

DRAFT SECOND READING SPEECH

HON. JEREMY ROCKLIFF MP

Metro Tasmania Amendment Bill 2018

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Madam Speaker, I move that the Bill now be read a second time.

The *Metro Tasmania Amendment Bill 2018* makes a number of important changes to the *Metro Tasmania Act 1997* in order to best position Metro Tasmania to respond to a changing public transport environment. It also removes outdated elements of the Act in relation to the setting of fares and introduces important governance changes to Metro Tasmania and other State-owned Companies that promote greater consistency and transparency.

Amendments to enable Metro Tasmania to operate non-road transport services

Madam Speaker, the Government has confirmed its commitment to the development of a ferry service between Hobart and Bellerive, to be operated by Metro Tasmania. As part of that commitment, the Government has identified the need to provide Metro Tasmania with the powers, under its legislation, to provide a ferry service, as part of an integrated passenger transport system.

In its current form, the *Metro Tasmania Act 1997* only permits Metro Tasmania to operate road passenger transport services. This restriction is a reflection of the historic responsibilities of the Metropolitan Transport Trust, from which Metro Tasmania was created. The concentration on specific transport modes, to the exclusion of other, potentially more viable options, is anachronistic, in an era where the efficiency of how people travel around the city has become of paramount importance.

The community, Government, local government and industry have shown ongoing interest in a passenger ferry service on the Derwent River.

There is a long history of the operation ferry services on the Derwent River. Regular ferry services between Hobart and Bellerive ceased in 1963, only to reach new peaks of demand following the *Lake Illawarra* disaster. In the order of 25 000 people crossed the Derwent River by ferry a day in 1975.

Following the re-opening of the Tasman Bridge, ferry services were continued, by a range of operators, and with limited patronage, until relatively recently.

In 2013, a report on the options for an Integrated Sustainable Public Transport System in Southern Tasmania recommended the Government trial a passenger service integrated with Metro Tasmania with the provision of appropriate waterside infrastructure.

Hobart, and its economy, is rapidly transforming. New developments in close proximity to the river, including residential, commercial, recreational and tourism ventures will strongly influence future travel patterns. The time is right to develop and expand on Hobart's public transport options and to take advantage of the opportunities provided by the Derwent River.

Madam Speaker, 83 per cent of all journeys to work in Hobart are taken by car. This is the highest proportion of any Australian capital city. Over 75 per cent of vehicles used to travel to the CBD each morning, remain parked in the CBD during the day. Unsurprisingly, demand for road space in Hobart is heavily concentrated in morning and afternoon peak periods.

As our population continues to increase, our capacity to efficiently accommodate additional vehicles on our road infrastructure will become more constrained. Ongoing expansion of the road network to meet peak demand will be increasingly expensive and provide diminishing returns in terms of travel time savings for commuters.

Madam Speaker, the Government has released its 'Greater Hobart Traffic Solution' policy which provided a much needed blue print to future-proof our growing city. This policy adopted Infrastructure Tasmania's publication, Hobart Transport Vision, which set out a vision for a number of ways to facilitate movement in an ever-expanding city - for our community and for our visitors.

Flexible and convenient public transport services have an important role to play in providing alternatives for commuters, as Hobart residents are increasingly affected by demand for road space during peak periods. Measures that provide greater incentives for commuters to leave their cars are an important, and effective, means of reducing reliance on private cars during peak periods. Increasing the transport choices available to commuters is one such obvious measure.

Hobart's lineal growth along the Derwent Estuary provides a natural transport thoroughfare through the city. The development of a ferry service between Hobart and Bellerive is a first step towards better utilisation of this asset.

A successful ferry service will be expected to draw patronage from existing car drivers and passengers, thereby reducing pressure on the Tasman Bridge in peak periods.

This Bill removes any restrictions on Metro Tasmania on the type of passenger transport service it can operate, thereby enabling Metro Tasmania to lead development of a ferry service.

The Government's intention is for a future ferry service to be operated by Metro Tasmania, in order to best support development of an integrated transport service. The amendments to the Metro Act provided by this Bill enable this to occur. However, the Bill does not exclude other options, or models, should these be required in the future to meet the Government's expectations with regard to integration of services.

To progress the operation of a Derwent River ferry service, Metro will be undertaking a preliminary demand analysis to inform the specifications and necessary supporting infrastructure to ensure the service aligns with transport needs.

Work to develop the ferry service will also be incorporated into the Hobart City Deal, which will provide a coordinated approach to transport and land use planning, and urban renewal, involving the three tiers of Government

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Madam Speaker, there are two additional amendments that we are seeking to make to enhance the Act in this Bill. One is to improve efficiency and remove duplication in setting fares, the other enhances governance of Metro Tasmania in line with other State-owned Companies.

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Rescission of Part 3A – Fares Order

Madam Speaker, the Government believes it is important to remove red tape and duplication in regulation. Part 3A of the Metro Act is one example of a layer of unnecessary bureaucracy that can be easily removed.

The Metro Fares Order specifies the maximum prices that may be charged by Metro in respect of full fare adult travel on urban bus services. The actual fares, within the maximum, are set by Metro.

Metro urban fares for concession passengers, Metro non-urban fares, and fares for all passenger categories travelling on services provided by other operators are set administratively through each of the operator's contracts with the Department of State Growth.

The separate fare setting systems have meant that historical disparities in fare levels between the urban and non-urban areas have continued to be embedded, resulting in a significant 'step-up' in price for people travelling beyond the urban boundary.

The current Public Transport Bus Services Procurement Review (Project 2018) is considering options to resolve the inconsistency in fare levels. A transparent process for preparing the fare schedule, annual indexation provisions and fare review mechanism will be the subject of a future submission to Cabinet before the contracts commence.

The *Passenger Transport Services Act 2011* gives the Secretary of the Department of State Growth the power to enter into contracts with a passenger transport service operator for the operation of a regular passenger service. The new contracting arrangements will give the Secretary the power to set fares under the fare structure, which will replace the powers currently in part 3A of the *Metro Tasmania Act*. Removal of Part 3A will not prevent the Government requiring a review of Metro's pricing, which could follow similar parameters to the work that was previously done by the Tasmanian Economic Regulator.

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Governance Consistency

Madam Speaker, the Government business portfolio comprises of State-owned Companies (such as Metro) and Government Business Enterprises. State-owned Companies are established under Corporations Law through their respective portfolio legislation. Government Business Enterprises are established under the *Government Business Enterprises Act 1995* through their respective portfolio Act.

Government businesses provide substantial returns to the State and provide essential services to the Tasmanian community. Given their significance to the State a sound commercial and accountability framework must exist for all Government businesses.

Although Government businesses are established under two different governance frameworks there is common objective that the governance and accountability framework is clear and appropriate.

The use of a Statement of Expectations has been an important part of the governance framework for State-owned Companies for at least 10 years. Recognition of its importance was legislated in 2009 for the two State-owned Companies created that year. The Statement of Expectations provides the respective State-owned Company a clear understanding of the Government's policy expectations for the company and provides the context under which the board is to operate and make decisions.

While not a legislative requirement a Statement of Expectations has been issued to all State-owned Companies and included the requirement that it be tabled in Parliament to ensure transparency.

The amendments included in this Bill will provided consistency and transparency in relation to the Statement of Expectations for all State-owned Companies and create a legislative requirement that it be tabled in Parliament, similar to the requirement for Ministerial Charters provided to Government Business Enterprises under the *Government Business Enterprises Act 1995*.

Madam Speaker, the *Government Business Enterprises Act 1995* allows the Treasurer to issue Treasurer's Instructions in respect of guidelines, principles, practices and procedures that must be followed by the business. The portfolio Acts of the State-owned Companies extends the requirement to follow certain Treasurer's Instructions to all State-owned Companies. However, the specific Treasurer's Instructions that are applicable are not consistent across the State-owned Companies.

All Government businesses also follow a common set of Guidelines and for Government Business Enterprises these Guidelines are linked to Treasurer's Instructions. However, for State-owned companies if the Government wants to ensure compliance with the Guidelines a Direction must be issued to the Board by the Members. The use of a Direction is not considered to be a most transparent and clear mechanism to be used for the implementation of general policies applicable to all Government businesses.

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Madam Speaker, the Bill inserts a new section “Members’ Statement of Expectations” in the Metro Act, with provisions similar to section 24 of the *Irrigation Company Act 2011*, to formalise the requirement for a Statement of Expectations. The new section is similar to clause 36(7) of the *Government Business Enterprises Act 1995* and will require the Portfolio Minister to table the Statement of Expectations in Parliament within 10 sitting days of it being provided to the Board of Metro.

The amendments in the Bill also requires Metro Tasmania to follow all relevant Treasurer’s Instructions issued under the *Government Business Enterprises Act 1995*. In the interests of promoting uniformity and consistency in the governance frameworks for all State-owned Companies, the Bill also amends the Portfolio Act of each State-owned Company to all have the same provisions.

These amendments will improve clarity to the Boards of the State-owned Companies and improve the consistency of the governance arrangements across the portfolio of Government businesses. The businesses are supportive of the amendments and welcome the additional clarity.

I commend this Bill to the House.