash. Metro is very focused on passenger safety, as it should be. It is also very focused on the wellbeing of its workforce. Metro has investigated replacing the seats. This, in the view of Metro, is not a viable option due to the high cost of seat purchase and modifications to the buses that would be required for installation of new seats. The replacement seats are designed for interstate coaches, not for metropolitan bus services.

[10.15 a.m.]

For drivers identified as being overweight, Metro is putting in place a comprehensive program to assist and encourage them to lose weight so they can return to their driving duties in a safe way. It is a professionally supervised program to ensure employee safety, with the driver maintaining passenger safety. Realistic weight loss targets are set by those professional supervisors. The program includes visits to a medical practitioner to confirm current weight, to obtain medical clearance and a referral to a dietician. There is a meeting with a qualified dietician who will set up weight loss targets and assist in a review of diet and other issues. They meet with a specialist exercise and fitness expert who designs an exercise program to assist in weight loss. They meet with a psychologist who discusses various strategies to assist in weight loss and gives encouragement for any overweight drivers to use the on-site gym at the Metro Springfield depot.

The procedures allow for up to six months for the driver to lose weight to below the limit set by the seat manufacturers of 130 kilograms. It is important the committee understands that drivers will continue to be paid while on this weight loss program and will undertake non-driving duties as part of their employment during the weight loss program. I ask Ms Haselgrove whether she has any further information to add in terms of how that is going with individual drivers. Obviously we will not be identifying any individual during this discussion.

Mr DEAN - Minister, are you able to also advise how they are identified and selected to be on that program, whether there is a discussion with drivers and what happens in the other areas? We have a gym in Hobart but I suspect there is no gym in the other areas, so what is happening in those other areas to help these drivers?

Ms HASELGROVE - We require drivers to self-identify. We give them a period of time where they self-identify that they are overweight. That expires at the end of next week. If we suspect someone is overweight, we tactfully approach them and ask them whether they are aware of the weight loss procedure and whether they have checked their weight recently. It is in their best interests to self-identify. A number of drivers have been impacted by this, but I have to say it is not directed just at drivers. We have some ladders in our engineering workshops that are rated to a certain level, so those people need to be aware of it. Office seats are rated but they are much higher; I think they are 160 kilograms and I do not think we have anyone over that weight. The policy applies to everybody, including the directors. If a director was going up a ladder in a workshop for some reason and they exceeded that weight, they would not be allowed to do that. This has been put in place for safety reasons.

The impact on individuals has been varied. Some of the drivers have said that this is the best thing that has ever happened to them. They would never have been able to afford to go to a dietician, to have the advice of an exercise professional, so they are embracing it with both hands. There are a couple who are a bit negative and that is the reason for going to the psychologist. It has been put in for safety reasons and we are not backing down on this. We are hoping that they

will all succeed. The staff at Metro, two people in particular, are working really closely with these individuals to ensure they succeed.

With regard to Launceston and Burnie we do not have a gym in those places at the moment but we have made available a gym membership for the person - there is only one in Launceston who is impacted. There is a sports person - I am not sure of the title - a fitness person who is working with that driver to design and work on a program. There is a dietician based in Launceston who also is working with that person. Nobody in Burnie is impacted by this.

Mr DEAN - The committee was given evidence yesterday that there has been some public and passenger humiliation to some of the drivers as a result of this. How are you handling that? Are you working with your drivers to try to get a peaceful position here somewhere? I am not quite sure how you handle that.

Ms HASELGROVE - I was really disappointed when this was in the public arena. It was never Metro's intention to make this information publicly available. We released the procedure, several people immediately self-identified and then the next thing I knew I had a radio station and a paper ringing me saying, 'What is going on?'. We decided at that stage that we had to put out a media release. We never would have if it had not been in the media. We are not embarrassed about this and we are not ashamed. I think this is a really good thing that Metro is doing for its workforce. Some of the drivers responded that they felt that they - and these were not the drivers who were overweight because they had been taken off the road - were being scrutinised by passengers when they were boarding. There is not much we can do about that.

All our staff have access to an employee assistance program and if they are taking this personally we would encourage them to go and talk to them. They also have access to the gym and they have access to the trainer to devise a program if they want to do that. More importantly, one of the drivers felt that they were being picked on by other drivers, so we will be releasing the bullying procedure and being really strong on this - that this is not an occasion for you to pick on another employee. These people are in a position and Metro wants to work with them to ensure that they can come back to driving. We are talking about drivers who have a considerable history with Metro, they are good drivers and they provide a fantastic service; they have good customer service; a couple of them are really passionate about buses, and they love working with Metro so we do not want to lose them. We are not setting them up to fail. We are putting every single support around them that we can think of.

We have had enquiries from other states about why are we doing this and how we have done it, and they want to look at learning from it. I am really pleased that the board supported Metro going down this path.

Mr McKIM - As one of the shareholder ministers for Metro I really support the approach Metro has taken here. It is driven by a desire to make Metro operations as safe as possible for the people who travel on Metro buses and also to increase to the greatest level possible the health and wellbeing of the Metro workforce. It is not a punitive approach that Metro has taken here; it is an approach that wraps support around those bus drivers who are heavier than the seats are rated for, so it is about working with them to address those issues.

In terms of the unfortunate feedback that some drivers have received, that is regrettable and Metro has supportive processes in place to help any employee who feels that there are issues that need to be resolved there. It was a function, in my personal opinion, of the way that some media

outlets reported this issue when it was first raised publicly. All members of this committee are public figures and you know that from time to time things are reported in a way that perhaps you would not necessarily agree with or think would benefit the broader public debate, but as Ms Haselgrove said, it was not Metro's intention ever to proactively release these issues publicly. I support Ms Haselgrove's decision to respond to media inquiries about this issue, because not to do so would vacate the field and would result in Metro not being able to put its views forward. I want to be really clear that as one of the shareholder ministers I absolutely support the approach that Metro has taken here. I think it is driven by good intent. It is being implemented sympathetically and supportively throughout the workforce and it is being driven by a desire to maintain the safest possible operations in Metro and to increase the health and wellbeing of its employees.

Mr DEAN - I think the committee would support what they are doing. Occupational health and safety issues have been around for years. How and why has this matter surfaced only now?

Ms HASELGROVE - It is a good question. It is possibly something I was not aware of. You know who the big people are and someone said something to me about the possible weight of a driver. I said we needed to do something about that. The union has said it has been asking Metro to do something about it for eight years - one of the comments in the media. I cannot recall that ever being raised with me since I have been CEO. My memory may not be as good as it should be. I cannot honestly say that has ever been raised.

As soon as someone said to me so-and-so is likely to be well over 130 kilograms, that is when I took something to the board to say, 'Would you support me in putting this program in place?'. They backed me 100 per cent. We had the consultation with the union and then we rolled it out. In hindsight it is probably something I should have addressed straightaway when I joined. I can quite honestly say that if someone had asked me to guess a man's weight - I do not know about you - I am terrible at guessing people's weights -

Mr DEAN - You tend to be on the lower side.

CHAIR - Or too frightened.

Mr McKIM - It is generally a matter avoided by Mr Mulder.

Mr FINCH - I have an image of a director using a ladder to escape from a board meeting.

Laughter.

Mr FINCH - Is this part of the bigger OH&S program for Metro?

Ms HASELGROVE - One of our priority projects this year is safety at Metro. We are assessing all our procedures. We will end up having a safety audit, getting a third party to come in and review all our procedures, because we want to be a really good employer. I think we are almost there but until you get a third party to come in and critically assess it we do not really know that. This is one component that we could easily implement straight away but we are progressively reviewing everything with the aim of having a third party come in and assess all our safety procedures and make sure we are doing everything we possibly can to make working at Metro and for the people we carry, our passengers, the safest possible place.

The committee suspended from 10.28 a.m. to 10.43 a.m.

Mr FINCH - When the Chair referred to the relationship between Metro and the union, I noticed there was quite a reaction from Ms Haselgrove. I wonder whether I can explore that relationship -

Ms HASELGROVE - I am not a politician.

Laughter.

Mr FINCH - I wonder whether I can explore the situation with the unions and the relationship with them. Is it a good, healthy relationship? Is there feedback to and fro with the unions?

Mr McKIM - I will ask Ms Haselgrove to respond. The relationship between the company and its workforce includes the union or unions involved. From my point of view it is an operational matter. I am very comfortable with the company treating it as an operational matter and I have confidence that Metro does everything it reasonably can to make sure that those relationships are good.

[10.45 a.m.]

Ms HASELGROVE - The relationship from time to time is an adversarial one. That is the nature of the relationship of the union rep with bus operators. The management of Metro needs to operate to maximise whatever we are doing for the board - that is, driving patronage and making sure we are efficient.

We have a regular monthly meeting with the union. That has been suspended during the enterprise agreement negotiations, but normally we would meet monthly. Occasionally, that is cancelled if the union secretary is doing something with rail or if I am interstate or whatever, but we try to meet. They are minuted meetings and the union and Metro have the opportunity anything on the table. We have an open relationship, so the union can raise anything they want. I have an open door policy and they can come in and see me, provided that I am not doing something. They are quite capable of doing that.

As for the relationship with the drivers, I try to get down to the drivers' room two or three times a week. I try to get to Launceston once a month and Burnie every second month and make myself available for any staff member to come and talk to me. Perhaps I could do more of that. One of my staff spends more time in Launceston and he is there at least once a week. His role up there is to make sure he is accessible and that people can talk to him.

I think the relationship is a healthy one. Whether everyone is happy about it - possibly not at the moment because we are in the midst of negotiating an enterprise agreement. Whether we could do more about making it a better relationship - possibly we could, but we have competing objectives. The union is there representing the drivers and they want to maximise their income. My job is to make sure Metro runs as efficiently and effectively as it can. You could say that they do not marry up. It is not a bad relationship; I would say it is an effective relationship, as we both have the opportunity to raise issues.

Mrs TAYLOR - The operators would be concerned about more than just their wages, too. If you are a bus driver then you constantly have the public telling you that the timetable does not work or they cannot read the timetable - the operational matters they raise with drivers.

Ms HASELGROVE - We address those things. We changed all the timetables to align with the timetables that are used on the mainland. We had a mishmash of timetables and there was no common format. The drivers raised the issue that some people were saying they could not read them so we have prepared a brochure that tells people how to read the timetables.

We have consultative committees; there is one in the north and one in the south. There are driver representatives on the consultative committees and anyone who is on those committees can raise issues. Staff know who is on those committees and if there is an issue, they know when the meetings are scheduled. We advertise the dates of the meetings in our weekly newsletter and we encourage people to contact their reps and let them know.

Mr FINCH - I am curious about driver safety. We hear a lot of concerns about assaults and you are running buses into the morning hours - like 1 o'clock in the morning. Sometimes it is not a good time to be out there and it can be a lonely existence. I wonder about driver safety - the concerns Metro might have, and ways of mitigating those concerns.

Mr McKIM - I will ask Ms Haselgrove to address this. I will make a few comments in overview. My experience for about two-and-a-half years, as shareholder minister for Metro, is that Metro takes driver safety and employee safety very seriously, as it does passenger safety. At times they are interlinked and at times they are not. Even to the extent at times where there have been terrible incidents like people throwing missiles at buses, which has happened in the past as members would be aware, Metro has pulled up a service and said, 'Stop, don't go any further'. That is because Metro takes very seriously its responsibilities for the safety of its workforce. Bus operators are the most public face of Metro. They are where the interface occurs between the company and its clients - the passengers. From time to time, passengers are not happy with the behaviour of a particular bus operator, and when complaints are made they are treated very seriously by Metro and they rigorously follow through and assess those complaints. However, the overwhelming majority of bus operators and services pass without complaints.

I am well known as being a shareholder minister for Metro and a lot of people stop me in the street and talk about all my portfolio areas, which is a great part of democracy in Tasmania. I get a lot of positive feedback about Metro drivers and Metro services from people on the street, as well as the occasional piece of negative feedback and advice. As you would know, Mr Finch, being in a similar line of work to me, the great thing about democracy in Tasmania is that people feel they can rock up to you in the street and offer you advice and I always take it seriously. I know that Metro takes very seriously the safety of its employees, including its bus operators, and makes decisions that prove that to me as minister. I am happy for Ms Haselgrove to address any of those issues.

Ms HASELGROVE - Metro has CCTV on our buses and we were able to fund that through a partnership with several local governments.

Mr DEAN - Do all buses have them?

Ms HASELGROVE - All our buses across the state have CCTV. If there are any issues about things like, unfortunately, rock throwing, from time to time in specific areas, we have

publicly announced that we would be withdrawing services until the matter becomes under control. We have a great working relationship with Tasmania Police. We have police based at our depot in Moonah. They work very closely with us. During the time of the rock throwing, they redesigned their shifts so there were people on when it was happening. They ride the buses, and they alternate between being in uniform and being in plain clothes. We get good feedback from the passengers.

A couple of weeks ago they were in plain clothes and dealt with some unruly passengers and the feedback from the other passengers was very positive. It is an issue and we make sure that, where possible, we support the drivers. If a driver is going through one of these instances where there is rock throwing, the driver determines whether they feel safe. They will radio in and say, 'I am stopping this service at this point'. That is unfortunate for the communities involved because it is usually low socioeconomic places that need passenger services. It means they have to walk out to the main road and catch the bus there, but safety is paramount for Metro.

Mr DEAN - The Tasmania Police stationed at Springfield depot: who pays for them and what is the cost?

Ms HASELGROVE - Metro pays for them.

Mr DEAN - What is the cost to Metro for that service? Does it cover their superannuation payments, their leave pay, everything that relates to employment of those police officers?

Ms HASELGROVE - It does. It covers everything, even the provision of the motor vehicle and mobile phone. The police that are rostered through there - off the top of my head it is about \$300 000 a year but it is money well spent. It is quarantined. With the cuts to the police force at the moment, they can't take them away from us because we will want our money back.

Mr DEAN - That is a question I am getting to and a question I will follow up with police at another time. Why are they at Springfield? Is that a more vulnerable area than any other area?

Ms HASELGROVE - It is our biggest facility. They are available to respond to other issues in the community but their first point of call is for Metro issues. They visit Launceston and they work closely with the police there but we do not have that one-on-one.

Mr DEAN - Metro totally pays for everything in relation to them. However they can and do respond to other police issues whilst they are employed and working with you?

Ms HASELGROVE - If there happened to be a patrol, that was not the Metro patrol, say over at Rosny, that was closer than the Metro police, they would respond. Because we are part of the community, we pay for a certain level of resource. They respond to Metro issues but they are available, because we do not need them all the time. They are there when we do need them. However, if there were an incident where one of the Metro police was off dealing with another issue on a bus, another car would respond.

Mr MCKIM - I think this is a good example of Tasmania Police working constructively with an organisation like Metro to the benefit of both organisations. I would like to indicate my support for the way Metro has approached this and my thanks to Tasmania Police for playing such a constructive and co-operative role with Metro.

Mr DEAN - What about other police in, say, Launceston? Do they travel on the buses? Is there any connection there between police and your buses?

Ms HASELGROVE - Police can have free public transport because we encourage them to use the buses. I do not have the number of times they travel but I can -

Mr DEAN - Meaning more from a duty point of view. At one stage they were travelling on some routes in the Launceston area - do they still do that?

Ms HASELGROVE - When we have specific issues. Just before I started, there were some serious issues with rock throwing.

Mr DEAN - Ravenswood?

Ms HASELGROVE - Yes. The police were heavily involved in sorting that out. We have a good open working relationship with the police and if we were having issues we would meet with them and seek their assistance, which I have no doubt would be forthcoming.

Mrs TAYLOR - You have reported that you had, this year, 1 812 complaints and 163 compliments.

Ms HASELGROVE - Yes.

Mrs TAYLOR - You have gone into a fair amount of detail about the compliments - and so you should, because 163 compliments is a lot. People are much quicker to complain than they are to give compliments. I would like to know about the complaints. Are they about frequency or about other passenger behaviour? Are there trends in the complaints and are they more or less than in previous years?

[11.00 a.m.]

Mr McKIM - I will make a general response to your question. Being in public life, I am sure you would have witnessed this, but you are far more likely to hear from people when they are not happy with something than when they are happy. I am not suggesting you were making this assertion, but I do not think it would be reasonable for anybody to extrapolate from those figures and say there are more people unhappy with Metro services than are happy with Metro services.

Mrs TAYLOR - No, I was not making that inference; I was complimenting you on the 163 compliments, because I think that is big.

Mr McKIM - As you have said, 163 compliments and 1 812 complaints. The breakdown of the complaints is as follows for 2011-12 financial year: 579 in relation to service reliability; 546 in relation to customer service; 332 in relation to driving; 322 in the category of other and 33 in relation to infrastructure. Could I indicate that of that global number - that is 1 812 - Metro substantiated 728, so less than 50 per cent of those complaints were actually substantiated.

Mrs TAYLOR - I think it is interesting to look at the breakdown because that is what you do yourself and then say, okay, if it is service reliability, which is a big part of that number, why is that so? It seems to me that part of the reason is perception. One of the things being done in other places, as I am sure you are aware, is real-time notices that say, 'The next bus will be here in two minutes, or something, because a lot of the complaints are about missed services.

Mr McKIM - I remind the committee that I have, as the Minister for Sustainable Transport, put in submissions to Nation Building 2, which is one of the federal government's funding opportunities in infrastructure. One of my submissions was for real-time bus passenger information. We have done some work on this and installing the technology across Metro's urban network, we believe, would cost about \$2.5 million. We have put in a submission to the commonwealth government.

Mrs TAYLOR - Good, I am really pleased to hear that because that has made a significant difference to passenger confidence about reliability in other jurisdictions. The other part of my question was: are there more or fewer complaints than in previous years?

Ms HASELGROVE - It is about the same. It depends on months; if it is school holidays the complaints go down. It is about steady. There is a pattern in that in some months it is up slightly and then in other months it is down. There is not a dramatic change.

Mrs TAYLOR - You have a system whereby the state owns most of the infrastructure and the buses and so forth, and also operates Metro. You also tender out contracts for other bus services that Metro does not operate.

Mr McKIM - Yes.

Mrs TAYLOR - Why is there that dichotomy? Why do you not contract out all the services, including Metro, as happens in a number of other jurisdictions?

Mr McKIM - Well, in fact, Metro operates under contract to DIER for the provision of its services.

Mrs TAYLOR - But it is still a GBE, as opposed to a private operator.

Mr McKIM - Yes, it is certainly government-owned and I and the Treasurer are the shareholder ministers of Metro, so yes, it is a government-owned company. It provides services on contract to the Department of Infrastructure, Energy and Resources. I will leave it to Ms Haselgrove to talk about the details of how that relationship works.

Mrs TAYLOR - I understand that. I am talking about the bigger picture, where in many other jurisdictions the state either owns or leases a variety of stuff, but there seems to be a tendency to contract out all the services. The advantage of that, I hear, is that you can set the service levels. When you put a tender contract out, you specify the service levels required. I know that Ms Haselgrove has been in that exact position in South Australia and ran that service fantastically, I am told.

Mr McKIM - She is running Metro fantastically as well.

Mrs TAYLOR - I am not talking about the way she is running Metro; I am asking you why we still have government-operated buses, as well as other contractors. Why do we not just have private contractors?

Mr McKIM - As I said, Metro does operate under contract and the service levels are set in those contracts. There has been a trend around the country in recent times to privatise public transport provision -

Mrs TAYLOR - Operational.

Mr McKIM - Yes, and I am not minded at all to go down that route in Tasmania.

Mrs TAYLOR - You are not.

Mr McKIM - No, I am not and neither is the government. The reason is that Metro provides a service to the community. We don't expect Metro to run at a profit or break even. Metro is subsidised significantly because it provides such an important service for our community. I am certainly not convinced that privatising Metro in any way, whether completely or partially, would be in the interest of the Tasmanian community or in the interest of Tasmanian taxpayers. Metro provides its services on contract and service levels are set in those contracts.

Mrs TAYLOR - There are a number of bus services that the government also subsidises, because you put out a contract.

Mr McKIM - Through contract.

Mrs TAYLOR - And that is an open tender process?

Mr McKIM - We are outside the Metro remit here; I can seek some advice on the details of that, but I would not expect Ms Haselgrove or Mr Ward to be able to assist me with that.

Mrs TAYLOR - That is why I am asking you.

Mr McKIM - We are outside the remit and I don't have that information here, Mrs Taylor. What I am happy to do, if you would like, is to organise a briefing with DIER on the mechanics of how our bus contracting arrangements work; it is quite a technical matter and the contracts are very complicated. I can inform you that they arose from a review that was conducted about five years ago by DIER, with all our bus operators involved. Those contracts were five years plus a five-year option for extension and we are approaching the end of the initial five-year period as we speak.

Mrs TAYLOR - Am I allowed to ask Ms Haselgrove how she thinks this compares with the service that she was running for the South Australian government, or would you rather I didn't? The system I mean, not operational?

Mr McKIM - You have a transport professional at the table here and I do not think there is any reason why she cannot have the question.

Mrs TAYLOR - She was running the other system in South Australia and now this system here.

Ms HASELGROVE - You have put me in an odious position.

Mrs TAYLOR - If you do not want to answer it, that is fine.

Ms HASELGROVE - I am quite happy to answer it and I thought I answered it when I attended the Sustainable Integrated Transport with -

CHAIR - Not all the members are the same. We have a different format here.

Mrs TAYLOR - This is the GBE hearing, so it is different.

Ms HASELGROVE - Just for background, in Adelaide, historically, all public transport was operated by an entity called the State Transit Authority. The government changed and a Liberal government came in. It was about the time when Margaret Thatcher was talking about a purchaser/provider slip. There was a move across commonwealth countries to look at governments becoming the purchasers and the private sector becoming the providers. That was put in place. The State Transit Authority split; the policy people went into government and the providers became an entity called TransAdelaide. They provided train, tram and bus services.

A passenger transport board was established so all the policy people went into that entity and they put in place contracts with TransAdelaide. The funding from government didn't flow straight to the provider; it came through the passenger transport board and they determined what level of services had to be provided. They continued to hold the assets and they were still part of government. The passenger transport board progressively let contracts for the bus services. They weren't looking at rail at that stage; it was just the bus services. That is about when I started with the passenger transport board.

The tender went out to provide all the bus services. They divided Adelaide into seven contract areas. The buses were transferred from TransAdelaide to the minister. The minister owned all the buses and the depots and the passenger transport board let a tender, put out a request for a proposal for the operation of the services. The response was quite huge. TransAdelaide unfortunately did not win any of the contracts. The bus drivers were all paid separation packages by the government because they were no longer employed. They had the right to apply for positions with the bus companies; so for them it was a win-win. At that stage there were four companies providing services across Adelaide. The government owned the ticketing system. The government also owned the radio system. There was still integration; the timetables were already integrated - the passenger transport board produced all the timetables, and they still looked the same. They introduced a common livery across the board. From the customer's perspective it was an integrated service. Whether that is better or not -

CHAIR - That is the question.

Ms HASELGROVE - Yes. From the customer's perspective, it was transparent; they would have seen no difference. The changeover date was 24 April 2000. On that day, from a customer's perspective, they were still using the same ticket and the timetables were still the same. I think both models work. Whether one is better or not is really up to government policy. The point is that the government, in that model, still owns the asset but they have a contractor providing the service. In our case, the government still owns the assets and Metro is the contractor that is providing it. The fact that we are owned by government is not an important issue. We have a contract and we have to deliver under that contract to the service levels that are required. Our contract at Metro is exactly the same as the one for, say, Tassielink or Merseylink in Devonport.

Mrs TAYLOR - That leads on to the financials. In that system, which sounds terrific, you are saying that every operator can be on the same ticketing system; you can have the same service levels and it is contestable. With Metro, nobody else can apply for Metro services, can they? The contract is for Metro.

Mr McKIM - Well, for the period of the contract.

Mrs TAYLOR - Yes, for the period of the contract, whereas in the other system -

Mr McKIM - But I believe that would be the same in the other system. When you have a contract, you have a contract.

Mrs TAYLOR - Yes, but when the contract is up for renewal, it goes out to open tender and it is contestable.

Ms HASELGROVE - It is a government decision whether they re-tender. The government may make the decision that they just roll over the contract. In some jurisdictions, they have just rolled over the contract. In New South Wales, which is, apart from Sydney Buses, a huge government -

Mrs TAYLOR - They have just gone through a huge change there with ferries and buses.

Ms HASELGROVE - Sydney Buses is owned by government and, for many years, all the rest of the services had been delivered by private companies. They were never tendered; they just rolled them over; they renegotiated the contract. The government has now come in and determined that they will start tendering. In New South Wales, the private operators thought they had contracts that would just continually be rolled over. It really is at the discretion of the government.

Mrs TAYLOR - Absolutely, which is why I asked the minister the question and not yourself. I know you have experience in both systems.

[11.15 a.m.]

CHAIR - In relation to the Bothwell to Hobart service, Metro decided it was not profitable, and yet O'Driscoll is carrying out that service. Are they subsidised more or do they have ways and means of being able to provide the service at less cost and so therefore can make some money out of it?

Mr McKIM - Again, this is a broader question than the remit we have here. I am happy to seek some advice on the terms of the contract between the government and Peter O'Driscoll. There may be commercial-in-confidence aspects to it but I will seek that advice now.

Mrs TAYLOR - But it is the principle.

CHAIR - They made a decision to walk away from that area.

Mrs TAYLOR - And canned that service contract.

Mr McKIM - That is right and then it was re-contracted.

CHAIR - Are there any other services on the horizon that Metro might be looking at handing in, and that a private operator might be able to provide more efficiently?

Ms HASELGROVE - We provided very few services out to Bothwell. We looked at the economics of that service and it was costing us a lot more than government was paying, even including the passenger fares that we were collecting.

We took it to the board and the board agreed with our recommendation to hand the contract back to DIER which we did. DIER undertook a competitive process and O'Driscoll won that process. I have no idea what they are being paid.

The point from our perspective was that O'Driscoll won that contract. They came to us and said, 'These people have all got Greencards. Is there any way we can continue using the Greencards?' We were very happy to work with them. They have one of our ticketing machines. The bus calls into our depot, parks out the front and uploads and downloads the data. So this is how we know that Greencards should work with other operators.

Currently we are not looking at any of our other services with the aim of handing them back. In fact, the minister might want to talk about what we have done with the Channel services. We have expanded services down there.

CHAIR - There is a 12-month trial for that.

Ms HASELGROVE - Yes.

Mr McKIM - There is.

CHAIR - You are about halfway through that trial?

Mr McKIM - Yes. This is money I have made available to Metro, but we have also made money available to a lot of private sector operators around the state through our service development plan. This is about the government assuming financial risk for new services. So those services could be to new areas - that is, areas that have not previously or recently been serviced by public transport - or they could be an increase in the level of services to an area already serviced by a PT operator, whether that be Metro, O'Driscoll, Tassielink, Redline or anyone else. This was in response to direct feedback from the bus industry. The feedback was along the lines that it takes time to build viability into a new service. Operators were finding it very difficult to offer new services because often they would run at a loss for perhaps six to 12 months and, potentially at times, even 18 months, gradually building up patronage as word of mouth spread through the community.

In response to that feedback, some of the funding I was successful in obtaining for this portfolio in the 2010-11 and the 2011-12 state budget was allocated to allow for government to subsidise these services for a period of time whilst patronage was built up.

CHAIR - Is it successful?

Mr McKIM - Some of those have been successful and there are a couple of instances where those new services have been rolled into existing contracts so that they are now an established part of the public transport landscape in Tasmania.

Others of those services have not been successful, despite the government's and operators' best efforts to promote them. We have terminated those unsuccessful new services because we have always been up-front that this is a trial. We have done a lot of work in promoting these new services into local communities, and explained during those promotions that if people did not use those services to the extent that would make them viable, they would not continue. Some of them have been successful, some have not, but that was what we expected when we commenced this program.

In relation to the Channel area, in July this year we have added new services down to the D'Entrecasteaux Channel, so that is three additional return weekday services from Woodbridge to Hobart, two additional return Saturday services from Hobart to Woodbridge and a Sunday return to Snug. That was at a cost of \$74 000, to fund that trial, which ends in July next year. Again we will monitor patronage, after the initial 12 months, where we think that viability and patronage has been building but is not quite there. We have extended those trials for another six months to provide them with the opportunity to become viable. We will assess the success of those new services as we move towards the end of the 12 month period and I will make a decision then about whether we terminate those trials, whether they have been successful enough to roll into the contracts, or whether we want to extend the period of the trial to allow for viability to be established.

CHAIR - I have no idea what a contract service from Bothwell to Hobart service would have been, but is that money handed back with the contract?

Ms HASELGROVE - Definitely.

Mr McKIM - Quite rightly too. We are not going to keep paying them if they don't provide the service.

Mr MULDER - What is your determination of 'viability'? What sort of passenger numbers are needed on these routes to make them viable?

Mr McKIM - That is specific advice I don't have because it is not a Metro issue per se, it is a DIER issue, so a portfolio issue rather than a GBE issue. If you would like to place that on notice, Mr Mulder, I would be happy to seek that information for you. I make the point that we are not talking about moving from loss into profit as the viability point because we subsidise the Metro significantly and we subsidise private sector public transport operators significantly because of the service they provide to our community in issues like social inclusion, as I am sure you would appreciate.

Mr MULDER - It seems to me that if you have a model for assessing viability, even if it is DIER that does it, would you consider applying that model to some of your less-well patronised routes during off peak periods?

Mr McKIM - Viability can be assessed in a number of ways. It can be assessed on a particular service or across part of a network or a complete network, or it could be assessed on operator-corporate status or more globally around the state.

Mr MULDER - I know what it can do, I am asking what is being done?

Mr McKIM - I am happy to provide that information for you but I do not have it with me as it does not specifically pertain to this GBE.

Mr MULDER - I note that this is a \$50 million enterprise and that last year your before-tax loss was around the \$73 000 mark, which in the scheme of things isn't much. I notice this year it has gone to \$420 000, which still is less than 1 per cent of the total enterprise. However, given that your revenue was raised considerably from last year, this - in percentage terms, although in the scheme of things not great - must have caused you some concern, to see the loss go out sixfold.

Mr McKIM - Yes, you are right in percentage terms, Mr Mulder. You are looking at a pretty scary percentage in terms of the increase in loss, but in real terms it is not a matter I am concerned about as minister. The reason for that is that we do not expect Metro to run at a profit because they provide such an important service to our community. I am happy to see if Ms Haselgrove can provide any further information to the committee about Metro's view and the reasons for that change. If that is not possible, I am happy to take that on notice.

CHAIR - Even though the economic regulator suggested there was more scope to have fees increased?

Mr McKIM - That is an interesting point, Madam Chair. Metro has increased its fares significantly below the amount provided for by the economic regulator and I would like to express my appreciation of those decisions that Metro has taken. The community service that Metro provides is, in my view, extremely important -

CHAIR - I am not arguing with that.

Mr McKIM - Particularly for some of our citizens who are more financially disadvantaged and perhaps would not be able to afford to operate a car.

Mrs TAYLOR - Or don't have access to a car, like older people.

Mr McKIM - That's right. These are decisions made by the Metro board under Mr Ward's leadership and I am happy for Mr Ward or Ms Haselgrove to respond in more detail, but Metro understands that part of its strategic priorities is to be compassionate to the greatest degree possible. There would be a correlation between fares and patronage and Metro has taken a good decision to seek to limit its fare increases to around CPI. They are different in relation to different categories of fares, whether they are full fare paying, concessions or students. Metro has limited its fare increases since I have been minister, to about CPI, and not taken the opportunity that was available to it, to increase its fares by two or three times that amount over the last couple of years.

CHAIR - I am not complaining, minister. I have a child who travels on the bus so I appreciate it, but it is a question in relation to that economic regulator report.

Ms HASELGROVE - One of the things that increased our loss was that the payroll tax rebate was abolished. We have consultant fees this last financial year that we had not had in the previous year. One of the things we were looking at was whether it would be beneficial for Metro to operate smaller depots rather than having one big depot. We engaged a consultant to look at what the impact would be if we had a depot at Brighton, or could find something in the CBD, or if

we could do something at Kingston, and even on the eastern shore at Rokeby. It showed that if we could find something in the CBD it would cut down our operating costs.

If we could find something out at Brighton - we have done further work on the Bridgewater issue - and we need to look at how we can fund the establishment of other depots because they are not cheap. We had increased depreciation because we have been buying more buses so the value of the buses goes up and depreciation expense goes up. Fuel price has increased. The contract we had with government subsidises us for fuel cost increases but the government contract represents about 70 per cent of our expenditure so there is always a proportion not subsidised by government. They are some of the major things that increased our loss.

Mr MULDER - I refer you to your own financial statement in the annual report where the government subsidy would be running at around 75 per cent, not 70 per cent, in terms of the service contracts.

Ms HASELGROVE - Point taken.

Mr MULDER - Also the additional government funding which related to upgrading some of your assets, or your fleet. What concerns me is that, although revenue from the service contracts went up \$1.6 million, the passenger transport operations expenses rose by \$1.7 million. I think that is the clue to where things are happening. The economic regulator has pointed out to you a number of times that this rise in costs is an issue you need a strategy to address. I am wondering whether we have come up with a strategy other than asking for government top-ups.

[11.30 a.m.]

Ms HASELGROVE - In the passenger transport operations, \$300 000 of that was other expenses. Nearly \$400 000, or \$300 000 plus, is depreciation and other expenses, so they are operating costs. We look at absolutely everything.

Last year we competitively tendered the provision of our bus cleaning and bus refuelling. We identified that as an area where we probably could have the private sector provide for us more economically and that turned out to be the case, so we put that out in the private market and they are providing that service to us.

We look at things like our fuel efficiency, so we ran a trial. On each of the buses we had two companies provide systems that showed drivers' idle times and if they were braking or accelerating too quickly. We ran some driver training on how to become more fuel efficient and that has continued through this year.

Even though we did not invest in those systems, fuel efficiency is improving and as part of our last enterprise agreement we agreed that we would share the savings of that with our drivers; it is a small payment they are getting but they will be getting a payment for improving their fuel efficiency. We look at absolutely everything.

Mr MULDER - I note also in the economic regulator's report, which is two years old now, that he talks about the number of passenger kilometres being travelled and relates that to patronage. Is there an opportunity, getting back to the point about high frequency routes with low patronage at off-peak times, to reduce the frequency of bus services as a financial measure? The fewer kilometres you travel, the less fuel you will use, so rather than trimming it around the edges, has any thought been given to cutting costs by tailoring services to demand for them?

Ms HASELGROVE - The greater Hobart passenger network plan does just that. We are currently working on what we will be doing in the northern suburbs; we are looking at all the services and how many people use each service and we will be tailoring the services to demand as best we can estimate what that demand is. We have to be mindful of what the government has specified in our contract about service levels and keep that in mind when we design, rather than tailor, the services to better meet the needs of people. I am always mindful that you might get two or three people who squeal that we have taken the service away; the feedback we do not ever get is when someone suddenly has a service they have never had before.

Mr MULDER - Surely the feedback would be that they start to use it.

Ms HASELGROVE - Yes, true.

Mr MULDER - What more feedback do you want?

Ms HASELGROVE - I would like some people to say 'Thank you' occasionally.

Laughter.

Mr MULDER - Thank you for putting on your bus service that I use once a year but you run every day.

Going back to the 75 per cent subsidy, have you benchmarked that subsidy against any other jurisdiction's operations?

Ms HASELGROVE - The 75:25 or 70:30 is average even in places like Brisbane, Adelaide, and Auckland; it is just a common factor. There are very few operations that are totally commercial and they would be places like Singapore, but even in Singapore the government provides the infrastructure. Government built all the interchanges and roads. In Australian states, Perth is a very similar percentage. Passenger transport is a highly subsidised industry.

Mrs TAYLOR - We heard last week that it is 50:50 in Wellington, which is very unusual.

Ms HASELGROVE - Okay.

Mr McKIM - That is unusual in my experience. The government is comfortable with that split. We believe those percentages are reflective of a number of comparable jurisdictions and the government is quite comfortable in heavily subsidising passenger transport in Tasmania because of the community service it provides.

Mr MULDER - You previously mentioned to the economic regulator that you were reluctant to increase fares to the recommended level due to its impact on patronage. I note that there has been an increase in ticket fares matched with a similar small decline in passenger numbers. Do you attribute that to the increased ticket prices and do you still hold the view that increased ticket prices reduce passenger usage?

Mr McKIM - Are you asking whether I or the company hold the view that increased ticketing prices would have an impact on patronage?

Mr MULDER - Yes.

Mr McKIM - I think that is intuitive and verifiable. If you use the rhetorical technique of exaggeration if you decide to charge everyone \$100 every time they got on a bus, I doubt anyone would use them.

Mr MULDER - I was not asking for rhetorical exaggeration, just a simple yes, which I got, thank you.

Ms HASELGROVE - The commonly used elasticity of demand is negative 0.4. If you put your fares up 10 per cent you will get a 4 per cent decrease in patronage. That is what economic modellers would say. It does happen. We have found that when we put our fares up by CPI there is a slight decline and then people start coming back.

Mr MULDER - You recover.

Ms HASELGROVE - Interestingly, last year government increased the cost of student fares and student numbers held up last year, but again, they are a captive audience.

Mr DEAN - On the financial side, you talked about dual management and so on. Where are you going with gas and alternative fuels in buses? I recall about three to four years ago when we were talking to Metro in the same forum it was mentioned that you were moving in that direction. How far have you moved and what has happened?

Mr McKIM - Metro is doing some work in this area on alternative fuels. When Metro next tenders for the supply of buses, the tender will be framed in such a way that it will encourage suppliers to offer alternative fuel vehicles and there are various alternative fuel technologies. Gas is one, biodiesel is an alternative fuel as well, and in line with the company's environmental strategy, there is continual monitoring of the development of alternative fuels in Australia and around the world.

Mr DEAN - Adelaide has been running gas-operated buses now for yonks.

Mr McKIM - I am aware the company has been in discussions on this issue.

Ms HASELGROVE - We are looking at alternative fuels. We have been talking to Tas Gas about opportunities for them to put a refuelling facility on our site at Moonah, but it would be on the boundary so other commercial operators with smart card technology could refill. We need to work out the mechanics of it. We also need to work out the timing because we will be tendering for buses and we need to make sure that we get bids back with CNG. You are right, Adelaide has them and every state now has CNG buses. A lot of it is about ensuring we put ourselves in a position where we have an alternative to diesel.

CHAIR - They are more expensive, aren't they?

Ms HASELGROVE - The mechanics are. We would always make a decision based on the financial analysis. CNG is cheaper than diesel.

Mrs TAYLOR - But you have to refill more frequently.

Ms HASELGROVE - The issues that they incurred on the mainland were more temperature-based. Our routes are not quite as long as some of theirs, so I do not think that would be an issue for us. It is about the economics of whether we buy CNG buses or diesel buses.

Mr DEAN - My question was going to be, and I will ask it still, have you done a study in relation to the possible savings even though the purchase cost is probably greater - you might get from utilising gas or alternative fuels? Have you done a study on that to see what the saving would be to the bottom line of the budget?

Ms HASELGROVE - There was a study done before my time and a consultant came in and did the analysis on purchasing a gas bus versus a diesel bus. I don't have it, but I can take that on notice.

Mr DEAN - If you could.

Ms HASELGROVE - They are long-lived assets; our oldest bus is 27 years. Even if you did it over 20 years, intuitively the return would come back to the business. It would be cheaper. I do not have what that analysis showed back then. We are about to do a similar analysis now with Tas Gas.

Mrs TAYLOR - Diesel buses have changed dramatically over that time, too.

Ms HASELGROVE - As have the fuels we are now using with Euro 5; we are about to move into Euro 6, and they are a lot cleaner than the old diesel.

Mrs TAYLOR - And more efficient. I am interested in the Auditor-General's comments about your profitability. Compared with his comments last year, it appears that he is less positive, though saying much the same things in the key findings and developments. In the 2010-11 auditor's report he is saying, 'Metro may experience difficulties in achieving...', whereas this year he seems to be saying, 'Metro will need to generate additional cash to meet its short-term obligations'. It is in the financial results on page 127. It is not that the results are much different from last year, but it sounded to me that the Auditor-General was more concerned about Metro than the year before.

Mr McKIM - We take seriously the comments that the Auditor-General makes. There is work underway in DIER and Treasury at the moment to have a look at the way Metro is funded and some of the frameworks of Metro's operations. I expect some advice from that work early next year, which will help us to consider any actions we might need to take to place Metro's finances onto a more sustainable footing, or a new footing. The Auditor-General's comments are something that I take seriously as a minister and we need to make sure we are doing all we can to make sure that Metro's finances are appropriate for the company, and also appropriate for the government's policy position on the provision of public transport in Tasmania.

[11.45 a.m.]

Mrs TAYLOR - When I made the comment a while ago about Wellington being almost 50:50 with subsidy and fare recovery, that is related very closely to the fact that they have 16 per cent take-up of public transport and their aim is 20 per cent. If we are at 4 per cent, then your fare recovery for the same service is very different and that changes your finances.

Mr McKIM - From memory, your question covered statewide, whereas Wellington is a city, so we may not be comparing apples with apples. Metro operates in three areas.

Mrs TAYLOR - It would be nice to know what it is in Hobart as well as statewide.

Mr McKIM - I am happy to take that on notice and we will provide that to you.

Mrs TAYLOR - Providing public transport is about people using public transport and that is what your whole process and the new plan are about - to try to increase patronage. If you increase patronage then you change that ratio.

Mr McKIM - Yes, that is right.

Mrs TAYLOR - I think that is really important. If people are not using public transport then we need to think about something else. Do you provide a service that is not being used?

Mr McKIM - Yes, there is no dispute there.

Mr FINCH - Minister, could you apprise me please of the latest on the Windsor community complex on the West Tamar where there has been a two-year issue of trying to get the Metro buses to come into that facility to provide a service for aged and frail people, so they do not have to walk to and from the highway, about three or four hundred metres. Then there is an issue with a lack of contact with Metro in the early planning stages. I hope that has been overcome and there may be a solution.

Mr McKIM - Yes, there are issues with whether we can safely provide a bus service into the Windsor community precinct. We held a trial in April 2011 and the conclusion was that effectively the design of that precinct, the road design and some other design elements, do not adequately allow for Metro's buses to enter and exit the site in a safe and efficient manner.

I will quickly run through the issues there. There is a potential conflict with cars from the car park and there would be the need for a Disability Discrimination Act-compliant bus stop. The road past the roundabout is not of sufficient width to accommodate the turning circle of a Metro bus. If we were to enter a proposed bus stop location, there would have to be strictly enforced No Standing zones applied on the road and also the potential removal of some of the car parking spaces that exist there. There are potential issues with pedestrians there, as well as Metro needing to re-cut other timetables to provide services into the Windsor community precinct. I have had a number of letters about this and I have responded to those including, I think from memory, one from you, Mr Finch, or I stand to be corrected on that.

Mr FINCH - I brought it up in the previous few years in budget estimates.

Mr McKIM - Metro has advised that it would be willing to consider adding an extra inward stop on the West Tamar Highway. I have been contacted by the relevant mayor and I have asked him to encourage his officers to continue to liaise with Metro on the remedial works that council has suggested, which may address the safety and access issues raised by Metro.

The more global issue here is that a precinct like that has been designed without real consideration of the provision of public transport services. I have raised this matter with the secretary of DIER, Norm McIlpatrick. I have expressed to him my expectation as Sustainable

Transport Minister that when we are designing precincts, roads and pieces of transport infrastructure, we have to consider at all times the access for passenger transport into those precincts or pieces of infrastructure. As part of a restructure of the Department of Infrastructure, Energy and Resources which is underway now, there will be a much more holistic consideration of all sustainable transport requirements when DIER is designing or contracting out the design of transport infrastructure.

It does not just apply to passenger transport, it also applies to active transport such as cycling, rollerblading, skateboarding, walking. We need to make sure that when we design any piece of transport infrastructure it is not simply designed for cars and trucks but also with active and the broader sustainable transport in mind - which includes passenger transport.

Mr FINCH - Minister, a mistake has been made by the West Tamar Council in not doing that preparatory work and not including Metro.

Mrs TAYLOR - It should have been.

Mr McKIM - Yes.

Mr FINCH - That was two-and-a-half years ago and they have said they will remediate the area to allow the buses to take that very short trip from the highway - it is only about two minutes in and out - and they are prepared to make the changes to accommodate the bus. After two-and-a-half years, they are still suggesting that service needs to be provided. Can something be done?

Mr McKIM - My advice is that Metro received correspondence from West Tamar Council on the 8 September 2011 seeking further clarification on Metro's previous letter to West Tamar Council on 24 May 2011. Metro replied to that 8 September letter on 13 September, five days later. Metro has not received any further correspondence from West Tamar Council -

Ms HASELGROVE - No, I met them -

Mr McKIM - I will ask Ms Haselgrove to update you on a meeting she has advised me she had. On 3 September, a response has been received, saying the West Tamar Council has offered to implement the remedial work required. I will ask Ms Haselgrove if she can update this but Metro has advised me that no notification has been received from West Tamar Council for remedial works needed to enable buses to operate safely in the Windsor community. Metro is going to contact the council to progress matters. I think Ms Haselgrove has a recent letter from the council so I ask her to update you.

Ms HASELGROVE - I recently met with the general manager. The mayor had been invited to the meeting but unfortunately he could not attend. We agreed that one of my planning staff would go up to Launceston, pick a bus up and take it out because it is some time since they did that review. That has not yet happened but it will.

CHAIR - I reckon now it will happen tomorrow.

Laughter.

Ms HASELGROVE - I will take it on notice. One of our infrastructure staff went up, not the planning staff - my mistake. Anthony runs the planning area. An infrastructure person went up and met with someone from operations within the council and they were going to look at exactly what needed to be done. They were also going to look at the other option of not diverting services in where there is a gravel pathway to the roadway, looking at whether it would be more cost-effective to seal that so people have a more stable footpath to travel up and down to the highway and for Metro to relocate its stop there. The advantage of doing that is that we wouldn't have to work out where we get the resources. You say it is only two minutes in and out but by the time you get the bus in, load the passengers and then get out, it all adds up. As Mr Mulder was saying, that costs petrol and driver's time. We have to find that resource from somewhere and the only way we can do it is to take a service off somewhere else.

Mr FINCH - That is drawing a very long bow. Make it three minutes to get in there and get out again for a service that you would provide for people who are aged and infirm and who are going to a health centre for treatment. That walk from the highway can be a long journey.

Ms HASELGROVE - We are working with council and council is very happy to work with Metro and will come up with an outcome. They are also doing a survey of the people who now are operating services from that precinct to see what their client group would be like if they used that service.

CHAIR - Regarding the success of the Greencard, there has been some suggestion that the black box apparatus isn't quite working as effectively as it should, particularly in the area of students. Are you aware of that concerning the sign in-sign out when you swipe your card?

Ms HASELGROVE - There are two separate systems. Metro has the Greencard system; the other operators have what they call the black box. So I am not sure if you are talking about other operators.

CHAIR - We will clarify that with our stakeholder. There was some issue around the turnaround time for a replacement Greencard. I am happy to take that on notice. If a child loses a Greencard, for instance, how long does it take to get that renewed?

Mr McKIM - It happens as quickly as we can make it happen.

Ms HASELGROVE - I was not aware that there is any issue, so I am happy to take that on notice and get back to you. I will identify if there is an issue.

CHAIR - Mrs Taylor has a question in relation to a student transport application card.

Mrs TAYLOR - It's the family free travel one. You had family free travel until the end of this year. The information I have is from a particular constituent of mine who is concerned about the fact that she has six children, five of whom will be using the school bus services next year. There has been a change in policy, I understand. I sent you a copy of this, minister, early in the week but you may not have seen it yet

Mr McKIM - I will answer this because it is in effect a government policy decision rather than specifically a Metro issue. Up until the end of 2011, parents were eligible to apply for student free travel for third and subsequent children, regardless of income or other circumstances. This would mean that they would then pay the normal student fare for the first two children and

the remainder of the family would travel for free. The concession was reviewed in mid-2011 and the eligibility of third and subsequent children for free travel was removed to make the system fairer, as it was not means-tested in any way.

Just to be clear, if families have a pensioner concession card or health care card eligibility, then all of their children are eligible for free bus travel. Given that there were a number of unexpired free passes out in the community when the decision was made, we also decided to allow those to be valid until their expiry. So rather than cut them off in mid-term, we allowed them to run until their expiry. I believe in the case that you are referring to, the free pass for one of the children expires at the end of this year and they wish to apply for free student travel in 2013. However, that entitlement is no longer available.

[12.00 p.m.]

Mrs TAYLOR - It is a broader issue than this one family. I understand what you are saying: that this is fairer and means-tested, but, in reality, how many people use this? How many people have two or more children?

Mr McKIM - I have to take that on notice, Mrs Taylor. It is ultimately a DIER issue, not a Metro issue.

Mrs TAYLOR - Thank you because I would like to know how much this will save and is it worth it for the families? If it is a DIER issue then the other result is that if this family can no longer get free bus travel then they will end up putting another car on the road and have less Metro use which is contrary to our policy. I would like to know whether you're talking about millions of dollars?

CHAIR - One question you might take on notice is an update on your position on bike racks. I know we are not going to have time to do that issue justice.

Mr McKIM - I will take that on notice but I am happy to inform you that matters are progressing. There has been a bit of a difficult issue for the company but my understanding is that the matter is progressing.

Mr DEAN - A question on the position that was advertised recently in relation to workplace culture. What is that all about? What are the duties and function?

Ms HASELGROVE - Metro wants to build a positive culture in the organisation. This gets back to your question about how we work with the unions and how we work with the drivers. There is a bit of a bug there, like upstairs and downstairs, which I am not happy with. Working with the board, working with me and with the rest of the staff on how to develop this positive culture, we want to take Metro into the twenty-first century. We want it to be everybody working together to achieve the outcomes that were specified in our corporate plan.

Mr DEAN - Within the human relations section and within your department, would you not be focusing on that already?

Ms HASELGROVE - We have an HR department but they don't specifically focus on that. The chairman may want to add something because it is a board initiative.

Mr WARD - This is about cultural change. Every organisation, invariably, in periods of their life span, needs to look at their culture. The point Ms Haselgrove made is valid. In many respects, Metro is still in the twentieth century. It is about greater collaboration, better communication and those sorts of things. There are skills and techniques needed to achieve those things. We don't have those sufficiently in-house so we are advertising for some outside support, for people with those particular skills to help us shape a program for the future. This is not an overnight wonder; this is a long-term process for all the stakeholders and players in the organisation.

CHAIR - So is it a permanent position?

Mr WARD - No, it's a consultancy to work with the management to agree on a proper process.

CHAIR - Cost?

Mr WARD - We haven't a measure of that yet. It will need to be affordable and that will be one of the challenges. Invariably in these processes, the first step is about consultation and doing an audit on where our culture is at the moment.

Mr DEAN - Is this consultancy paid from that bucket of money that the CEO had stashed away for consultants?

Ms HASELGROVE - I do have, and you've been very well briefed.

Mr DEAN - I have been briefed.

Ms HASELGROVE - I had a brief with staff that we are doing this and it has been very well received. One of the questions raised was how we are going to pay for it. I have a small budget for consultants and I think it would be very good use of that money. I look forward to working more closely with everyone who works at Metro.

CHAIR - Thank you very much. Minister, I appreciate your time. Thank you to Mr Ward and Ms Haselgrove.

Mr McKIM - Thank you.

The committee adjourned at 12.05 p.m.