

**LEGISLATIVE COUNCIL**

**GOVERNMENT BUSINESSES SCRUTINY COMMITTEE A**

**Thursday 4 December 2008**

**MEMBERS**

Ms Forrest  
Mr Hall (Chair)  
Mr Harriss  
Mr Martin  
Mr Wilkinson

**IN ATTENDANCE**

**Hon. Graeme Sturges**, Minister for Infrastructure

**Ministerial Office**

**Mr Gary Hill**, Head of Office  
**Ms Angela Collis**, Adviser

**Metro Tasmania Pty Ltd**

**Ms Sally Denny**, Chairperson and Director  
**Mr Tony Sim**, Chief Executive Officer  
**Ms Nicolle Brigg**, Manager, Business Development  
**Ms Anita Robertson**, Chief Financial Officer

**The committee resumed at 11 a.m.**

**CHAIR** (Mr Hall) - Good morning, Minister, and welcome to these hearings. We have from now until about 1 p.m.

**Mr STURGES** - Thank you, Chair.

**CHAIR** - Minister, I would invite you, if you like, to make a brief overview or anything else to start the proceedings.

**Mr STURGES** - No, I remember what happened last time I made an overview.

**CHAIR** - I will ask the first question. Is there an integrated strategic plan for public transport in this State?

**Mr STURGES** - Yes, in fact, that is a good question to ask. I am sure the honourable members are well aware of the Core Passenger Service Review that was undertaken over an extensive period of time, around three-and-a half to four years. That is forming a very key plank in the plan, going forward, for public transport in this State and it recognises the critical role of Metro and it also recognises the need for alignment with the private sector.

Since the review was endorsed and since it was rolled out from the beginning of this year, there have been a number of new buses purchased by private operators. In fact, I have had the pleasure of going to a couple of operators. Phoenix in Devonport are about to put on a run between Devonport and Ulverstone. They have a bus designed for disabled access. They are doing a run around the Port Sorell, Devonport and Ulverstone area.

I think there are something like 100 new and newer school buses that have been purchased during that period of time. General access services are improving. In fact, during the last school holiday period it was very interesting to note - and I have been talking to the principals of the Tasmanian Bus Association - the number of young people travelling in regional areas of the State, coming into either Launceston or Hobart on the 30 cent fare that came out of the Core Passenger Service Review. So that forms a very key plank of our strategic plan going forward for public transport in this State.

Government contributes I think it is around \$63 million to the public transport system in this State and some \$27.4 million of that goes towards Metro.

**CHAIR** - While we are on that, a lot of the rural services that come in and connect with the Metro services are private services. We had some evidence that showed in some cases the linkages could be better. Is that something that you and Metro are working on, to make sure that there is coordination between the public and the private sectors doing those services?

**Mr STURGES** - Yes, absolutely. I will hand over to the chair of the board in a second, but there is a new ticketing system which we would be very happy to talk to you about and we see that is going to assist with the interface between the private sector and Metro Tasmania. But certainly the review did identify the need for a better synergy, if you like, between the private -

**CHAIR** - Yes, that was the point that was made, the synergy.

**Mr STURGES** - That is right and that work is ongoing and we are very mindful of that. In fact, I am very pleased that we have this review document to use as a basis to improve access to public transport in this State because the Government certainly has a very firm policy of encouraging Tasmanians to use public transport.

**Mr WILKINSON** - Can we get a copy of that document?

**Mr HILL** - Yes, it is on the departmental web site.

**Mr WILKINSON** - So this is the new integrated plan that you have just described?

**Mr STURGES** - It is the Core Passenger Service Review. That is forming the key plank of the direction we are going in. If the honourable members would like a briefing on the Core Passenger Service Review, we are happy to arrange that for you as well.

**Mr WILKINSON** - Is this the first time that you have had a plan like this in place? If so, for how many years?

**Mr HILL** - Certainly it goes back before my time. There was an attempt, I think, in the 1990s to review passenger services, but that did not eventuate. Certainly since that time this is the major review and, as the minister said, it has taken nearly four years with extensive consultation with all the stakeholders and it has been implemented since the beginning of this year.

**Mr STURGES** - One point that I do want to make in relation to the Core Passenger Service Review and the plan going forward is that key fundamentals are consistency and equity, and accessibility to service. They really are three of the key fundamentals: accessibility to service for all Tasmanians, consistency of fares, and equity in relation to it.

**Mr WILKINSON** - Part of the plan also would be population growth, would it not, where the population is going to be centred in years to come, matters like that? Did you get some expertise in relation to that because that would be where the services, I suppose, are going to get to in the end?

**Mr STURGES** - Demographics was certainly a key component of the consideration around the Core Passenger Service Review. The honourable member for Rosevears, Mr Finch, has been heavily involved in working with me and the department to get a Metro-equivalent service, or is it now a Metro service out to Legana. I know it is up and running, and the people in the Legana area absolutely love it. So we are doing work in that regard.

**Mr SIM** - That goes back to the integration, it is not a Metro service, it is a Metro-style service. It does integrate with Metro, that was the intention, so there is certainly a move towards, as the minister said, greater integration between Metro services, urban services and certainly slightly outside the urban area in the fringes.

**Mr WILKINSON** - Not being critical, but it would seem to me that in the past there has not been this plan; it has been, for want of another word, ad hoc, whereas now finally you are saying that the plan is there and that you have one overarching plan to proceed. Is that right?

**Mr SIM** - Certainly from Metro's perspective this is the first time we have seen an integrated plan for many years. I do not know the exact years either, but it would be at least 10 years since an attempt was made to do something similar. I think the industry understands that whilst it might impact their businesses potentially in the short term, over the longer term it is the right way to go. I certainly believe that from Metro's point of view.

**Mr WILKINSON** - Did the plan take into account rail as well, and what may or may not happen with rail?

**Mr SIM** - No. It was just core passenger bus transport.

**Mr STURGES** - Perhaps I can answer that. There is currently a \$280 000 review being undertaken into urban transport in this State, and a significant focus of that will be on the rail corridor from the northern suburbs of Hobart into Hobart. That was a commitment that the previous Premier gave. But the Core Passenger Service Review focused on bus transport, ostensibly.

**Mr WILKINSON** - Sure, but what some could argue is that if there are going to be changes in relation to the light rail with the \$280 000 that you mentioned to look into that, that might throw the bus plans into disarray.

**Mr HILL** - The \$280 000 study is not looking exclusively at rail, it is looking at public transport. Light rail is just one option, including ferries and a range of other things.

**Mr STURGES** - That is right. Urban transport - I am sorry, I should have been more specific - and rail is a component of that. Of course I recognise what the honourable member said there. If there is a proposed change, that will need to be worked through with the bus services; there needs to be connectivity for public transport, we recognise that.

**CHAIR** - Some of those matters we might come back to a little later on.

**Mr MARTIN** - Going back to the outer metropolitan urban-type areas, what is the story with the New Norfolk service?

**Mr STURGES** - In what regard?

**Mr MARTIN** - Is there any intention to sell it?

**Mr STURGES** - I will hand over to the chair of the board who can elaborate on where things are at in regard to that at the moment.

**Ms DENNY** - We review all our contracts from time to time to see whether they fit strategically with Metro in relation to things like connectivity, that we have talked about, to the areas that we can best service. Last year we sold the Richmond service because it did not really fit with the rest of our business, so any of those areas may be considered from time to time for sale if it was under normal commercial arrangements.

**Mr MARTIN** - Are there any negotiations going on about the New Norfolk service?

**Ms DENNY** - There have been discussions but there is no contract or anything at the moment.

**Mr STURGES** - Can I just say on that, though, from a government perspective we are not about diminishing access to service but we do see that there is very much a role for strategic alignments with the private sector. We would certainly support sensible initiatives like that to ensure that, wherever possible, we enhance access to passenger transport.

**Mr MARTIN** - Has there been any consultation with the New Norfolk community and local government?

**Mr STURGES** - As the chair said, there have been some very early discussions. As with most commercial matters that are under initial discussion, they are just that. We are not suggesting in any way that there will be a variation to the level of service but there may be a variation in who operates that service. At this particular time, on a commercial basis, I am advised there have been discussions and discussions only. I do not know whether the chair could elaborate further.

**Ms DENNY** - No, that is all.

**Mr MARTIN** - If the trust recommends it, whose decision is it - the trust's or the government minister's?

**Ms DENNY** - It is a board recommendation. The board acts on the recommendation.

**Mr STURGES** - As I said, though, and I want to reiterate this, the board will make that decision but in the knowledge that it is about maintaining a level of service and wherever possible enhancing the level of service.

**Mr MARTIN** - I know you believe in consultation so would you, as minister, give a guarantee to the people of New Norfolk that there would be no decision to sell it without consulting with them first?

**Mr STURGES** - I am not quite sure why we would need to consult with the people of New Norfolk. You might explain to me why we would want to do that. If in fact the service was - and I am not suggesting it is, I want to make that quite clear - going to change in a significant way yes, then there would be a need to talk with the community, but if it was just a sale of the business and it was a seamless sale and the service continued as it is currently running, I would not see that there would be a need. If there is any potential negative impact on the community then certainly it would be appropriate to engage in discussion at an appropriate level, possibly through local council, but that is certainly not being contemplated.

**Mr MARTIN** - The concern from a local community like New Norfolk would be that they have a service run by the government agency at the moment with a community benefit subsidy, but if it was sold - and I do not know the financial arrangements or the financial viability of the New Norfolk service - to private enterprise with whatever negotiations taking place, and it might be the case that the same service is guaranteed for five years, what happens after that?

**Mr STURGES** - I am not going to try to bypass answering this but I really do think it would be advantageous for the honourable member to get a briefing on the Core Passenger Service Review and all matters surrounding that. It is very comprehensive but I think that would answer a lot of the questions that are in your mind in relation to this.

We are about providing equity and consistency of arrangements and, most importantly, we believe that the Core Passenger Service Review will deliver enhanced passenger transport services within the State. I do genuinely make the offer to give you a briefing but I think even if you go to the Net and read it you will see.

**Mr MARTIN** - I would welcome that but I suppose you cannot give a commitment to the people of New Norfolk that there would be consultation before -

**Mr HILL** - The New Norfolk service is a contract service operated by Metro. It is not under the charter of its act, is my understanding.

[11.15 a.m.]

**Mr SIM** - Yes, it is a separate contract.

**Mr HILL** - Metro operate a number of those services outside of its normal area of operation on exactly the same basis as a private operator so, from that point of view, were something to happen all that would happen would be that the operator of the contract would change. The Government, not Metro, sets the standards and the terms of the contract.

**Mr MARTIN** - The Government do?

**Mr HILL** - Yes, because that provider is under contract to the Government to provide that service, the same as Metro is currently.

**Mr MARTIN** - As minister you could guarantee that the service delivery and level, too, are satisfactory?

**Mr STURGES** - The contract is not being repealed, it is not being varied. Metro, as the current holder of the contract, are saying that they are in the very early stages of deliberation with regard to whether or not that fits with their core business arrangements or whether or not it might be better placed being sold to a private operator. The Government is not - and I stress not - looking at any variation to that contract.

**Mr MARTIN** - If it is a government contract you could certainly guarantee the people of New Norfolk that the services will be maintained for quite a few years to come?

**Mr STURGES** - Absolutely.

**Mr HILL** - Not necessarily exactly the same as they are now but if the population in New Norfolk grew -

**Mr MARTIN** - Sorry, those are two different answers.

**Mr STURGES** - No, they are not. The Government is about enhancing access to passenger services in this State and we are not of a mind, we are not even contemplating varying the existing service. I was up there with the mayor and representatives of council only a few weeks ago looking at the development that is happening around that beautiful part of our State. If the population there grows then of course, as normal commercial practice where there is demand, service will increase.

**Mr MARTIN** - Are you really guaranteeing at this stage that there will be no diminishing of the service if it was sold?

**Mr STURGES** - There is no contemplation to vary the existing contract.

**Mr WILKINSON** - I suppose the best way to look at it if you can is Richmond has been sold, as you were saying, and Metro had a service into Richmond. How has the service varied

into Richmond as a result of the private contractor compared to what it was like when Metro were dealing with it, if at all?

**Ms DENNY** - That is not something for us to answer, I think.

**Mr SIM** - Yes, I cannot answer in detail. I believe the service is still running but as to how it has changed -

**Mr STURGES** - Are you getting complaints from constituents?

**Mr WILKINSON** - A different area. What I am endeavouring to test is when you were saying that it is going to be consistent as far as New Norfolk is concerned or the plans as they are at this stage -

**Mr STURGES** - I understand and I should not have been flippant. Quite rightly the CEO has said that they have divested themselves of that contract so therefore they do not have a role now in monitoring the service levels. I have not received any correspondence from anyone living in that area complaining about the level of service or diminishment of the service, if that is any form of measure.

**Mr WILKINSON** - To get in from Richmond now to the city, do you catch a private bus?

**Mr SIM** - Yes, that is right.

**Mr WILKINSON** - And that is a service from Richmond to the city and the city to Richmond?

**Mr SIM** - That is the way I understand it. As I say, I cannot give you the exact detail.

**Mr WILKINSON** - Can you just give me a brief overview of the service prior to it being sold and then we can check to see what the service is like under the new contract?

**Mr SIM** - Basically the way I remember it is that there were services that went to and from Richmond in the morning and some in the evening. We added some in the middle of the day because we had requests when we had it to put that linkage in so people did not have to wait the whole day before they could return to Hobart or to Richmond. It was not a very extensive service, I guess I could put it that way. As I recall, it was probably in the morning and then one around the middle of the day to and from Hobart and then another one or two in the evening. I am not sure of the exact number. I could provide you with the old timetable if you put it on notice.

**Mr WILKINSON** - Was it the same type of contract that you have now with New Norfolk?

**Mr SIM** - It was a separate contract.

**Mr STURGES** - A similar arrangement.

**Mr SIM** - They were previously called regional services and they were operated by Hazell Brothers, which owned Hobart Coaches previously to Metro. Metro acquired those contracts for New Norfolk, Richmond, the Channel, Kingston and Blackmans Bay. Since we have had those services they have all been retained as separate contracts.

**Mr WILKINSON** - One of the things that might trouble some out there is when you look at what we are saying in relation to New Norfolk as opposed to what has happened with Richmond, and if you do not know now what happens with Richmond how are you able to say that you know and you are sure that the service would not be the same if -

**Mr SIM** - But it is not for us to advise them what happens now. We could take it on notice, if you wish. I am sure the minister can elaborate on what is happening now or can obtain information on what is happening now. I do not have access to that.

**Mr STURGES** - This is the point and I do not wish to bypass, but this is a contract through DIER not through Metro. Metro were operating the contract, they divested themselves of the contract and now private operators are running it. What we can do through the department - because we do monitor the contracts that we have and we have many contracts out there with school bus operators, general access operators, right throughout the State - if the honourable member has a particular issue with the Richmond service we can certainly get some data around that. The number of passengers, for example, the frequency of service, all of that information is available through the department but, in fairness to Metro, they were operating a contract which they have now divested themselves of and the department monitors and ensures compliance with contractual arrangements. I am more than happy to get information for the honourable member through the department.

**Mr WILKINSON** - My inquiry was that once that occurs and there has been this divesting with a new private contractor in place, that private contractor would act in accordance with any business and be running the business, no doubt, as a service but also to make money. Because Metro has divested itself of that, it is unable to say what goes on now, really, in the Richmond area because it is dealing with other matters, therefore if it divests itself of the New Norfolk route then again it would be unable to say what would happen with buses going backwards and forwards.

**Mr STURGES** - Exactly, because DIER would then pick that up.

**Mr WILKINSON** - Correct.

**Mr STURGES** - The contract provides certain arrangements that must be met.

**Mr WILKINSON** - Are you able to tell the committee now what has happened with the Richmond run and how it is different from what it was previously because of the comments you were making in relation to what is happening with New Norfolk?

**Mr STURGES** - I have come prepared to talk about the Metro 2007-08 report and to talk about services around Metro. I did not come along with all the DIER contracts but I can, in fact, get that sort of information for you if the honourable member wishes to place that question on notice.

**Mr WILKINSON** - I do not mind doing that but my question is based on the fact that the comment, I think, from Gary was words to the effect - or it might have been from yourself - that it is not going to change, there is still going to be the service into New Norfolk. If that is the case, which I accept is the case, is that also the case with Richmond and, therefore, you can say to



people, 'Look, there has been a change in Richmond, services are still the same in Richmond and therefore they are going to be the same in New Norfolk'?

**Mr STURGES** - But the contract has not been withdrawn.

**Mr WILKINSON** - Yes, I realise that.

**Mr STURGES** - So that the contract is the contract, is the contract.

**Mr MARTIN** - It depends what the contract says as to whether the services are actually maintained or not.

**Mr STURGES** - The contract and DIER. The contract is for the provision of service. I think you are on a bit of a witch-hunt here, with respect. I am happy to get the information for you but I think you are heading down the path the Greens headed down and causing unnecessary panic. I really do mean that.

**Mr WILKINSON** - If I might, I do not know what path they headed down, what I am trying to do is to test it with what has already happened in Richmond and I thought that would be a fair way to go, to test it with what has already happened. History tells us that.

**Mr HILL** - I think the point the minister is trying to make is that we have come here to discuss Metro's annual report. We have not come here with advisers from DIER -

**Mr WILKINSON** - I understand that.

**Mr HILL** - and the contract so if you have specific questions and wish to put them on notice, we can get that information from DIER. If this was budget Estimates and the questions were being asked, we would be able to provide the information because we would have been prepared to provide that sort of information.

**Mr STURGES** - I am not trying to be evasive, but that is the point. We came prepared for Metro, DIER monitors the contracts for school bus, general access contracts in general and the honourable member has raised some issues. If he puts the question on notice we are more than happy to get information for you.

**CHAIR** - We will finish this off so we can get back to the main game.

**Mr MARTIN** - Could Metro provide the current level of services and timetable for the New Norfolk service at the moment on notice?

**Mr SIM** - It is on our web site but I can forward it to you.

**CHAIR** - We will get back to the annual report now and I will ask a couple of questions on that. If we look at the big-picture items and a small loss reported on both a pre and post-tax basis, I think it was a loss of about roughly \$259 000 which is not hugely significant in the whole scheme of things, but I suppose with the decline in patronage despite record high fuel prices that would seem to be of some concern to Metro. I am looking at some of the numbers there, \$9.945 million in the previous year and it has dropped back to \$9.676 million or thereabouts; since 1997-98 numbers have effectively stagnated and now dropped back a bit. What is really

driving this? As I said before, with higher fuel prices and all that sort of thing you would think that public transport would be more attractive to people in the State, but it is obviously not happening. What are you doing to address this? I do know, if I recall from a couple of years ago, that there was going to be a marketing campaign to sort this out. My questions are what are you doing to try to sort this out and how much have you spent?

**Mr STURGES** - Here is a very interesting stat - fuel costs up 53 per cent. The chair can go into a lot more detail. It is probably opportune, am I allowed to bring a diagram to the table?

**CHAIR** - Yes.

**Mr STURGES** - It is about marketing and promoting public transport. What I have here is the proposed bus lane on the Southern Outlet. This is one of the initiatives that we are proposing and it is only a start, let me stress that. From early next year from Cat's Eye Corner to the Davey Street intersection we propose to have a dedicated bus lane. Appropriate signage, appropriate line marking et cetera will be provided. That is one initiative. We are looking at other initiatives around the State.

I was in Launceston only a couple of weeks ago looking at what we might be able to do to give prioritisation to buses. We are looking at the northern suburbs of Hobart, the Eastern Shore to see how, without major infrastructure changes let me stress, we can give prioritisation arrangements for buses. That is a key focus of government at the moment and the department and Metro are working very closely. The chair might talk to you a bit more about what has been going on as far promotion and marketing is concerned.

**CHAIR** - The key question I asked was, given the high fuel prices - and I know that it affects Metro as well because it affects your balance sheet - particularly for private transport, why haven't more people used public transport?

**Mr STURGES** - I was trying to address it by saying we are trying to make public transport more attractive.

**CHAIR** - I can see it as being a part of it but there is a lot more to it than that, I would have thought.

**Mr STURGES** - Of course, I was just saying that is a component.

**Ms DENNY** - In the year that we are talking about, the reasons for the figure the minister just gave you where we are talking about an increase of 53 per cent is that fuel prices were relatively low at the beginning of the year, relative to now. As the year went on we did pick up patronage as we got into the second half of the year, but we have had a decrease.

**Mr HALL** - Now that fuel prices are going back down again, do you expect the patronage to drop off again?

**Ms DENNY** - That is an issue for us all the time.

**Mr WILKINSON** - Did you find that it did drop off as a result of the fuel prices increasing? One would have thought that you would have seen an increase in patronage. Did you find that that was the case?

[11.30 a.m.]

**Ms DENNY** - You do find some pick up and some drop back, but the real difficulty is that there are many other factors that intersect with them at the same time and sometimes it is difficult to analyse what happened. Our biggest patronage group is children and that is where the significant amount of the fall is.

**CHAIR** - Why is that?

**Ms DENNY** - The demographics - there are fewer students. When we talk about overall numbers we are going to be up against it all the time as the school population falls according to predictions.

**Mr MARTIN** - It is a big fall in one year, though, for that reason.

**Ms DENNY** - That was one reason. The second reason was that the department issued many fewer free passes, which seems to have some knock-on effect to Metro's patronage.

**Mr STURGES** - More people that work. The unemployment figures for the State have shown that, that more people have been going into the work force and fewer people have qualified for concessions. They are very generous concessions, too.

**Mr SIM** - In the report we showed that there was a 4.2 per cent decline in student/child travellers. They constitute about 40 per cent of our total patronage, so it is quite a significant impact just in that one alone.

**Mr WILKINSON** - If I could just focus on that patronage area, there are problems still - and we can get to it at a later stage - with the ticketing process. If the validation does not occur, the people go onto the bus for free. Do we have a ballpark figure as to how many people were travelling as a result of the problems with the ticketing process, and therefore travelling for free?

**Mr SIM** - I do not have the figures here. Are you referring to issues with our ticketing system last year?

**Mr WILKINSON** - Yes.

**Mr SIM** - We had a period of about three months where there was an under-reporting of the amount because there were people whose ticket did not work when they got on the bus. We still carried them, obviously. We estimate that over a three-month period that may have been 2 per cent, a loss of data. So whether that applies specifically to students or whether it is adults and adult concessions, it is probably a combination of the whole lot. Typically the problems occurred first thing in the morning when everyone was commuting.

**Mr WILKINSON** - So that would cut heavily into the figures by 2 per cent, when you look at the figures.

**Mr SIM** - That was over a two-to-three-month period.

**Ms DENNY** - It was only a limited time period and only in Hobart, so not statewide.

**CHAIR** - As I recall, a couple of years ago there was a specific campaign to try to increase the bums on seats. How effective has that been and how much have you spent on marketing over time?

**Ms DENNY** - Our direct marketing budget is still very small, outside staff costs and internal costs. Our direct marketing budget is about \$150 000 a year.

**CHAIR** - So it has been static for the last few years? The marketing budget has not changed over the last 10 years?

**Ms DENNY** - I could not tell you that without getting the exact figures for you.

**CHAIR** - Do you do any market research on why people do or do not use public transport?

**Mr SIM** - We do some marketing research. There is always room to do more but it comes back to how much money do we spend on it. You asked the question about our budget for marketing and promotions. It has declined over the last few years, I think probably since the last GPOC report. The figure was discussed in that report. What we as a company have been doing is looking at other ways. Rather than going out there and spending money on promoting our services directly, we are doing all sorts of things to make sure that people can see our services are safer, more reliable et cetera. We have done a lot of service reviews and in the process of doing those reviews, particularly in Burnie, Launceston and we are currently looking at the eastern shore in Hobart, we have our people out and about talking to our customers. We are doing market research on the ground, if you like. We find that is more effective when we are in the process of doing reviews. We have concentrated on that in the last two to three years.

Another thing that we believe will enhance our services is, as you mentioned, the ticketing system. We have the new ticketing system starting in the first quarter of next year. It starts in Burnie and then we are coming to Hobart and Launceston. We believe that by having a ticketing technology that is current technology around the world, it will give us more flexibility in the sorts of products we -

**Mr STURGES** - Are you aware of the smart card technology to which the CEO is referring?

**CHAIR** - I think Terry probably has a couple of questions about that. Before we go to that again, in terms of since the end of the last financial year, how are you tracking in terms of numbers and finances? How are things going? I notice you did say that since the fuel price went up, you have had some increases in patronage. But, then again, they are on the way down again now, so who knows?

**Mr SIM** - I guess it is a mixed reaction, as the chair said, that sometimes it is difficult to explain them because there are a number of factors involved. The price of fuel certainly does have an impact. I think there probably is a bleeding of people going back to their cars to some degree, now the fuel prices are dropping, certainly the full-fare adults. It is difficult when, for example, some councils promote low-cost parking in the centre of the city, so people can go and do their shopping for an hour or two hours or whatever it is and do not pay any parking fees and just get in their car and go back out.

What we are finding is that as we have reviewed the services in Launceston, for example, we have provided more services outside the peak. We are finding in Launceston that patronage of the

services outside the peak in the evenings, for example, is increasing, albeit from a small base. People are starting to think about using the bus more, I think.

**CHAIR** - Do you think the ongoing difficult financial climate all around the world and Australia might present an opportunity for Metro to attract more customers?

**Mr SIM** - Certainly. We would hope, as you are suggesting, that people may, through necessity, have to use Metro services, but we would like to think that they will make their own choices to travel on Metro. Fuel is going to go back up in price, there is no doubt about it, and I think everyone would agree with that. They should see there is value for money and flexibility in their ticketing when they are able to pre-purchase on their new smart card system, for example, and buy their tickets over the Internet and not have to go to a Metro shop and have to hassle with money and change on the bus and those things. In some ways I guess these things are around the edges but they all come together, I think, to encourage people who maybe do not travel on the bus now, but who might be thinking about it to give it a try. Hopefully, if we can get them on there then we can keep them.

**Mr STURGES** - Chair, if I may supplement that. That is why I took the opportunity to show you the diagram of the priority bus lane because we are very keen to use that and other initiatives to create prioritisation arrangements on our roads for buses. That is a further motivation for people to think that they are going to get to work quicker and they do not have the hassle of parking. We are quite keen to look at a whole suite of initiatives along with the ticketing system to encourage people onto public transport, particularly in our bigger urban areas around the State.

**Mr SIM** - I have a figure here that probably is not immediately obvious in the annual report, but since about 2000 to 2001 we have had a growth in our first boardings of about 6 per cent up until now. Prior to that we had an average annual decline of 2.5 per cent per annum. It has turned around from declining. We have had our ups and downs over the last few years, but over the last six years or so it has increased overall, which is positive, I guess. We are hoping that we are going to be able to grow our patronage.

**Mr MARTIN** - But it is less than it was in 1997-98?

**Mr SIM** - I am talking about first boardings and you were looking at the total boardings. It does not have the first boarding figure. The transfers are blurred by a number of things because that includes charter and it includes everything.

**CHAIR** - I know that Jim and Terry both have particular questions they want to ask but I just want to ask one more generic question. It has been put to me that public subsidy, perhaps around about \$30 million, I think -

**Mr STURGES** - It is \$27.372 million.

**CHAIR** - Thank you, Minister. It has been put to me that that public subsidy really benefits a particular class of people, if you like, in that it subsidises those people who travel in the metropolitan areas of Hobart and Launceston at peak hours. That is basically where it stops and if you look at the rest of Tasmania, rural Tasmania, then they do not get a bite of that cherry. So should those people actually pay more to travel at peak hours?

**Mr SIM** - I am referring back to the annual report, 40 per cent of our passenger first boardings are students so they do not have access to a car; 33 per cent are concession and 23 per cent are full fare. Obviously, students need to travel in the peak periods as well and the revenue that we get through that contract would certainly offset the costs of providing those services, which include the students and adult concession. It is a mixed market that we are catering for in the peaks but I think it is important to remember that child and student are travelling in the peak and our costs are driven by the costs in the peak.

**Mr STURGES** - Can I just make a comment, and I do genuinely make this just for the member's attention, all rural students going from home in a rural area to a rural school in Tasmania travel free.

**CHAIR** - I understand the student component of it and that is okay but I am talking about the adult working population.

**Mr STURGES** - I was just making the point, though.

**CHAIR** - But there is still a disparity between the adult working population, say, in Hobart and Launceston who can access cheap fares as opposed to rural people who do not have that opportunity as such.

**Mr STURGES** - With respect to the Chair, it does come down to some commercial realities, quite frankly, whether you run a bus for one or two people. I do acknowledge what the Chair is saying but I just highlight the fact that kids travelling in a rural area travel free to and from school and the Government provides very generous arrangements in that regard.

**Mr MARTIN** - To go back to a couple of different items, the marketing budget is not in the annual report?

**Ms DENNY** - It is but would be too small to be a line item in that.

**Mr MARTIN** - I presume it is on page 19 under 'Item 5, Expenses, other expenses'.

**Mr SIM** - Under 'Administration and general, other expenses' it is included in that figure.

**Mr MARTIN** - Yes, that is what I thought. Is it possible for you to take on notice to give the details of what items are included in your marketing budget?

**Mr STURGES** - We will take that on notice.

**Mr MARTIN** - Thanks, Minister.

**Mr STURGES** - For administrative purposes, is the secretary taking all this down?

**CHAIR** - Yes.

**Mr STURGES** - There are slight variations between the two Houses and the processes so I just wanted to make sure.

[11.45 a.m.]

**Mr MARTIN** - Just to go back to the other item, the ticketing item, I was searching for something so I might have misunderstood but, Tony - is it okay to address Tony?

**Mr STURGES** - Yes, absolutely, if the Chair is relaxed then I am quite happy.

**CHAIR** - The Chair's relaxed.

**Mr MARTIN** - Tony, did you say that the ticketing problem of people riding on the buses for free because the ticket machines were not working was only for a three-month period?

**Mr SIM** - As I said, we had a significant problem in August-September-October last year - for three months - in Hobart where we found some, what we call, rogue cassettes. Cassettes are the device that carries the information from the bus to the depot and what happened was that when those cassettes were used on the bus they actually corrupted tickets that were put into the machine so it caused not only an issue on that bus but also for the passenger that had a ticket that went through that particular bus and then had the problem transferred for them the next time they boarded.

**Mr MARTIN** - Yes, there was a major problem for three months but I have heard, anecdotally, from mates who are drivers, to be quite frank, that it has been an ongoing problem.

**Mr SIM** - Our system is 20 years old and there are other issues that we have had over time; whether it impacts on the tickets, for example, because they are put into a slot in a mechanical validator and if the ticket is moist or swollen it doesn't read properly. We certainly do not tell the passenger to get off the bus, we allow them to ride if there is a problem. It happens on and off, I guess, any time in the day but particularly in the morning.

**Mr STURGES** - The smart card will fix that, Tony.

**Mr MARTIN** - It will?

**Mr SIM** - It certainly will, yes.

**Mr STURGES** - I will even give you steak knives. They are going to be like a credit card so they are not going to get all soggy.

**Mr SIM** - I think I have one somewhere if you want to have a look at it.

**Mr STURGES** - Yes, we have one and we can show you, if you like.

**Mr MARTIN** - When does that start?

**Mr SIM** - We are going to start in Burnie at the end of January beginning of February and then in Hobart after that it will be towards the end of March and then in Launceston in April.

**Mr MARTIN** - Were you expecting this 12 months ago?

**Mr SIM** - We went through a tender process last year and we awarded a contractor just after Christmas and they actually signed the contract in February-March of this year. There has been a lead time, obviously, which was a planned lead time.

**Mr MARTIN** - So it is not an unexpected delay.

**Mr SIM** - No, not an unexpected delay.

**Mr WILKINSON** - Can I get back onto patronage, and I am sorry to throw you around the shop, but we were speaking about patronage and it seems to me that that is what it is all about. If there is no patronage there is no business and it is an important issue. I know in the report that you spoke of, Tony, 'Working to increase patronage must continue to be Metro's prime focus'. Looking at GBE discussions over the past years, that has always been the same argument. 'We are doing all we can to increase patronage.' One could argue, and I know it is a difficult ball game, and please do not think I am critical when I say it, but one could argue that there seems to be little progress in increasing patronage, even though you have said that from prior to 2001 there has been an increase. Are there any surveys being taken? What I am trying to find out is what is being done to increase that patronage.

**Ms DENNY** - One of the significant surveys was done by DIER almost two years ago now and that identified a number of drivers that made people use public transport.

**Mr WILKINSON** - And what are they?

**Ms DENNY** - The kind of drivers are having a regular timetable, having a direct route, having something where you do not have to refer to the timetable, like you know your bus goes every half an hour so you can turn up at the bus stop and those kinds of things.

**Mr SIM** - More direct routes, for example, rather than wandering all over the place so the journey time is important to people. They do not want to be on the bus for an hour, they want to be on it for the shortest possible time.

**Mr STURGES** - I mentioned before that we have the urban transport study happening. There is also a study that is happening in tandem with that, which is the Greater Hobart Travel Household Survey - what a mouthful. Could you get an acronym for that? There are around, I think, 2 000 or 2 500 people in the greater Hobart area that are undertaking this travel pattern study. Before we went in and consolidated this survey, there was a bit of a tester, and a number of people were surveyed for a few months to see what their travel pattern was. It astounded me, you think most people are up and off to work at eight o'clock and back home again at five o'clock and on a direct route, but so many people will go A, B, C, D, E and F before they come back to B. They will drop children off at child care, or they will go to the gym - there is a whole range of activities on the way to work that I would not normally expect, although I do go to the gym, you can see that.

**Mr WILKINSON** - I can see that.

**Mr STURGES** - Then the same applies on the trip back.

This study will be completed by June or July next year. We anticipate within the second half of next year this study will be completed, then it is going to need to be analysed. We believe that is going to give us a lot of good, sound data to assist Metro in determining the appropriateness of the routes that they have, the times that they run, and even look at the possibility of feeder buses to a bigger bus. There is a whole range of things that we want to look at, but we need the evidence to determine which direction we are going to go in.



**Mr MARTIN** - Just on the point that the minister has raised, I am really pleased to hear that. It seems to me there is a big difference coming along the Brooker Highway. Ten years ago there was the problem but now you can leave Claremont at eight o'clock and it can take 50 minutes to get to Parliament House.

**Mr STURGES** - Which way do you go?

**Mr MARTIN** - On the Brooker Highway. Traffic is banked back to Rosetta High School at that time, if you leave at the wrong time. There is a huge difference when school holidays start. Is this study going to take into account the two periods?

**Mr STURGES** - The study will go right through, yes, absolutely. I do not have the terms of reference in front of me, but it is comprehensive and it will analyse the complete period of time and we will be looking at travel pattern arrangements for families.

**Mr HILL** - It is a well established fact that we do not have congestion during school holidays.

**Mr MARTIN** - That is right.

**Mr STURGES** - That is going to assist us going forward. We see this as a medium- to longer-term issue to look at configuration of bus routes, and so on, types of buses, whether we need feeder buses coming into a bigger bus. I get very excited and keen to progress things sooner rather than later, but I am reminded we need evidence on which to base our decisions and build a business case. I can say too, just in relation to that - and I will probably get a smack on the wrist for this - I am very keen to give some prioritisation for buses coming out the northern suburbs in the - what are those lanes called? The inside lanes on the highway. I have a pet name for them which I will not use on *Hansard*, but -

**Mr WILKINSON** - Footpaths.

**Mr STURGES** - It is the ones that cars like to try to race you in. We are looking at, and DIER are actually doing some work at this time, to see what we would need to do to give priority at certain times of the day for buses on those inside lanes from around Goodwood Road coming through.

**Mr WILKINSON** - Can I get back, if I might, to the survey that you had a couple of years ago that looked at the times that buses run, which is very important. There has to be a consistency of times so people do not always have to go back to the bus timetable to see that they are there at the right time. More direct routes. Any others?

**Ms DENNY** - Yes. How far you have to walk to the bus stop, things like that.

**Mr WILKINSON** - Yes. Any others?

**Ms DENNY** - Safety.

**Mr SIM** - I was going to say that that was research, I guess in a broader sense; we actually do, at least annually, a survey of existing customers. I have some information here. We measure the agreement levels with the individual we are asking with a statement such as, 'It takes me less

than 10 minutes to walk to my bus stop' and 95 per cent agreed that it did. We think that is quite good. We cannot run a bus past every house, as you would realise. Another statement is, 'I know where to get information about bus services' and there was 93 per cent agreement. The first surveys were done in Hobart in about 2004 and from the 2008 data it has improved from 93 per cent to 96 per cent. It is showing that we are improving on what we are getting out there on the ground, so to speak, when we survey our existing customers. There is a whole range of things it talks about: the infrastructure and the ticketing system; other passengers do not worry me; I feel safe when I am waiting for a bus and when I get off the bus; it takes me five minutes to walk to my bus stop to which 84 per cent agreed. That was really good. It also talks about other infrastructure issues. There is a whole range of parameters, if you like. If you are talking about market research, that is the sort of thing that we are doing. That goes back to our Customer Service Charter which we introduced many years ago.

**Mr WILKINSON** - Those broad-range matters that you were speaking about, buses and the times they run, was that the 2004 survey?

**Mr SIM** - Yes.

**Mr WILKINSON** - What has happened since then to compensate for the problem in relation to the time the buses were running at that stage to now?

**Mr SIM** - There are a number of issues. We have had service reviews which, as I mentioned before, were run in Burnie, which we did two years ago, Launceston, and we are in the process of doing the Eastern Shore of Hobart - and we want to move to the northern suburbs of Hobart. We will probably finish off in the southern area of Hobart. In amongst all those major reviews, we are always looking at our services. To make sure we have a reliable service we have to keep adjusting our running times, for example, because of the congestion on the Brooker Highway and the Main Road, as you rightly pointed out. It is good to hear that you recognise it.

**Mr WILKINSON** - Coming across from the Eastern Shore, I went to the airport this morning and came back at about 8 a.m. and there was bottleneck traffic right back.

**Mr SIM** - We notice that every day and I am sure -

**Mr STURGES** - Quickly on that, for the member's information, next year I think, electronic speed signs will be installed on the Tasman Highway. It is planned anyway. The Tasman Highway is going to be the first major thoroughfare in the State where we are going to put electronic speed signs. The experts, the engineers, in DIER are telling me that we can manipulate those speed signs not only in bad weather to slow traffic down but also to facilitate traffic flows. If there is a bottleneck occurring towards the bridge, for example, they can manipulate the speed to slow the traffic down as it is coming through to get the traffic through. That is just a bit of information for you.

**Mr SIM** - We do adjustments to our timetable to take account of external factors that affect our service reliability.

**Mr WILKINSON** - And more direct routes. As a result of the surveys, have you changed the routes?

**Mr SIM** - Certainly in Launceston, we did quite a bit of that. Even when we did the research locally in Launceston they said they did not want to wander all around the side streets and pick up maybe one or two passengers when there were 30 people sitting on the bus who want to get straight by, so we made more direct routes. We still have other options for those people on the side routes. It is very difficult to balance the mix but certainly there is a focus towards more direct routes, more regular timetable, like half-hourly as Sally mentioned, and clock-face departures so that everyone knows that it goes on the hour, on the half hour perhaps.

**Mr WILKINSON** - What I was looking at was the surveys that are sent out to get the information. The surveys are there to get more patronage and I was wondering whether you are putting the actual answers that you are getting into practice.

**Ms DENNY** - Yes.

**Mr WILKINSON** - That being the case, one would hope there would be increased patronage but we have seen that it has been pretty static. Is that a concern?

[12.00 p.m.]

**Mr SIM** - I will go back to Launceston, where we are showing I think it was 4 or 5 per cent growth in patronage outside the peak periods. We are very pleased to see that. It is actually showing that some of the things that we did even outside the peak times is working. So we were picking up some of those things with the more regular services, more direct coverage. We also introduced a different style of timetable up there because one of the things we quite often get criticised for is that, because of all these diversions and different routes, our timetables are complex to read and understand. So in Launceston we simplified the timetable. We have had a few pats on the back for that. I think that has also encouraged people to actually understand our services whereas previously they said too hard, too difficult, I will go in the car today.

**Mr WILKINSON** - Was that service going round all the different routes brought in because of what you believed was a market in that area; people wanted to be dropped off at the door? Obviously that did not work to the extent that you would have liked it to have worked. Is that the door stopper service?

**Mr STURGES** - No.

**Mr WILKINSON** - What was that one called?

**Mr STURGES** - The door stopper service is a different one from that to which the honourable member is referring. That was just basically having a bit of a 'Cooks tour' to get from Claremont to Hobart, for example.

**Mr WILKINSON** - But there was a reason for it, wasn't there, at the time because you believed that was going to increase patronage.

**Ms DENNY** - Yes.

**Mr STURGES** - Correct. The door stopper service is another service which still applies.

**Mr SIM** - One thing that we have learnt over the last few years is that you cannot just do something now and expect it to work for the next five or 10 years. We had not had a major

review in Launceston for beyond anyone's memory. We had the major review last year and I think the same goes for the other area that we operate in. Even though we might have tried a different style of service, such as introducing the door stopper a number of years ago, for example, people's needs change and we have got to be able to respond to that. With this review process that we are going through, our aim now is to turn it over in two-and-a-half to three years. So we have a review of each area's needs within three years.

**Mr WILKINSON** - If a bucket of money was thrown at you from Treasury, what would you do to increase patronage?

**Mr SIM** - Right now?

**Mr WILKINSON** - Yes.

**Mr SIM** - I would put more services on the Kingston run in the peak to get full-fare paying people onto the buses. I would try to encourage that particularly with this bus lane proposal. I think that would be something that I would aim for. But there are certainly lots of areas where we would like to be able to put more services.

**Mr STURGES** - Tony, in relation to Kingston, something I neglected to mention, although starting early next year, we have that run from around the Cats Eye Corner area to Davey Street, and we are in discussions with Hobart City Council with a view to bringing it down Macquarie Street into the bus mall. So we are keen to extend that. That would have a significant benefit, I am sure you would appreciate that.

**Mr WILKINSON** - Kingston is happier now than they were, aren't they, because they had some real difficulties.

**Mr SIM** - That is probably one of the areas that in terms of our patronage we could grow by putting on additional services.

**Mr WILKINSON** - Why do you think that you could grow it from there? Is that because of the demographics of that population, a fairly young population?

**Mr SIM** - The demographics and also I think that people can see that we are trying to make it more convenient for them. So if we put extra services on in the peak and they know that they can just step outside and catch a bus every 10 minutes instead of every 15 minutes, then they may well be inclined to use the bus regularly as opposed to infrequently.

**Mr WILKINSON** - People now are fairly impatient. As the minister was saying, not only do they want to get to work but on the way to work they want to drop the children off at child care and school then they want to do some shopping and they might want to go and see somebody and then want to get to work. Metro, by its very nature, likewise rail by its nature, do not do that. So how are you going to do that?

**Ms DENNY** - We have to segment our market. There has to be a target market for the people who want to go a direct route to or from home or whatever it is. We cannot compete with people who need to do those five or six things and therefore need to divert all over town. So therefore we have to target the other people and there are a large number of those. We believe that with the support from the Government in some of the climate change initiatives and also with

the awareness of the public, we can start to move more people, particularly the full-fare paying adults, onto the buses. Then, the challenge for us is to keep them there.

**Mr STURGES** - With the slogan on the bus 'One Bus Equals 42 Cars', we really did want to get the message out there to the Tasmanian public that they can do their bit for climate change by jumping on a bus. Before you ask, yes, I was on a bus in Launceston last week.

*Laughter.*

**Mr MARTIN** - Tony, just imagine for a moment that we had a really generous treasurer and he gave you a bucket of money, what would be your next priority?

**Mr SIM** - As I said, off the top of my head it would be Kingston. The reality is we would have to balance it ourselves.

**Mr MARTIN** - Do you put a wish list together to give to the minister?

**Mr SIM** - We have discussions all the time with DIER in their transport area. We have to comply with a set of service standards, which are articulated by the department, and they apply to our adult service level and adult concessions.

**Mr MARTIN** - Do you ever not meet those service standards?

**Mr SIM** - Some of them. We have had areas where we have overserved and there are areas where we have not in the past met those standards, but over these review periods we have balanced it out and we are getting closer now to being right on the service standards. There are obviously still some areas that we have not got to yet. The standards set the frequency of services effectively by days of the week, times of day, depending on the demographics of the areas and so on. Under our contract we have to aim to achieve that.

**Mr MARTIN** - I am trying to understand what the processes are. So your discussions are on an annual basis in terms of funding?

**Ms DENNY** - No. At the moment we are in negotiations with the department, as I believe all other operators are, for a five-plus-five-year contract. That was the recommendation out of the Core Passenger Transport Review and it is legislated that five-plus-five contracts will be offered.

**Mr MARTIN** - As to the service standards in those contracts, do you as an organisation put a proposal to government at any stage that if they provided  $x$  more dollars it would take Metro to another level?

**Ms DENNY** - We can do anything in our contract negotiations, as we do. We put various things on the table to discuss, as in any other commercial contract - these are the costs we need to run Metro, these are the kinds of things that we need to achieve. That is the process, and then we settle on a contract figure.

**Mr STURGES** - Bear in mind, the Government is very keen to enhance access to public transport.

**Mr MARTIN** - I would have thought it was a priority, which is why I am asking.

**Mr HILL** - That is why we are undertaking the public transport study.

**Mr STURGES** - It is an absolute priority. At the moment, out of the \$63 million that we provide for passenger transport subsidy in this State, just under \$27.4 million goes into Metro. We are quite genuine about needing to understand the travel requirements of Tasmanians and we have started with the Urban Transport Study, which also incorporates the climate change impact assessment. We have the travel pattern study going on in the greater Hobart area and that will give us a good and better understanding of travel needs. Of course we will extend that throughout the State, but we have to start somewhere. That will assist us going forward in determining what level of service. As the chair of the board has said, we are in negotiations for the contracts at the moment. They are putting forward matters that they want addressed through those negotiations and we are listening. We will certainly be doing what we can to accommodate the needs of Metro. I make the point that government provides very generous financial assistance to Metro right now to the tune of \$27.4 million a year. That is indexed under the current arrangement. The contract is currently being negotiated and we are listening.

**CHAIR** - For the committee's information, we have been talking about patronage levels and marketing. Could the committee be provided with the past 10 years of actual marketing expenditure?

**Ms DENNY** - I believe that is available but it will be the direct, external expenses. The internal costs are not analysed. Probably the bulk of our effort in that type of thing - such as service reviews - is actually in our staff costs. I believe we can give you the external costs.

**CHAIR** - I am really talking about marketing in terms of trying to increase patronage.

**Ms DENNY** - As I say, most of it would be -

**Mr STURGES** - I have spoken to people involved in the review process and they are dedicated to looking at the appropriateness and adequacy of current bus routes. As the chair and CEO said, they have been talking with customers, drivers and that is an expense. I think the chair makes a valid point; that also needs to be recognised as money spent by Metro in marketing and improving their services. I do not know whether we can find an indicative number of work hours, but I will see if we can.

**CHAIR** - Thank you.

**Mr SIM** - Can I say it might be difficult going back 10 years. I know we have very good data going back to the last GPOC which is three years ago. GPOC talked about it last time so there would be figures going back probably a couple of years before that, maybe five years.

**CHAIR** - Five years, we would be happy with that; that is fine.

**Mr MARTIN** - Something else on the same theme, is it possible to get a list of 10 years' data on what the subsidy has been for each of the last 10 years?

**Mr SIM** - Yes, we should be able to do that. If you look at the last annual reports you should be able to see that.

**Mr STURGES** - I am very mindful that every time I make commitments to take these matters on notice, people in the department cringe at the number of hours that they have to spend gathering this information. We have limited resources. I am happy to do it if you think there is some benefit in requesting that. We can go back a few years.

**Ms DENNY** - I can suggest an easy answer if you do not want to go back 10 years; the last four-year period was compared in the Auditor-General's report this year.

**Mr MARTIN** - Yes, I have that. That was why I was wondering if we could go back a bit further.

**Mr SIM** - We should be able to go back I would say about seven years relatively easily.

**Mr STURGES** - Can we negotiate seven?

**Mr MARTIN** - Yes, that is fine.

**Mr SIM** - If we can find 10 easily we will slip the extra three figures in.

**CHAIR** - One more question on patronage and because it is Mr Wilkinson's birthday I will give him the opportunity to ask it.

**Mr MARTIN** - He doesn't look 72, does he?

**Mr STURGES** - Happy birthday.

**Mr WILKINSON** - Thank you. The other issue that you mentioned in relation to what people want was safety. I was going through those items where you talked about what was happening and the last one was safety and what has been happening with that in an endeavour to increase patronage.

**Ms DENNY** - There have been a number of initiatives in the last year or so building on things that have happened before. The commencement of the rollout of the 100 per cent video surveillance cameras is in process.

**Mr WILKINSON** - How is it going?

**Ms DENNY** - It is going reasonably well. It was delayed beyond what we would have liked in the first instance because the Commonwealth Government funding which supported part of it did not come through in the time frame that we expected, but we expect to complete it by the end of December.

**Mr SIM** - At the end of January. We have done about 130 buses in Hobart and I think there are about nine in Launceston and three in Burnie. In the next few weeks we believe we will have supplies of the equipment so we can plonk it into the buses. We have prewired them so we are just waiting on the central component recorder device from the supplier which has had some issues with the supply to us.

**Mr WILKINSON** - How many buses do you have?

**Mr SIM** - There are 213. We will have all buses fitted with video systems by the end of January.

**Mr WILKINSON** - You say you already have 130 fitted. They started to be fitted last year.

[12.15 p.m.]

**Mr SIM** - As we purchase new buses we always fit them to the system, but that was obviously going to take a long time for us to get a video on every bus. The board agreed to bring forward a program to accelerate the introduction of it. We also managed to secure some Federal funding, \$500 000 or thereabouts for actual videos. We did that through a partnership with some councils.

**Mr WILKINSON** - How many videos does \$500 000 cover?

**Mr SIM** - That was all of Launceston, which is, say, 50. I cannot remember the exact figures but it is about \$7 000 a bus, or something of that order.

**Mr WILKINSON** - To me that does seem a good initiative for the safety of passengers and safety of the bus driver, and also to assist with what goes on just outside the bus.

**Ms DENNY** - It is about perception as well.

**Mr WILKINSON** - Are we able to say whether that has helped at all?

**Mr SIM** - We believe it has, certainly we believe it will have some deterrence value. That is one of the reasons we went down this path. I know lots of people had different views about deterrence value. Anecdotally, if you talk to our drivers, going back to when we had a lot of buses that did not have videos, one of the first thing that some people would do when they got on the bus, if they were up to mischief, was to look around to see if there were cameras on the bus, so we know there will some value in deterrence with the system. Other measures that we have taken to improve safety include, on our new buses in terms of driver safety we are trialling some protective screens for the drivers. We have, I think, about eight or so buses on the road now with those screens, and from what I hear they seem to be well accepted by both the drivers and the passengers.

One of the concerns we all had, including our drivers, was about screens that effectively cage the driver up. We do not want that from a customer service point of view, we do not want it from the drivers' comfort point of view, and so on, so that was another given issue. We have done a lot of work over the last year or year-and-a-half on codes of conduct for students, and also for the general adult patronage. We have a very good relationship with the police, for example, and that is ongoing. We have just renewed our agreement with them for another three years to 2010.

**Mr WILKINSON** - That is with the four police officers?

**Mr SIM** - That is right, and the relationship we have with those four police officers obviously extends through the rest of the police force, and we are getting a good balance of coverage, I guess, from the broader policing.

**CHAIR** - It happens in Hobart, doesn't it?



**Mr SIM** - The four police officers are based in Hobart. In Launceston we work with the police; we do not have dedicated officers on Metro there. They actually do help us out there.

**CHAIR** - Sometimes they are in plain clothes not uniform down here, that is depending on the circumstances.

**Mr SIM** - That is right, yes. It depends on the circumstances; they travel on the buses, they follow in cars, they have targeted plain clothes officers, and so on. Also, I guess the other part of the relationship is about what they do in the depot, they work positively with our drivers and our drivers work positively with them. There is a cooperative arrangement that certainly helps Metro and gives confidence to our drivers about what the police can do for them. It also helps the police, and I think they value the arrangement in fitting their general policing duties.

**Mr WILKINSON** - In short, after looking at all those things and the issues that you have been involved with to try to increase patronage, there does not seem to be any more because Metro in itself is a public service as well, which people seem to forget when they look at the bottom line. There does not seem to be a lot more that you can do; tell me if that is right.

**Mr SIM** - Not really. If you have any ideas we would love to hear them. I guess one of the issues for us over the last few years is the increase in antisocial behaviour generally. I know it is not only Metro that has to deal with it, there are lots of other areas around public spaces, and so on. It is a challenge. We believe the best thing we can do is provide good customer service through our drivers, obviously; that we can use all these initiatives and let those who travel on our buses know that we are prepared to do these things if people do not act appropriately, and let those people who may be thinking about acting inappropriately know that we will take action, whether it is through the police or whether it is through some other action.

That is the sort of message that we are trying to get out there.

**Mr STURGES** - Going from the advice I have received, they are very proactive in that regard. Metro really pride themselves in ensuring that it is safe to travel on the buses. They have some very good results in relation to taking proactive steps in that regard to give people the message that if they do get on the bus and they are not prepared to act in a reasonable and civilised manner, then do not expect to travel on it.

**Mr SIM** - We are doing whatever we can to make bus travel safe for our bus drivers and our passengers, that is the key to it.

**Mr STURGES** - Absolutely.

**Mr SIM** - These initiatives have been endorsed by the board, they have been endorsed by the Government and certainly the support we have through the Federal Government funding for videos, particularly, has been very good.

**CHAIR** - If I could finish on that bit there. I will go to the balance sheet and change tack a little bit. The financials appear to be in fairly good shape; basically there is no debt in the entity but the report does suggest that further capital investment will be required for new buses and everything else. In another committee we have talked about alternative fuels and all sorts of things, which I will talk about again in a minute, but what level of additional capital expenditure will be required in the current year with regard to new buses, in particular?

**Ms DENNY** - In this current year?

**CHAIR** - Yes, in the current year.

**Ms DENNY** - We have had a number of buses delivered and we have a contract currently for 20. How many more -

**Mr SIM** - Yes, the current commitment is 20 buses that started delivery just prior to this year.

**CHAIR** - They are 20 Euro 5 buses?

**Mr SIM** - No, the first few were Euro 4. They are now Euro 5.

**CHAIR** - And how are they performing, the Euro 4s?

**Mr SIM** - The Euro 4s, I do not think there is any problem. The Euro 5s, I think there are a couple of teething problems. There were complaints about the power of the engine, or that they did not accelerate or whatever, which we are working through with the supplier, and the remainder of those 20 buses will be finished early next year or towards the middle of next year.

**CHAIR** - Thanks for that. To be able to follow on from that question, will you be able to fund that through your own resources or will you have to have some additional borrowings from -

**Ms DENNY** - We have sufficient cash this current year to fund our capital program. If we did not have any variations in the contract or we could not get finance from external financiers or what have you we would run into problems in the following financial year.

However, we have two things on the go at the moment. One is the renegotiation of this contract and a five-plus-five contract gives much more certainty anyway to financiers and so on, and we have negotiations with financiers looking forward.

**Mr MARTIN** - What is the benchmark with the ageing fleet? Do you have a benchmark?

**Mr SIM** - Twelve years, average age. We are currently about 14 years.

**Mr MARTIN** - To bring it to the 12, what do you need to do?

**Ms DENNY** - We are getting down to it.

**Mr SIM** - We are getting down to it. I guess the other points are that there is an ongoing replacement program of buses so, on average, we are replacing about 10 buses a year and we believe, over time, that will give us the average age of about 12 years.

**CHAIR** - You took a strategic decision with the Euro 5 buses - I am now looking at alternative fuels and the different ways and the manner in which bus power sources can be used. Obviously we have a lot of CNG in bus fleets on the mainland. We have the options of biodiesel and that sort of thing, so could you just explain what led Metro to go down the track of still retaining a conventional diesel bus?

**Mr SIM** - I guess the main strategy -

**Mr STURGES** - They are not totally conventional.

**Mr SIM** - Well first of all the Euro 5s were the latest technology buses. So in terms of diesel engine technology they are the lowest emission vehicles in Australia. We introduced these buses prior to their being mandated in the legislation. I think that does not happen until next year. So in terms of the regulated emitters they are ahead of the pack, if I can put it that way. What we are doing is also looking at alternative fuels from the point of sustainability. Not only sustainability of supplies but sustainability of price et cetera going forward. Over the last couple of years we have been doing trials with biodiesel and we have found them to be quite successful. We are currently negotiating supply of biofuel from a Tasmanian supplier and we intend to mix that -

**CHAIR** - So the new Euro 5s will be able to use that.

**Mr SIM** - All our fleet will be able to use it and the supplies hopefully will start early in the new year. We want to introduce it into Hobart first and make sure that all the checks and balances work out. We have got to get it operationally set up so that we get deliveries -

**CHAIR** - Given that we now do have reticulated gas available in the State, are we still not convinced that a CNG bus fleet is the way to go?

**Mr SIM** - We have done extensive modelling on it, as you are aware. From the company's perspective there was not any financially beneficial reason for going to it and as it turns out there does not seem to be any environmental benefit going to it now. Euro 5 buses that we have currently coming into our fleet, in terms of their emissions, are as good as gas I think is the terminology.

**CHAIR** - Has any assessment been made of the impact of the proposed carbon pollution reduction scheme on Metro?

**Mr SIM** - This is where I was getting to with the biodiesel. The biodiesel actually offers us the opportunity of reducing our carbon dioxide emissions because of the biofuels and the nature of the biofuel cycle, I guess, as opposed to obviously diesel and even gas.

**CHAIR** - So what percentage of the fuel mix can you go to with biofuels?

**Mr SIM** - At this point, with biofuels we will hopefully have all of our buses on to a B20 mix in the next 12 months. B20 is initially the mix that we would go to.

**CHAIR** - That means 20 per cent.

**Mr SIM** - Twenty per cent of biofuel, 80 per cent of diesel. There is the opportunity to go to 100 per cent biofuel in some of our engines - certainly our newer engines - and that would also be something that we would look at over the next years.

**CHAIR** - Does using a 100 per cent biodiesel mix change or enhance performance?

**Mr SIM** - I think there is some loss of torque or power, I am not sure. Certainly with the B20 tests we did there was no noticeable difference so we are quite comfortable to go to that at this stage.

**CHAIR** - I go back to earnings. You booked a pre-tax loss as I say of about \$300 000 for the year. Income rose by just short of \$2 million, but that was more than offset by expenditures throughout the year. I noticed that staff costs and obviously fuel costs were part of that. Fuel costs rose by 20 per cent and employee costs rose from \$2.16 million to \$2.6 million. Is Metro in a position to forecast a likely earnings figure for the 2008-09 financial year?

[12.30 p.m.]

**Ms DENNY** - At the moment it is very volatile. We look like forecasting a loss, unfortunately, for the year but the fact that the fuel prices have now turned around means that may have offset it so it is really too early, I think, given we have this much of the year left to go.

Can I just clarify something?

**CHAIR** - Yes.

**Ms DENNY** - This is the price and not the total dollars over the year, so from 1 July to 30 June.

**Mr STURGES** - I just mentioned a figure before and I did not want to mislead the committee.

**CHAIR** - There were some quite significant administrative employee costs; was that due to any EBAs?

**Ms DENNY** - No. The main areas were increased effort in the service reviews that we have talked about. That was committed expenditure that we agreed that we needed to make, and the other was in the administrative area where we have had a huge number of projects on and particularly from the beginning of this calendar year, so the second half of that year, where we needed extra people to be involved in things like the start of contract negotiations, we are coming into the GPOC review and a whole lot of things have hit at once, and the ticketing system itself.

**CHAIR** - Do you think your salary standards for drivers particularly meet an industry standard? We were given some evidence by stakeholders that they are, I think, about 20 per cent or 25 per cent above what a driver for a private bus operator gets so obviously that is quite a fair bit of your operational expense.

**Mr SIM** - What is the question?

**CHAIR** - The question is -

**Mr STURGES** - Are you overpaying the drivers? No way - good value.

**CHAIR** - It was put to us that there was quite a difference between Metro and private.

**Mr SIM** - When you compare what our drivers are paid with other mainland operators, for example urban operators, I think you are probably looking at similar sorts of rates. I do not have

the exact figures. It fluctuates. It depends on at what stage individual companies negotiate their EBA, for example. We are coming to the end of an EBA and we are in the process of negotiating a new EBA with our drivers whereas other States may well have done that in the last 12 months, for example. I think it is difficult to compare directly because obviously the business conditions are different at the time you negotiate your EBA compared to when someone else negotiated their EBA.

**Ms DENNY** - The other thing is that the conditions that they have to operate in are very different from those of a lot of the other private bus operators. They are not dealing, in a lot of cases, with late-night services and related issues, and they have more choice over whom they carry. You have to recognise different conditions for your employees.

**Mr WILKINSON** - Can we look at the mix of female and male drivers? We were told a couple of years ago that the female drivers were probably more of a calming influence than the male drivers.

*Laughter.*

**Mr WILKINSON** - Truly, that is what was stated.

**Mr SIM** - We have a very good mix of genders now. I do not know the exact figures but it is fifty-fifty almost. It is certainly in the 40s or 50s.

**Mr WILKINSON** - That has been increasing over time, has it not?

**Mr SIM** - It has, and that was the strategy going back a number of years, to get a better mix of gender within our work force. It gives a balanced perspective from our customers' point of view when they see that there are female and male drivers. Does that answer the question?

**Mr WILKINSON** - Yes. You are happy with the mix and you want to keep the mix?

**Mr SIM** - Yes, we are very happy with the mix.

**Mr WILKINSON** - And the retention rate has been good in relation to bus drivers?

**Mr SIM** - There is a turnover on average of about 1.5 to two employees a month and that is because there are some that retire and there are some that move to a different State but I would not say that it is a huge turnover issue.

**Mr STURGES** - The average service of the drivers is over 10 years, isn't it?

**Mr SIM** - Yes, we have a lot of long-serving drivers. We have drivers that range from 33 years back through a lot of drivers that are well over 10 years and up to 20 years. I do not have the figure, but the average age of our drivers would probably be in their early fifties, early to mid-fifties.

**Mr WILKINSON** - Good age, good decade.

**Mr SIM** - Baby boomers.

**Mr WILKINSON** - They are the eyes and ears as to what is going on. They are out there every day finding out what is going on. What have they said to you as being the major thing that Metro has to do?

**Mr SIM** - Our drivers?

**Mr WILKINSON** - Yes.

**Mr SIM** - Our drivers I think would like to see us promote ourselves more than we do. They work with us to make sure that the workplace, including on the buses, is safe. We talked about security before, and they are certainly very supportive of those things, and they believe that videos will be of positive benefit for them as drivers.

**Mr WILKINSON** - They would also have been concerned no doubt about vandalism which occurred at one stage, the rocks through the windows et cetera. How has that gone; has there been a decrease in vandalism on the buses since the reporting of the vandalism a while ago?

**Mr SIM** - Are you talking about Ravenswood?

**Mr WILKINSON** - Yes.

**Mr SIM** - There have still been a number of incidents in Launceston. I think that there have only been about four since then in Launceston. There are certainly instances still continuing down here so it is an issue that we are continually addressing. We believe that the videos that we are installing in our buses may be able to assist in apprehending some of those perpetrators because it actually has vision outside the front of the bus.

**Mr STURGES** - Something we did discuss that Metro are involved in, and for which I really commend them, is engaging with the community and police to stamp out this unacceptable, dangerous and antisocial behaviour. Ravenswood I think is a good example of how you engage with the community and with police.

**Mr SIM** - It was a collective effort up there and I think that it had a very positive outcome. We have done that before in Hobart, we have worked with the community, the police and collectively we think that is the best way to resolve some of these issues. They are community issues as much as they are Metro issues.

**Mr WILKINSON** - Drivers are also saying that there is an average of about 10 per cent non-validation of tickets a day on their runs.

**Mr SIM** - I do not have those statistics.

**Mr WILKINSON** - If that is the case, this new ticketing system will see a vast increase in patronage.

**Mr SIM** - Certainly, as we said before, there have been issues. There were short-term issues for three months last year, there have been ongoing issues. As the system is now 20 years old the reliability deteriorates. For example, we are finding it difficult to get replacement parts, however we have managed to keep it running for this long. It has actually been running longer than we ever anticipated it to run. We believe that the new ticketing system will help us not only make

sure that we have reliable collection of data and not lose data but it will have the other benefits that we talked about before.

**Mr STURGES** - If the honourable member has evidence and stats we would really like to get hold of that. You are quoting a figure and it would certainly help in the analysis of the problem so maybe we could put that on notice if the honourable member could provide us with that info.

**Mr WILKINSON** - It is as a result of speaking with different people.

**Mr STURGES** - So that is anecdotal.

**Mr SIM** - It may be anecdotal but I am not saying that there are not issues. The 10 per cent sounds high to me.

**Mr WILKINSON** - An average of 10 a day.

**Mr SIM** - Sorry, 10 a day.

**Mr MARTIN** - I am conscious of the time and there are a lot of topics that we have not covered so moving on to another one and going back to capital expenditure, I suppose, disability-accessible buses, can you tell me briefly what Metro's requirements are under legislation?

**Mr SIM** - We are meeting the targets. The first target was 25 per cent of our services accessible by December 2007. The next milestone is 50 per cent by five years on from there, so 2012. It is in the report - about 25 per cent of the fleet is accessible and 34 per cent of our trips are delivered by accessible buses. We are ahead of the target.

**Mr MARTIN** - What percentage of the fleet will you need to finish up with to meet those benchmarks?

**Mr SIM** - Eventually 100 per cent accessible services, accessible fleet.

**Mr MARTIN** - On that basis, I notice last year you purchased 20 standard buses.

**Mr SIM** - They are accessible buses; they are all DDA-compliant buses.

**Mr MARTIN** - Fantastic. At the moment you have 46 out of 210 buses.

**Mr SIM** - It is up to about 55, I think, now.

**Mr MARTIN** - When do you think the whole fleet will be accessible?

**Mr SIM** - We have 213 buses, less 55, so we have those to go and at a rate of about 10 a year -

**Mr MARTIN** - So every new bus is accessible?

**Mr SIM** - Yes - so over 15 years from the start.

**Mr MARTIN** - There have been comments made to us that at the moment for somebody to catch an accessible bus, in a wheelchair or blind et cetera, they get to the destination but there is no guarantee that there will be an accessible bus to bring them back again and, even if they ring up the depot, they cannot find out whether the bus that is coming past is accessible or not.

**Mr SIM** - We have a new web site that we introduced a couple of months ago and we were not able to display the wheelchair symbol against the services, but we have recently fixed that - in the last week or two. We have been working with the web site developer to get those little wheelchair symbols put on so that people who need to have an accessible service can now look at the timetable on the web site and see when the accessible bus is coming. They should then be able to match it up, hopefully, with a return one because they will be able to see which return service will be an accessible bus.

**Mr MARTIN** - So if you are disabled and catch a bus at Glenorchy to go to Sandy Bay, you would be able to get from Sandy Bay back to Glenorchy?

**Mr SIM** - Not every bus is accessible for wheelchairs. As we said, there is only 34 per cent of our service as at the end of last year, but you would be able to get back if you looked at the timetable. Where it indicated that it was a wheelchair-accessible bus, it would be a wheelchair-accessible bus.

**Mr MARTIN** - The comment was made to us by a disability group, Minister, that if you ring up for information about the timetable they cannot tell you whether a certain bus is going to be accessible or not. Is that right?

**Mr SIM** - No, I would not have thought so. I have not had that feedback internally. As I said, there was certainly an issue with the web site; it was not displaying the wheelchair-accessible symbol.

**Mr MARTIN** - That is probably what the problem was.

**Mr SIM** - If, for example, the person at Metro taking the call was looking at the web site when it did not have the wheelchair-accessible buses displayed, they may well have been able to say, 'Sorry, I can't tell you', which is not what we want to happen.

**Mr MARTIN** - There has also been a complaint that some of your drivers are not educated in relation to blind travel passes, that they are accepted by some drivers but not by others. Is that just an education problem?

[12.45 p.m.]

**Mr SIM** - Possibly. I have not been alerted to that either. All our drivers would have access to information. For example, we have posters around the depot that show the different passes and explain what they are et cetera.

**Mr STURGES** - Honourable member, we will have a look at those issues raised to make sure that if somebody does travel from Glenorchy to Sandy Bay they are able to determine at what time they can come back on an appropriate bus. We will also have a look at the acceptance of the passes.



**Mr MARTIN** - Thank you. I think they were isolated cases.

**Mr STURGES** - Yes, and these things happen from time to time, as I am sure you would appreciate. But we will have a look at it and we understand it is a valid issue you raise.

**CHAIR** - We have spoken with private sector operators and, Minister, has there been any discussion of any potential sale or new private sector involvement in Metro's operations at all or do you tend to keep them totally separate?

**Mr STURGES** - No, there has not been any discussion, but I have an open mind. No, there has not been any discussion and we are not talking about dismantling Metro or doing anything radical in that regard. Let me make that quite clear. However, I did say, right from the outset when we opened up this morning, that certainly I have an open mind to having appropriate strategic alignment with private operators. But, let me stress -

**CHAIR** - A lot of your operations mesh, don't they?

**Mr STURGES** - Absolutely, but I do want to place on record because I do not want get the hares a-running, there are no plans, no consideration in relation to radical changes to the modus operandi of Metro. But, given the fact that I have said the Government is very keen to enhance access to public transport arrangements in this State, we recognise that there will need to be some sensible strategic alignments with private operators in this State, synergies.

**CHAIR** - You did mention the word, synergy.

In your introductory remarks I think you mentioned Phoenix on the north-west coast and there was a little bit of consternation that you cannot catch a Metro bus probably from Latrobe and go through to Burnie. I think you have three different operators there. It is a bit messy. Is that an issue that can sorted out somewhere?

**Mr STURGES** - Over time, hopefully, but, again, it is a commercial consideration. It is based on patronage and at the moment someone can get from A to B but I do acknowledge there is a bit of an issue.

**Mr SIM** - Certainly, from time to time, we have discussions with all sorts of other operators about better integrating our services that overlap. The service from Devonport through to Burnie on the north-west coast is always one that keeps coming up. At this stage there are no immediate plans but we still talk to Phoenix, for example.

**CHAIR** - New bus routes in Launceston; I thought I would change tack a little. Are you happy with some of those that have been brought on board?

**Mr SIM** - Yes, generally we are but there is -

**CHAIR** - I think you talked to the Launceston City Council.

**Mr SIM** - We talked to the Launceston City Council and, as I said, we did a major review last year. We have changed our timetable, the way it looks, to make it more presentable to our customers. We changed a number of services. There was, I guess, a small amount of negative

feedback but generally it has been very positive and I think what we will do going forward is continue to look at some of those things we have done and perhaps enhance them.

**Mr WILKINSON** - The only other timetable we had some comments on was in relation to Seven Mile Beach. I understand now that there are going to be a few changes to that, is that right?

**Mr SIM** - It is part of the Eastern Shore review. We are hoping to introduce that early to mid-next year, but it has not been finally signed-off on at this stage. I cannot give you information on the exact detail of the service changes in any areas on the Eastern Shore.

**Mr WILKINSON** - The word out there is that there is going to be no Seven Mile Beach service on Sunday after six o'clock.

**Mr SIM** - When we review any area we have to look at how we best balance out our resources. When we talked about the service standards before, I said there are some areas that are actually over-serviced compared to the service standards which we are contracted to supply and there are other areas that are under-serviced. In order to get the under-serviced ones up to scratch, we would be looking at over-serviced and under-patronised areas.

**Mr WILKINSON** - So there is no definitive answer to that as yet, that is still a work in progress in relation to Seven Mile Beach, is that right?

**Mr SIM** - Yes.

**Mr WILKINSON** - My last question is that it seems to me that you are in for a tough time. I say that because of, firstly, the patronage issue and, secondly, the difficult financial times as far as Government is concerned because of the reduced moneys coming into government compared with the last few years. You have an ageing fleet, there is a lot of maintenance needed on the fleet to keep it up to date and personally I can see - and I am not being a scaremongerer - some difficult times.

**Mr STURGES** - Challenging.

**Mr WILKINSON** - Whatever we want to call it. I think that the times are probably going to be more difficult than they have been over the last five years. What are we going to do to combat that?

**Mr SIM** - The last five years certainly have not been without their challenges. There are always a lot of challenges with Metro to provide the service levels required under our contract and within the monetary resources we have to do it.

**Mr WILKINSON** - The resources are not going to increase greatly, are they?

**Mr SIM** - Going back to this high-level picture that we are now getting from the Government, which is fantastic, it is not just left to Metro. Part of the problem over the last five years is that it was Metro that had to make the hard decisions, probably in isolation from other things that were going on around Metro. I think since this Core Passenger Transport Review that it is getting the bigger picture on the ground a lot better. That does not mean there are not going

to be challenges going forward and, as you were saying, balancing the resources to meet our service standards is difficult.

**Mr STURGES** - May I just say for the honourable member's edification, the Core Passenger Service Review has its minuses and its pluses. But it is about getting the balance right and, where necessary, taking some hard decisions. At the end of the day it is about getting equity across the board and consistency of application of service. We are committed to go down that path, I will tell you that now. I think that for too long there has not been this grand plan, this vision. I know that the Premier is very keen to continue to pursue the issue of public transport, looking at a whole range of issues. I stress to you that the urban transport review is not just looking at light rail, it will look at ferries, at the connectivity of buses, a whole range of issues and that will be -

**Mr WILKINSON** - When is it going to be out?

**Mr STURGES** - In April or May next year. It is not something that is going to be ongoing; we are keen to have the review undertaken, let the outcome of that review be known publicly and then engage with key stakeholders, engage with the community. We are very keen to promote public transport in this State. We acknowledge that there are some challenges confronting us financially but that should not stop us continuing with the work.

**Ms DENNY** - If I could answer a couple of things; you talked about an ageing bus fleet and increased costs. We do not believe that is the case. We believe we have bus replacement at the right kind of level to support us into the future unless there are dramatic changes in demand.

**Mr WILKINSON** - But the buses are only going to increase in costs as well in years to come, aren't they?

**Ms DENNY** - Yes, but I do not think that we are going to have increased problems with maintenance costs as you alluded to. The overall financial situation, yes, we have to have a commercial contract, something that will support Metro commercially. On the other side in relation to patronage, although we have issues with schoolchildren et cetera, we also have opportunities because, I think, for the first time we have the community looking at public transport as an option. Somehow, with all the other stakeholders, with the Climate Change Office and people like this, we have to work together to try to get people onto public transport and that will overcome a lot of our problems.

**CHAIR** - I am conscious that we are getting very close to time and I think Terry has some questions on rail at this stage.

**Mr MARTIN** - The urban rail proposal - if I can, Minister, through you, ask Tony -

**Mr STURGES** - We will just wait for the question first before we call on Tony.

**Mr MARTIN** - I think Tony in the media at some stage talked up the possibility of buses on the rail line.

**Mr SIM** - The point I was trying to make was keep it as a public transport corridor, whether it is rail, bus or whatever. Do not just say, 'Let's put the rails back on there'. There are other options, I guess.

**Mr MARTIN** - Have you done any work on that or it has been done by the -

**Mr STURGES** - First and foremost the Government is committed to keep the rail corridor open into Hobart. I want to put that on record. The rail corridor is not up for grabs. What I do want to say, though, is - and I am not going to evade the question - we have got the urban transport review happening right now. We allocated \$250 000 in the Budget, if you go back to the papers and have a look. There was another \$30 000 for a climate change review to be undertaken. We have combined both those projects -

**Mr MARTIN** - That is where the \$280 000 comes from.

**Mr STURGES** - That is right, that is where the \$280 000 comes from, the \$30 000 and the \$250 000, and I am really keen to get the outcome of that review and see what it recommends.

Just having said that, and Tony can supplement this, the experts - and I have been checking over on the mainland finding out what goes on in other areas - are saying to me, ideally, you do not want the buses isolated from the main traffic thoroughfare. You want buses running by with priority arrangements to encourage people who are sitting in their cars. If they are off on the rail track people are not seeing them whizzing back and forth. At the moment what I can say to the member is that I will wait and see what the outcome of that review is and we will be acting as expeditiously as we practically can to take matters up.

**Mr MARTIN** - I know you are familiar with this because I have a copy of the letter you sent back to Mr Johnson last week.

**Mr STURGES** - I met with Mr Johnson last week.

**Mr MARTIN** - The thing that I find attractive with this is that if you look back at 1952 it used to take a train 25 minutes to go from Claremont to Hobart; buses, according to your timetable today, take 42 minutes -

**Mr STURGES** - Can I just say Mr Johnson came and gave me all that last week. He did not give me any financials around it either.

**Mr MARTIN** - No, that is what I am leading to.

**Mr STURGES** - No, I just made the point.

**Mr MARTIN** - The really attractive thing is that a new rail option today would do the distance in 18 minutes. So from a traffic point of view and from a public transport point of view it is very attractive.

**Mr STURGES** - Can you just also mention how much the cost of a train would be?

**Mr MARTIN** - I have no idea.

**Mr STURGES** - Mr Johnson has got it there so if you keep flipping through his notes you will see that it is several million dollars. You can buy several Euro-5 buses at the cost of one small electric train. I am not ridiculing or denigrating the work that Mr Johnson has done but there are realities that need to be taken into account.

**Mr MARTIN** - I would imagine that an 18-minute time frame would be similar if you had buses going backwards and forwards.

**Mr STURGES** - We have not validated the figures that Mr Johnson gave us last week either.

**Mr MARTIN** - But this study will be looking at this seriously?

**Mr HILL** - There is a whole list of initiatives that you can take and they are all well known from a number of multiple trials that have been carried out all over the world. You can do them through patronage in public transport and the intention here is to look at those and see which ones are practically applicable to Tasmania. Demographics plays a very important part in the types of passenger services that you would provide. You need a certain population density to feed different modes of transport.

**Mr STURGES** - What I can say to the member is that we are not discounting matters that are raised with us. We will look at the viability and we will look at the financials around them because we are quite serious in trying to enhance access to public transport. Please do not take it that I am denigrating in any way Mr Johnson's enthusiasm and the work that he has done around this matter because I did spend I think about an hour with him last week going through this.

**Mr MARTIN** - I just want to clarify, Metro has not done any other work -

**Mr SIM** - On the rail corridor?

**Mr MARTIN** - No, just general comments -

**Mr SIM** - It was general comment and it is based on experience overseas. They have buses that look like trains. They are much more flexible in the analysis.

**CHAIR** - The time being one o'clock, I would like to thank you, Minister, and the people at the table and all your advisers. We will conclude this session. We will resume at two o'clock.

**The committee suspended at 1 p.m.**