

UNCORRECTED PROOF ISSUE

Wednesday 3 December 2014 - Legislative Council - Government Businesses Scrutiny Committee B - Metro Tasmania Pty Ltd

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Wednesday 3 December 2014

MEMBERS

Mrs Armitage
Mr Dean
Mr Finch
Ms Rattray
Mrs Taylor (Chair)
Mr Valentine

IN ATTENDANCE

Mr Rene Hidding MP, Minister for Infrastructure

Ministerial Office

Vince Taskunas, Chief of Staff
Nick Peterson, Snr Adviser

Metro Tasmania Pty Ltd

Ms Lynn Mason, Chairperson
Mr Stuart Wiggins, Chief Executive Officer
Renella Oriol, Acting Chief Financial Officer
Rodney Byfield, General Manager Business Improvement Services & CIO

The committee met at 9 a.m.

CHAIR (Mrs Taylor) - Welcome, everyone. The committee is looking forward to your opening remarks, minister.

Mr HIDDING - I welcome the new CEO, Mr Stuart Wiggins. We are pleased to have Stuart on board. He has not been on board for very long but he has already made a substantial impression and he tells me he travels on Metro regularly now. He does field visits. Stuart is a

home-grown talent and it is great to be able to pick up CEOs for our government business enterprises, of which I have five. I have had the pleasure of making a number of appointments of Tasmanian people. Stuart is also a graduate of the Leaders Program in Tasmania. When I recently spoke to the Leaders Program it was not known yet that he was appointed, but I said we intended appointing a graduate from the program. They were all very excited that there is a career path in Tasmania for our young leaders. Stuart is very welcome aboard.

There are some new programs and features under way, and no doubt in the time we have this morning we will be running through those. We provided \$3.2 million in this year's Budget so Metro can continue its bus replacement program aimed at improving quality and progressing towards meeting its disability discrimination act requirements for wheelchair-accessible services. That DDA compliance is a very hard task master. It is super-expensive and absolutely worthwhile to do, but it is iterative. We would love to wave a wand and say, 'We will do that in 12 months', but we cannot.

Members will also be aware that the Auditor-General did a report on Metro in June which made a number of recommendations on Metro's service quality, particularly in relation to the adequacy of the information provided by Metro to its customers on bus-stop departure times. The report highlighted a high level of passenger satisfaction with the safety and comfort of Metro services, cleanliness of buses, the standard of service for people with disability, the provision of bus schedule information, and Metro's response to complaints.

Metro acknowledges that there are a number of areas where it can improve and is reporting to me regularly on work in that space. I can report that Metro's on-time running has improved from 81.3 per cent in April 2014 to 84.5 per cent in November 2014, clearly as a result of a Liberal Government by the look of those dates, or as a result of a range of measures that have been put in place following the Auditor-General's Report. These measures include better internal communications to reinforce the importance of not leaving designated stops early. It is something I have never considered as Minister for Infrastructure - buses coming late are usually the problem. Buses arriving early and taking off early are just as big an annoyance because they are not there. There were some very interesting findings there but there is good work taking place.

Recently, I was with the new CEO and the chairperson to launch a new app. By the end of the second day 1 000 people had the app. Almost 3 000 people now have the app. In the first two days 15 800 route queries were delivered for people planning their next trip and an average of 300 people use the app each day to plan where they are going, where the next bus is and the rest of it.

Down here at the bus interchange there is the window-based touch screen that I walked through the other evening and watched someone working to great effect. Also, they have upgraded the Metro website. I was very pleased to see that it has links to tourism features in Tasmania. We should all be selling what is available around here for tourists. Anybody who presses any buttons to see what is going on around here ought to be able to be told about those opportunities.

We should talk about Greencard a little later. It is important that we get more and more of our customers onto that and expand it throughout the public transport system in Tasmania.

Just in terms of interesting things you learn, we can picture all those buses out there. We know that sometimes during the day we do not see too many people on them. Certainly in the

UNCORRECTED PROOF ISSUE

mornings and the evenings they are crowded as people come to and from work. However, I just saw a little statistic at the annual general meeting the other day about how many boardings there are a year - how many people get on a Metro bus. I would ask you to consider - would that be 500 000 a year? Would it be 1 million, 5 million or 10 million? How many boardings a year on Metro buses?

Mr FINCH – 10 million?

Mr HIDDING - You have read it somewhere. It is 10 million.

Mr FINCH - Sorry, we were supposed to do homework, weren't we?

Laughter.

Mr HIDDING - I could not believe it. I went back and argued with my staff this morning. Could that be right - 10 million? It is 10 million boardings, in spite of the fact that we think that we have issues with Metro. Sadly, we have a declining full fare paying adult base. That is hardly surprising. Considering the make-up of this committee, I need to be a little gentle but the Hobart City Council's history of providing or approving commercial car parking to the quantity it has in the capital city. There has been an extraordinary outcome. There has not been a public policy response to the challenges, particularly of northern suburbs and further out now, of people coming into the city. There is simply not the volume to compete with private car parking. People want more and better services but, frankly, they are not available.

The last major construction, the last opening of a building just recently, the Vodafone Centre, was the car park. It goes on and on. I guess it is a function of this whole debate on amalgamation of councils and the rest of it. You have a city council out there in the suburbs saying, 'We want more and better public transport'. You have a city council in here saying, 'Bring your car in', and we are 10 minutes apart. Frankly, there has been a disconnect there, but it is what it is. We have to work with it.

As an example, I was in Brisbane recently and saw a businessman I know who now lives and works there. I talked to him in the main street. He said, 'I have to go before my meter ticks over from \$50 to \$65'. I said, 'How long have you had your car in the car park? Three weeks for that?'. 'No, two hours'. That is what it costs to park in the Brisbane CBD. They did that because of their public transport system. They have very good public transport but that is what it costs to park in the city. We are not in that space but we have the reverse situation. The Metro board and the management every day deal with that public policy legacy that the motor car is still by far the preferred option to get into the city.

They are my opening comments. Thanks.

CHAIR - Thank you very much. Did the Chair want to make an additional comments before we open it up for questions?

Ms MASON - No. That is fine, Chair. The minister has summed up our past year and some of the initiatives we are taking. Some of them are in response to the Auditor-General's report but some of them, I should emphasise, were already underway. The board is fully cognisant of the situation with public transport and particularly Metro's role in that. We are trying, with excellent

staff, employee support, to not reinvigorate public transport, but to ensure it has a very active role in the market of Tasmanian communities.

Mr FINCH - Minister, it was interesting that you talked about planning issues with the Glenorchy and Hobart Councils. I am curious about the approach Metro takes to being involved in planning bodies and planning issues and being across those new developments and things that occur in communities. As an example, my West Tamar Council did the Windsor Park precinct without communicating with Metro as to the requirements of the elderly and infirm who might want to travel from the West Tamar Highway into the centre. The buses cannot get in there properly and cannot go out. We have no bus service. The elderly have to walk 300 metres. I am wondering whether there is a mind set involved with planning. If not, does it need to be more of a consideration with Metro?

Mr HIDDING - Yes. But I preface by saying that that is a development matter, not planning. However, planning is even more necessary so that a government has a planning structure and a planning model that recognises that you want development along the best public transport routes. You do not want to encourage development a kilometre away from your best transport route. It is aggregation in planning terms and we are very much in that space as a government. We are setting up Infrastructure Tasmania that is going to be working with all those things to ensure we get a better overall handle on planning.

In terms of development matters, such as Windsor Park, I agree entirely and it was a disappointing outcome.

Ms MASON - You are right about West Tamar. The silver lining on that one is that it serves as an example to other local government areas that Metro needs to be involved right from the start in the layout because there is a limit to the turning circle of a bus. Even 300 metres, for people who may have some disability, is a significant distance and that needs to be taken into account.

On the plus side, during the past 12 months of my chairmanship, I have visited every local government council with which we are involved, some of them more than once, and Glenorchy in particular because of our work in that area. I concluded the year a couple of weeks ago by taking our new CEO to the general meeting of local government being held in Launceston to ensure I had given a briefing to everybody in local government about the matters that are important to Metro. The matters I have emphasised during those visits have been, yes, please involve us in the planning right from the start because until you have a bus attempt to circumnavigate whatever it is you are putting in, you will not know whether it is going to work or not.

There have been other matters we have talked about with local government because local government is in touch with its community and everybody around this table would be very aware of that. From our point of view, that constant contact and use of local government mechanisms to talk to communities about what they need and what we can provide has been incredibly important. Planning, I have emphasised over and over again, please involve us from the outset.

CHAIR - Supplementary to that, minister, in terms of the statewide planning scheme coming in and in terms of the Tasmanian Planning Institute, is there a role for Metro to be proactive, to go out there and say, we would like to be involved in statewide planning or the regional planning scheme because what the Chair is saying at the moment is that local government ought to consult you, and it should, but if they do not, the reverse is also true. Is there a role for Metro to be more proactive in being involved in the original regional group?

Mr HIDDING - We all know that planners when they are working on these schemes bear all these things in mind. However, is Metro in there in early thinking? Not necessarily, and I am not sure whether we could expect, under the corporation of Metro, to try to insert itself in long-term planning. However, that is precisely what I have in mind with Infrastructure Tasmania - that there is a structure within the department which is somewhat separate from the day-to-day, hurly-burly of it all and make sure we get those matters right, so if Metro does have a view about these matters and says, 'why have these planning decisions been made without us', there is someone in Metro who you can go to and say, 'Here is our daily issues. This is what we work with. We work with poor planning all the time. Look what we have to do to overcome that planning disaster or that one'. People start understanding then that if you change that and that the operation of a public bus company gets a lot easier and a lot more efficient and carries a lot more people.

Mr VALENTINE - It is so essential for Metro to be engaged in that regional planning process and to reduce not only infrastructure that is going in the ground, for instance, for services and those sorts of things but to make sure that an efficient and effective service can be provided. I have a question on that, in respect to the provision of services and how you benchmark them to know that you are providing a service that is efficient and effective. How are you doing that? Do you have metrics that let you know how many route kilometres you are travelling every year for, say, non-subsidised services or concession services, as opposed to fully commercialised services? Do you have those sorts of figures?

Mr HIDDING - We have some very clever service planners within Metro and there is one sitting right behind me. We could bring him up to address that, but as a business operator there is only one way to find out what works best. You do all your planning and then you try it and then you see what happens. There is a very good story about a new service that has been happening and we have business growth - can you believe it - Metro, we have business growth.

Mr VALENTINE - That is the central corridor?

Mr HIDDING - Yes. I will ask Lynn to speak about that and then we will talk about the route planning matters.

Ms MASON - Twelve months ago, in November last year, Metro introduced Turn Up and Go service from Glenorchy into the CBD. I am pleased to report that we have had over 8 per cent growth on that particular route. It works between 7 a.m. and 7 p.m. on weekdays, on a 10-minute regularity. You do not need a timetable; you do not need to consult anything. We were astounded and very pleased by the rapid growth. We expected it to take a little while to catch on. Within the first couple of months we were already up to 5 or 6 per cent improvement and it has been sitting on between 8 and 9 per cent continual growth since that time.

Mr HIDDING - It is still growing.

Ms MASON - We are extremely pleased with that. It bears out what we have heard from other jurisdictions within Australia and internationally, that what the passenger wants is to know how long they are going to have to wait for the bus. That sounds really simple. The critical timing apparently in London transport is 12 minutes, and in Tasmania we decided on that particular route because of its importance to Hobart, and we decided to go with 10 minutes and it has been extremely successful.

UNCORRECTED PROOF ISSUE

We would like to replicate that in other areas but that will take a little longer. At the time of the inauguration of this service we did receive some subsidy from government in order to keep it going. That has now ceased but the board determined that because of the popularity of the service and it's bringing public transport urban services into the twenty-first century for Tasmania that it was important to at least try to keep that going. We have committed to keeping it going for another 12 months and trying to absorb those additional costs in other areas.

Mr VALENTINE - In doing this trial, are you able to quantify in any way the detriment to other routes by providing extra service on this particular route? Is it that you have less frequent services somewhere else because you have increased the services up that central spine?

Mrs TAYLOR - You do not have more buses?

Ms MASON - No, we do not have more buses. We have had to be extraordinarily efficient and that is where the expense lay. If I may, minister, I will ask Rodney Byfield, our General Manager Business Improvement Services, to speak to that because he has been the person who has been most instrumental and who had to do a huge amount of very hard work very rapidly in order to bring this service in.

Mr BYFIELD - The Turn Up and Go service - for us it has been, first of all, dealing with the analytics or the data you are talking about. We have an enormous amount of data. We have built a business intelligence system over the last five years in conjunction with another company to make sure that all the data and information we have is stored and usable.

Mr VALENTINE - Is this through your Greencard stats collection?

Mr BYFIELD - That's correct. That collects basically ticket settings every three seconds through to five seconds. It gives us a GPS location and all the ticketing information. We can see that based on trend information that we form, and that trend information we can then plan against. As far as the Turn Up and Go is concerned, you asked about whether we had seen a decline in other services as a result of that -

Mr VALENTINE - Or whether you had to reduce other services to provide that service.

Mr BYFIELD - Yes, correct. By no genius of my own, it is really schedulers and planners who have crunched these numbers. Those guys have done a really good job in making sure that we run the channel services on that Main Road Turn Up and Go service really efficiently. We have dragged some of the services in to line up on the Main Road which previously would have zigzagged a little bit, I guess, and tried to complete that 10-minute cycle all the way along the road. It has worked, obviously.

What we have seen, though, is that most of the feeder services have actually increased. That is purely based on the numbers that we see; customers know that if they get to Glenorchy or get into Hobart on one of those feeder services, they have 10 minutes to wait and they are off again.

Mr VALENTINE - Have you increased feeder services to those nodes?

Mr BYFIELD - We have not been able to increase feeder services.

UNCORRECTED PROOF ISSUE

Mrs TAYLOR - It just looks as though your overall number of users has not gone up, while it has gone up 8 per cent on that route - overall it hasn't gone up.

Ms MASON - Very slightly.

Mrs TAYLOR - Very slightly it has, you are quite right, but very marginally. Your number of full-fare-paying passengers does not seem to have gone up dramatically either.

Mr HIDDING - We still find that really difficult.

Mrs TAYLOR - That was part of the idea for that route, wasn't it, to try to get commuters in who are full-fare-paying passengers. This was about your only full-fare-paying passengers, so the effectiveness of it -

Mr VALENTINE - My question really is: how are you gauging, or what are you benchmarking against, to know whether the cost of providing those sorts of services is effective and efficient? It is effective because more people are using it, but is it an efficient cost? What are you benchmarking against when you look at your service provision per se? I am not talking just about the spine, I am talking about the cost of running a full-fare-paying route kilometre compared to a concession route kilometre? How do you know that you are being efficient?

Ms MASON - We have contractual obligations under our new services contract with government and there are a certain number of kilometres that we must deliver. Under schedule 7 of the contract there are also not guidelines but there are mandatory aspects of service that we must deliver. So while I understand your point about ensuring that the services we provide are run as cost-effectively and efficiently as possible, we are also obliged through our contract with government, and rightly so - this applies right across the world - to provide services to communities where it is not necessarily going to look pretty on the bottom line.

Mr VALENTINE - Commercially liable.

Ms MASON - Yes.

Mr VALENTINE - A community service obligation.

Ms MASON - Exactly, yes, we do have a CSO and that is a community service obligation, I suggest, which applies to almost every public transport company in the world.

We are very aware of our responsibilities in that area. I can say also that we are constantly working on a very strong relationship with the Department of State Growth - obviously with the minister but also with his department - to ensure that the terms of the contract do not make it absolutely unviable for the company to continue to run services. During this current financial year we are again visiting the restrictions or the boundaries within which Metro operates to ensure that we are providing the best possible service for the greatest number of people at the lowest possible cost. It is too easy when I trip it off the tongue, isn't it?

Mr HIDDING - This contract that we are talking about here is between government and the corporation but there are in fact financial penalties for not meeting certain things, and they do apply. There is currently a financial penalty being levied upon Metro which has the effect of one section of government penalising another section of government. It has the effect of this

UNCORRECTED PROOF ISSUE

corporation getting its nose to the grindstone and complying with its contract. However, it can have some strange outcomes and for that reason we are continually talking about these matters.

CHAIR - But Metro can vary the contracts and there have been times in the past - and I presume that might still be happening in the future - when Metro doesn't want to do a particular service anymore that it can ask the government to give that particular route back and the government then will contract it out to a private operator, as has been done a number of times.

One of the things we found interesting over the last year or so is looking at the service from Derwent Valley, for instance, which used to be run by Metro and was handed back. It appears to be being run successfully by a private operator so if a private operator can do it, financially viably, why can't Metro?

Mr HIDDING - That is a very good question and it is probably an obvious answer and that is, because they can do it cheaper for a very good reason. You might recall that Metro was offline for some time. We had no buses on the road. What was that about? That was about salaries for drivers/bus operators and there is no question private bus companies can do these services cheaper than Metro. That is environment we are in and it is a frustration to Metro and it is a frustration to the private sector as well, but that is the reality we are in.

Mr VALENTINE - Along the same line of questioning, is the non-concession full adult fare that you set fully commercial?

Mr HIDDING - Just so the committee understands, every year you approve the State Budget which includes an amount of money where Metro starts from, and that is nearly \$40 million a year. So let's not be talking necessarily about what is commercial or not -

Mr VALENTINE - It is a cost to provide the service rather than Metro making a loss, isn't it? That is an important point to make.

Mr HIDDING - That is right so perhaps we will ask the chairperson to explain the commerciality of how Metro operates in that environment.

Ms MASON - Thank you, minister. When Metro was established as a state-owned company back in the 2001 legislation, it was agreed at the time, and it is built into the legislation, that Metro was never going to run at a profit. It was recognised that the provision of a public transport system in our urban areas was highly unlikely to ever pay a dividend to government. The best it would do would be a break-even service.

That \$40 million is payment for provision of contract which is common to other bus companies operating within the state. We all operate on contract and the contracts are provided by Government to undertake a particular service. Yes, it applies to Metro but it also applies to Tassielink and Redline and all of the bus services that operate on government contracts. The proportion of our revenue which comes from fare box varies between about 18-19 per cent up to 25 percent. It fluctuates depending on how successfully we are encouraging -

Mr VALENTINE - With 'fare box' are you talking about commercial earnings?

Ms MASON - I am talking about people paying as they get on the bus.

Mr VALENTINE - Concession or otherwise.

Ms MASON - All of them, including students.

This particular figure, while it might sound rather low, is also comparable with international figures. It is very rare for a public transport company to get very much more than that from its fare box. They work on contracts, just as we do.

I think I have lost the drift of the question. I am terribly sorry.

Mr HIDDING - Sorry, I asked you to explain how the company operates commercially despite of the fact it starts with a \$40 million.

CHAIR - Rob's question was about your full fare paying passengers. Does that cover the cost of their journey? I know that most of your customers are concession.

Ms MASON - It is less than what the Economic Regulator has set as the maximum fare that Metro could charge. The board has consistently decided over as long as I can remember - and I have been on the board for seven years - to go below that maximum possible fare. The board's belief, supported by our employees, is that were we to charge such a high rate, we would in fact make public transport utterly undesirable within Tasmania. It would completely counteract any good we were able to do by the provision of good service, clean buses, friendly drivers - the whole works. We have gone consistently below that. Without being able to cite chapter and verse from the OTER regulator's reports over the last number of years, it would obviously provide for a higher return if we managed to retain the same number of passengers. Our belief, however, is that that would not be the case and it would be quite counter-productive to in fact do that.

In its last report, the Office of the Tasmanian Economic Regulator (the OTER report) failed to set a fare structure and a fair price for Metro. That has been left for the minister to do.

Mrs ARMITAGE - The Catholic Education Office has written to us but they wanted to stress that they have a very good relationship with Metro. All of the schools have come back and said that. However, they did mention that Metro does not operate in the Devonport area. DIER provides \$35.84 million to deliver bus services in Hobart, Burnie and Launceston. What about Devonport? It is a major tourist entry point, given that is where the *Spirits* are. Also, in the previous 2011-12 GBEs, it was referred to that Metro was working with private operators to ensure bus services were adequate for Devonport. What is happening with Devonport? Is Metro planning to offer coverage there, both school or otherwise?

Mr HIDDING - No, Metro is not because there is a very well-accepted private sector operator in Devonport at the moment.

Mr VALENTINE - Merseylink.

Mr HIDDING - Merseylink, Phoenix mostly.

CHAIR - And they have a contract with you?

Mr HIDDING - Yes, they do. A number of contracts. They are a big player in that area and do it very well.

I recall when Metro went into Burnie it just so happens that I was on the Metro board at the time as the Launceston City Council representative on the board. I handed over to John Lees. I recall the excitement of Metro going into Burnie then. We were going to our third largest city. We were going to bring Metro services and, frankly, it was not a lot different from what was already provided for. We were able to operate back then in a new environment to give better service. In this new environment - the much more regulated or highly contracted environment we are in - it is not at all axiomatic that if Metro were to buy out, for instance, Phoenix Merseylink, because that is the only way you could get in there, that anything would improve. It could well go down, so the notion Metro is in there or not does not matter much.

In other states and jurisdictions you cannot tell whether a bus is a Metro bus or a Phoenix bus. If they get a contract from the State Government they are all painted the same colour and you do not know whether it is a government driver or a private driver. It could be that eventually Tasmania moves into that space as the two sectors are working closer and closer with integration of the Green Card and whatever. There is a logic that develops there and as a government we have our eye on that. We would not want that to destabilise our very good workforce at Metro or the private sector.

Mrs ARMITAGE - While I am on the letter from the Catholic Education Board, they also made a comment that services to schools seem to have a heavy bias towards the Department of Education dates and schedules. What would you say about that?

Mr HIDDING - You would be concerned if there was not a bias.

Ms MASON - This is very operational. I do not know whether Rodney can provide some information about that. I know we have extensive and intensive conversations with all sorts of schools at the beginning of each school year. I can think of one particular state school that wanted a variation of five minutes in the pick-up time and it proved to be absolutely impossible - we simply could not do it. We had to say, 'No, I'm afraid we can't do that. This is when we pick up your children because if we don't do it here then we are going to miss there'. Scheduling is incredibly complex.

CHAIR - The question was about dates rather than times.

Mrs ARMITAGE - It was. They just felt there was a bias towards Department of Education dates as opposed to the private school dates.

Ms MASON - I would be surprised about that. It may appear that way but Metro has gone out of its way to ensure, as best it can, that it is catering for the needs of all the schools in the state. If there is a particular variation that is going to be extremely expensive for Metro to cover, it is sometimes easier for the school to make alternative arrangements through charter rather than involving a complete scheduling change just for a couple of days.

Mrs ARMITAGE - I have an example here. Changing timetables is difficult, with the example given of a timetable which was brought in to accommodate for school runs after the Tasman bridge disaster in 1975. The example is: St Cuthbert's, Lindisfarne, where students have their school day cut short due to a timetable initiated after the 1975 Tasman bridge disaster. Despite numerous attempts, the school community have not been able to change this timetable. Can someone comment on that?

Mr BYFIELD - That is news to me, but I will take that on board and we will go back and have a look at that.

Mrs ARMITAGE - They have been trying for a long time and they are cutting their day short.

Ms MASON - I can say in all honesty that I have been totally unaware of this issue. If it has been brought to the attention of our team over this number of years, I am very surprised it has not risen to the top. You may be sure that Rodney will deal with it.

Mrs ARMITAGE - Out of the 218 school buses, how many meet the Disability Discrimination Act for students who may have a disability?

Ms MASON - I do not know whether we would have a figure on that, Stuart, would we?

Mr WIGGINS - No, we have a general overall figure.

Mr HIDDING - We do not have dedicated school buses, do we? Our buses are buses.

Mr WIGGINS - They are used across-route services and the bus services.

Mrs ARMITAGE - If you had a child with a disability at a particular school, you would ensure that bus was on that route?

Ms MASON - Under the rules, it is not necessary for Metro to undertake that responsibility. The Department of Education arranges special services for those children who are unable to use the normal public transport services and that is why Metro does not have to comply with DDA legislation for school services.

Mrs ARMITAGE - The same with private schools?

Ms MASON - The same would apply, I imagine.

Mr HIDDING - I think they have the same access to the same provisions. There are maxi taxis and other things that individual cases can access.

Mrs ARMITAGE - Minister, considering you were saying it is very difficult for Metro to be as cost effective as a private operator, has there been consideration of Metro being privatised?

Mr HIDDING - No, because privatisation would still start with \$40 million. At the end of the day it still costs \$40 million. For us it is not on the table. We would only be looking at that at outcomes.

I will ask the general manager to provide an update without being too specific, as it is commercial. For instance, on the north-west coast there is a classic arrangement. You have the Devonport scenario and the Burnie scenario. We saw that a bus service between Latrobe and Wynyard - along that whole conurbation of linear development - should be in the space of an hour because it is about 40 minutes by car. A bus service of about an hour would be terrific. It is

UNCORRECTED PROOF ISSUE

currently about two and half hours which means it is no wonder they need a Latrobe hospital and a Burnie hospital. They all have to have service because there is no service.

There was a study done as to what you would need to do and we found that Metro runs a service from Burnie to Ulverstone. Phoenix runs a service from Latrobe to Ulverstone and that was quite long enough and there are bits and pieces to do. In that circumstance normally, if a government wishes to have a better outcome, bus company A and bus company B, you throw them in a room, and one buys the other out, so they can do that. There is a formula for that. I have asked Metro to interact with Phoenix, to look at that situation, and that is currently under way. That is an example of how you do not need to privatise.

Mrs ARMITAGE - You consider bus services are appropriate in the state at the moment. Can you tell me why an area such as St Leonards which is fairly close -

Mr HIDDING - Sorry, nobody said the bus service is appropriate. Where there is no level that is a very generic thing. Where is appropriate?

Mrs ARMITAGE - That is all right. Can you tell me whether it is appropriate for an area such as St Leonards, with quite a sizable population, and development happening there, particularly with Centrecare building quite a few units there a couple of years ago, has no bus service whatsoever on a Sunday?

Mr HIDDING - I will ask the chairperson.

Mr DEAN - While they are answering that, you might be able to answer in relation to Ravenswood and Rocherlea as well. The bus services on weekends, right across the whole of the northern suburbs, St Leonards, the whole area of Waverley, the lot.

CHAIR - Are they non-existent?

Mr DEAN - They are almost non-existent.

Mrs ARMITAGE - It is non-existent at St Leonards and having lived there with a son who needed to get to work - many years ago and it is still the same now - and with children and older people, and particularly with Centrecare having built those units a couple of years ago, to put them in an area where there is no transport.

Mr HIDDING - Before my time and I think before this chairperson's time. I recall, as a resident of Launceston, an announcement from Metro, around 10 years ago, that its Sunday bus services were so unviable, so few people were using them, and they were costing so much money, that they decided to trial doing without them and you would never bring them back. But you are now asking why they are not running.

Mrs ARMITAGE - You cannot use them if they are not there.

Mr HIDDING - Precisely.

CHAIR - Also, development in those 10 years, as you are suggesting, would change that.

Mrs ARMITAGE - There is substantial development.

Ms MASON - That has summed up the irony of provision of public transport in Tasmania, that to some extent we have to try to make the bottom line look reasonable. We are not expected to make a profit but we are expected to try to break even. For that very reason Sunday services to St Leonards were discontinued some years ago because they were so under utilised that it was impractical from our point of view to keep them going, even though for those people who were making use of them they were a valuable tool.

We will, over the next couple of years, be re-examining the entire network in Hobart in an attempt to streamline and make more efficient that particular service. Immediately following that we will move into a full-scale reconsideration of the Launceston services. Rodney has informed me that the preliminary discussions have already commenced.

Mrs ARMITAGE - For Launceston?

Ms MASON - Yes, for Launceston and then Burnie. Simultaneously, we are in discussions with the Department of State Growth about what the urban service guidelines should look like. I mentioned before the contract and how that both restricts and enables us to deliver services. As with any modern enterprise we need to be constantly thinking about how things may have changed since those rules were put in place. We are in discussions now with the Department of State Growth about the urban service guidelines. Some of that is a recognition of where we need to provide a service, which is almost a purely community service obligation, but where also the 'use it or lose it' principle comes into play. That is what happened with St Leonards all those years ago and there will almost never be no one using the bus, but there is a limit, where under usage will eventually lead to withdrawal of the service.

Metro is thinking very carefully about how to instigate this particular program of change, if there is change. We are aware that the public needs a reasonable lead-in time and it also needs to understand why things are happening. The same thing applies if we introduce a new service. It is telling our public and our communities, and often this is done through local government, 'We are going to put this service in, please make use of it. If you don't make use of it after six months it will disappear,' because we cannot run services indefinitely that are not making any money whatsoever. One way or the other you will pay for it through state taxes or through using the service. It is much fairer if the people who need the service are the ones who are paying for it.

Mr HIDDING - Can I ask you to tell the committee what you told me at one of our first meetings, as a great example of where people's minds are at with these minimal services. There was a proposal to withdraw a service at a certain place. The most that the bus ever carried was this number. When it was proposed that the service withdraw, the number of people who had made formal representations for it not to be pulled out was far more than ever travelled on the bus. People want to keep the service, but not use it. We understand that we are in the business of fresh air transport a lot of the time. However, there has to be a point. They have to use it. It is not there for people to look at and feel comforted by seeing the thing go by.

Mrs ARMITAGE - I think the word 'service' though, it is a bus service and as -

Mr HIDDING - Yes, but it has to have people on it, doesn't it?

Mrs ARMITAGE - Metro is not set up to make a profit, nor is it expected to pay a dividend to government shareholders. It is a service and for people in areas like St Leonards and other

northern suburbs areas to be isolated of a weekend, in this day and age, when we are trying to keep cars out of cities.

Mr HIDDING - That becomes a public service challenge.

Mrs ARMITAGE - I go back to the word 'service.'

Mr HIDDING - Not to inject any levity into it, but we would be, as a state of Tasmania, far better to issue the three or four people at St Leonards who may have used it back then, with their own personal Cabcharge dockets. It would be far cheaper.

CHAIR - Can I ask a supplementary to that because are new around the table since the last time - new Chair, new minister, new CEO. In particular since the upper House did the committee inquiry into public transport. One of the things that we heard then was that there are other models around the world that Metro was looking at - not necessarily considering putting in - and talking about somewhere in South America, Brazil I think, where they do exactly as you just alluded to, where they do not put buses on but might have a cab service for those very few people who might need it and, again, not free but at a subsidised rate so that people would still have access. Are you still considering those kinds of alternatives?

Mr HIDDING - Metro is not because Metro is in the space of buses, so therefore Metro obviously had a view about the light rail option to the northern suburbs. The latest report that has come out, and we will give it to Infrastructure Tasmania when it is established, says, though, you should stick with buses. Buses will provide by far the greatest bang for buck over light rail. They just do.

Mr VALENTINE - Or ferry perhaps.

CHAIR - Other forms of public transport, we are talking about.

Mr HIDDING - There are key issues about the number of stops; this was very strongly explored in the light rail case. I have researched it in other areas and they are dead right, they are basing this on world knowledge that you might be able to get people on the light rail service if there is only one other stop: you have to drive from your home to a spot, park your car and get on the service and that is as much you will get people to do, but to have them get off again and go to something else again, that is not going to happen and experience shows it.

You are raising a question of transport policy generally, and this is a Metro inquiry, but I will say that we just keep talking about all the other options. One of the options that you are talking about in Brazil and in South Africa are unofficial taxis - you will see them, someone will have a Toyota Tarago and just start going in to work.

CHAIR - I do not think that was the Brazilian case; I think it was being run by the public transport bus company.

Mr HIDDING - There is a lot of this semi-official transport which moves a lot of people very cheaply. For any one coin you just jam in and you see 12 or 15 people jammed into these things.

CHAIR - I am not suggesting we do the South African model.

UNCORRECTED PROOF ISSUE

Mr HIDDING - No, which is somewhat amusing in that around Australia right now you have this Uber system which are private taxis.

CHAIR - Yes.

Ms FORREST - That is good.

Mr HIDDING - They are not good. I am the minister and I am telling you that they are not good because they are unregulated and therefore dangerous.

There are many options for public transport but in the Tasmanian context, particularly here in Hobart, the capital city, where there ought to be a much better use - for \$40 million we should have a lot more people on the buses but we do fight this other issue that the private car has basically a free run.

CHAIR - Our inquiry found that what people want is fast, frequent, reliable, cost-effective transport. Metro at the moment, even in Hobart, is not able to provide that because otherwise people would vote with their feet.

Mr HIDDING - To a greater or lesser degree. It does its very best and -

CHAIR - Otherwise people would be catching the bus.

Mr HIDDING - It would be ideal if I could provide a dedicated lane along a route for -

CHAIR - Why don't you?

Mr HIDDING - All these car users that are using these garages in the city here -

Mr VALENTINE - No, they do not use their garages, they use private enterprise garages.

Mr HIDDING - Yes, I know - that you allow -

Mr VALENTINE - That's private enterprise.

CHAIR - You did it in your previous role but you are not doing it now, though.

Mr VALENTINE - I voted against the last one.

CHAIR - We will not blame, Rob.

Mr HIDDING - All those people will have a very strong view about having a lane taken off them and an extra half-an-hour delay in their lane to get into work. That is the reality. If I could build a extra lane -

Ms RATTRAY - They could get on the bus then.

Mr HIDDING - This is what happens in other cities, you do have dedicated lanes and -

UNCORRECTED PROOF ISSUE

CHAIR - You could have a train much cheaper than you can buy another lane.

Mrs ARMITAGE - It is the O-Bahn that I actually meant.

CHAIR - Let the minister talk.

Mr HIDDING - I met the previous mayor and told him precisely the same - it is what it is, it is history.

Mr VALENTINE - It is a good thing to have a talk about, isn't it?

Mr HIDDING - We have to name it up. I am the minister responsible for this company which operates in a very constrained environment because of previous planning decisions and there is just no question about that. I am bending my mind to all sorts of matters. For instance, bus services coming in from the very populous area up there that comes down the freeway, comes onto the couplet between Macquarie Street and Davey Street, comes down Macquarie Street. If we could flow better there, if we could give buses a skin up through there, it would make a big difference. However, I do not even own that couplet. The Hobart City Council owns those two streets and they just look at me blankly when I raise it. These are the constraints that we have in this state.

Mr VALENTINE - Looking at the condition, you could take them back.

Mr HIDDING - The General Manager wants to add something to that.

Mr WIGGINS - To support the bus priority measures, we are working very effectively at the moment with the Department of State Growth, the Hobart City Council and the Glenorchy City Council on the Main Road between Hobart and Glenorchy on bus priority measures. We are going through the public consultation stage at the moment of implementing potentially two traffic light priority lanes on two of the main intersections, to get the bus out in the front of the traffic to increase our effectiveness or on-time running as well, but also analysing where our bus stops are to reduce traffic congestion as well. We are very proactive in that area and it is good to see this one going through the consultation period. We are hoping to have some positive news from that in the near future.

Ms RATTRAY - Minister, there are no financial targets that Metro has set for 2014-15. I would have expected to see that in a corporate plan. Have you any comment on that?

Mr HIDDING - There is an annual statement of corporate intent which would not be available but I will ask the Chairperson to address that.

Ms MASON - Sorry, I am a bit lost by the question, Tania, because -

Ms RATTRAY - A projection of income, a financial target for the organisation.

Ms MASON - That is contained within our 2014 budget. The 2015 budget has not been done yet although we will start work on that very soon. But within our budgeting processes, we have worked out how much we would expect to raise from each of our potential revenue sources, in the basic way of any business, what our expenditure is likely to be. The expected revenue over expenses for the current financial year is approximately \$47 000. Until we get to the end of the

year, of course, we will not know whether or not we achieved that target, but we are expected to break even in the current financial year. We are at the same time appreciative of the injection of the \$3.25 million that we have got from Government for this year as well because that is what goes onto our infrastructure spending. That \$47 000 does not buy much of a bus.

Beyond that we have also, within the last two years, undertaken a financial sustainability review with the Department of Treasury and Finance and the old DIER, Department of State Growth, and that examined how Metro could be placed on a more sustainable footing. There were a number of imperatives that came out of that study and those are being actioned progressively over potentially the next four or five years of our cycle.

Ms RATTRAY - Is that document available? I haven't heard of any outcomes as yet.

Ms MASON - I imagine they would be. May I ask Renella, minister?

Mr HIDDING - Yes, sure.

Ms ORIOL - [inaudible]

CHAIR - You need to repeat that for *Hansard* at least.

Ms MASON - The outcomes of the financial sustainability review and the agreed initiatives that would arise from that are not publicly available. It is a document internal to the Department of Treasury and Finance and Metro.

Ms RATTRAY - The committee might be able to access that, minister, in confidence.

Mr HIDDING - It might be able to access a version of it but what we are drilling down to here is corporate information. These corporations are entitled to protect the commerciality of certain matters. However, I will ask the chairperson to consider that in providing what she can to the committee, possibly in a commercial-in-confidence manner. It will still be a version. Those documents are internal government documents. They are to do with the working of a corporation, and just as with any other corporation, we would not have them out there because they are in commercial environments.

Ms RATTRAY - This committee of the Parliament has proper procedures in place to get an understanding of this business but also to have that information for our own record.

Mr HIDDING - Yes. What I will place on the record is that I cannot guarantee that every single figure will be made available to you but there certainly will be what can be made available. I will ask the chairperson to make that available to committee members.

Ms MASON - From our corporate plan, we are obliged as a government business to provide a statement of corporate intent and I am afraid I do not know how publicly that becomes available. Obviously, it is a very intensive document from our point of view. It provides profit fare revenue and cost per service kilometre, all as targets within that statement. We also have to provide a percentage reduction in corporate overheads. That took quite some negotiation. It was part of the drive for increased efficiency for the company to negotiate by what percentage we were going to decrease our corporate overheads. It was quite difficult to arrive at but we have done that as well.

So that statement of corporate intent flows out of the corporate plan which, initially, must be provided to our shareholder ministers, the Treasurer and the Honourable Rene Hidding. From there, the statement of corporate intent has to go to those shareholder ministers for their examination and, indeed, approval.

Mr VALENTINE - So we could ask you questions at estimates on some of this stuff, I suppose.

Mr HIDDING - Exactly.

Mr VALENTINE - That is probably a vocation for those questions.

Mr HIDDING - Yes, I guess at that point I would be saying you would have to wait until the GBE - and we are here.

Laughter.

Mr VALENTINE - I guess my observation is that at some point, being a public company associated with government, we need to have a really good transparent look at the whole operation. If we cannot get certain reports, it makes it a bit difficult.

Mr HIDDING - No, all I am saying to you is while I cannot guarantee you every single document, because there may be some good corporate reasons why it is not available, I have asked the corporation to make available what it reasonably can. I, myself, will have a look at the shareholder arrangements as to make available what I can. I am sure you will have documents that give you a very good handle on what is going on.

Ms RATTRAY - In relation to this state-owned company not being required to provide a dividend, and I absolutely understand all of what you have said about the CSO and the difficulty around providing services and the cost and then potentially losing customers - but is there a formal arrangement that Metro does not have to provide any dividend back to the government? Is there formally a document?

Mr HIDDING - There certainly is. There is a dividend policy agreed to every single year. Given that we would need to first start with clawing back our own \$40 million before we started clawing anything else - we are about \$40 million away from our dividend - that document is not hard to sign. Both shareholder ministers sign it once a year. The dividend policy for the year for Metro is zero.

Ms RATTRAY - That is between the government of the day and Metro. It has nothing to do with Treasury?

Mr HIDDING - No. Treasury is an organ of the government but the shareholders of this company are represented by two ministers - one is the shareholder minister, one is the portfolio minister - and we act for the people of Tasmania. You represent the people of Tasmania, so you can ask all the questions and be provided with all the information.

Ms RATTRAY - That is what we are trying to do.

UNCORRECTED PROOF ISSUE

Mr HIDDING - Yes, and as I say, we will make available precisely what we can.

Mr DEAN - If I can just go back to the northern suburbs again.

CHAIR - Of Launceston or Hobart?

Mr DEAN - Launceston. What allowances are made in any planning that you do, minister, in relation to bus services for those lower socioeconomic group areas? Rocherlea falls within probably one of the lowest socioeconomic group areas in the state, as do some of the other areas that I have some responsibility for. What allowances are made for bus services through those areas? I do not hear and see too many complaints coming from the West Launcestons and the East Launcestons and those other areas. But certainly I get heaps and heaps from St Leonards, Rocherlea, Ravenswood, Waverley, Newnham -

Mr HIDDING - Not enough services.

Mr DEAN - Lack of services, and those people feel that they are being let down by previous activities that have occurred in some of those locations. What allowances are made by Metro to give good service?

Mr HIDDING - Can you give us a bit more information on that last statement?

Mr DEAN - Well, Ravenswood was a good example, minister, going back about three years ago where a number of buses were attacked and the services were cut for a period of time. I felt it was to teach those people a lesson, which I felt was a horrid situation, but anyway, that happened.

Mr HIDDING - If it is felt that Metro is withholding services somewhere as some reaction to a previous thing I would be astonished as minister. I will ask the general manager whether he is aware of any such thing?

Mr WIGGINS - I understand from past history that services have been removed, not to punish the community but to protect the driver and passenger safety on the bus at that time. Those reductions in services are for a limited time. They are not used to remove services.

CHAIR - Does that not have the same effect, though?

Mr WIGGINS - For a short period, it does.

Mr HIDDING - Yes, but it is a limited time. As long as they genuinely come back.

Mr WIGGINS - We work very close with Tasmania Police. We have officers based at our southern operations and we work closely with north and north-west. They work with us to identify those individuals and we return the services back as soon as we can. We are in the process, as we mentioned, of doing a northern Tasmania review. It is going to focus on all of the census data and the up-to-date priorities. We should be working with the Department of State Growth on the frequency of services based on population areas. We are very keen to improve the patronage numbers in the Launceston area which has suffered a slight decline. Overall in the last four years it has increased, but we take on board your feedback and that would definitely form part of this Launceston run time review project, which started only two weeks ago. It is a priority.

UNCORRECTED PROOF ISSUE

Mr HIDDING - How can we Mr Dean and his community people out there involved in this review process?

Mr DEAN - Are special allowances made for better services in some of those lower socio-economic areas where there are reasonably large population bases?

Mr WIGGINS - Yes. I might refer to Rodney who undertook the northern suburbs review in Hobart. It involved some of those similar type areas that Launceston has.

Mr BYFIELD - We have a service contract that we have to comply with. It is based on kilometres, so anything we do that affects those kilometres we have to negotiate with a number of stakeholders, including DSG, which is the primary one that holds that contract. As to whether we remove services based on incidents or activities, I am certainly not aware of anything like that, other than a temporary removal for the safety of our own drivers.

Mr DEAN - Late night services were cut because of activities.

CHAIR - Permanently?

Mr DEAN - I think so.

Mr BYFIELD - Most of our service removal, if it is taken away, is based on - excuse the language - bums on seats. The bus is a 13 tonne vehicle and there are 70-odd seats on the bus; it is not a taxi. It does supply a service. We realise there are people with economic constraints and that they require a bus as a service, but physically we have to look at where the best option for our customers is in the area and we have to make sure we can maintain that level of service within that area. If we cannot get the people on the bus, it comes back to what Lynn was saying, we have to look at where we can utilise that service better. That is usually the judgement we use.

Mr DEAN - I come to the old perennial question we always raise at these hearing and that is, smaller buses. I hear Metro, all the time, saying it cannot be done, it is not cost efficient, et cetera. But is that being considered? It seems to me, the purchase of smaller buses for some of these areas also has savings on road use. It serves a number of other purposes, minister. Is there any consideration at all for smaller buses for certain routes and certain times?

Mr HIDDING - That is interesting because I was on the Metro board when we brought in the midi buses but that was as small as they got. They were not all that small and that is because invariably they end up on a run somewhere where you need a bigger bus. You could be excused for thinking we could shrink them all and have more of them. However, that is not your only cost, the operator is the cost, and also that bus has to carry 50 or 60 people at a certain time of the day. In an operational sense, I would be interested to hear from the CEO and Rodney, where your heads are currently on this whole matter of bus sizes.

Mr WIGGINS - To support the minister's comments, the largest single cost to run a bus is the driver. Our peak service load is high in that two hours in the morning and two hours in the evening. It is not economically viable to run those smaller buses on those smaller routes because we need more, and the capital cost is proportionally higher than for a standard bus. To provide the best balance between service delivery and economic management, the midi buses have not been a success for Metro and we have been phasing them out of the system.

Mr VALENTINE - The volume of maintenance goes up too, doesn't it?

Mr WIGGINS - That is right.

Mr DEAN - The budget cuts, staff cuts, will that impact on Metro and if it does, where will it impact and what will happen?

Mr HIDDING - The budget cuts are to government agencies and my own Department of State Growth, of which I am one of the ministers. We are all participating in a review. We have a task to do, delivered to us for varying reasons but we have to do the task. Our requirement of all our shareholder expectation, of all our government business enterprises, is to operate in a way that reflects appropriate fiscal discipline for the business. A range of measures has been taken to ensure the business will behave in a manner that is consistent with the expectations of the community and the state's challenging financial circumstances. We have also taken a number of steps to strengthen the guidelines as they relate to government businesses. We have reduced the number on the board of Metro by one. There was a retirement that took place and he chose to go early. He was the interstate person.

Mr DEAN - I was going to get to the board costs, et cetera.

Mr HIDDING - The shareholder expectations of all our corporations is that you must operate in a new environment of fiscal discipline, not that they were not before, but every organ of state government is going through this. We are right to ask our corporations for the same constraint and they are delivering it, including their own board fees, the number of board members, remuneration guidelines for CEOs. All that is in the new era of restraint. However, there is no way for us, and no appetite, to impose any kind of restraint on employment numbers. In an operational business like this they need x number of people to fulfil their contract. The corporations are not subject to the same constraints and we would not be able to do it.

Mr DEAN - So the administration of Metro will remain as it is, there will be no decreases or cuts?

Mr HIDDING - That is not necessarily the case. That is an ongoing matter for the board which will continually review its own operations to ensure appropriate fiscal discipline and we are confident that the boards will do that.

Mr DEAN - My question is, is it envisaged that there will or will not be cuts in the administration area of Metro to meet requirements of the state Government in the decreasing of the size of the public service and State Service?

Mr HIDDING - Just to be clear, we have not changed the contract. The contract is for x number of kilometres and if we are not changing that -

Mr DEAN - No, I am not saying that. I am talking about staff and people.

Ms MASON - Flowing out of our submission of our corporate plan to our shareholder ministers, we were then obliged to come up with a statement of corporate intent which is a far more disciplined document - the corporate plan is disciplined as well but the statement of corporate intent is far more specific. Within that, we have had imposed a percentage reduction in corporate overheads which might go some way towards answering your concern.

Mr DEAN - Can you tell us where the corporate overheads have been cut?

Ms MASON - This has only been signed off within about the last three weeks, so I cannot say where specifically they will be. I am aware, however, that Metro has a target that has been set by our shareholder ministers and we are obliged to meet that target.

Mr DEAN - Why can't you tell us?

Ms MASON - Because we have not made the decisions yet about where we are going to do it and how we are going to do it.

Mr DEAN - The recommendations have been made, is that what you are saying, but the decision has yet to be made?

Mr HIDDING - We have negotiated a statement of corporate intent with all our government business enterprises of which you are scrutinising a number this week and you will understand -

Mr DEAN - We are trying to do it but it looks like we are meeting hurdles.

Ms MASON - Not deliberately.

Mr HIDDING - Let me assist the chairperson. If we were to provide certain information to you now publicly, there are names attached to those roles and that would be no way operate. I would be horrified if she was required to do it and I know she will not do it.

There is a fiscal discipline being imposed, by the statement of corporate intent that we have been negotiating with all our GBEs, for them to operate in a tighter, better, cheaper, smarter way than they have in the past. This is what this Government does and it is what we are doing. This corporation will do it like everyone else and they will do it sensibly, they will bend their mind to it and they will eventually advise us where they have made some reductions and we will say, 'Well done, you have met your statement of corporate intent' and then we can share with you where the reductions were. For that now to be named up, as to which departments of administration, will have the effect of naming people, and it is not going to happen.

Mr DEAN - So we know the document has been done, that there has been a position put forward and that is yet to be signed off and agreed to. Can we be assured then that there will be no cuts in any of the services provided by Metro currently, minister, as a result of what might occur into the future?

Mr HIDDING - There are two documents, one is the service contract and there is no change, and the other is we have asked for more fiscal discipline and that does not affect that. It cannot. They still have to manage their contract.

Mr DEAN - Is there a quantum put on the fiscal discipline that you have talked about?

Mr HIDDING - I guess you could express it in a quantum and I have no idea what it is but there is a negotiated statement of corporate intent with all of them. They provide us with a document, we look at it, it goes to Treasury, it comes back and we look at it and think we can do better. It goes backwards and forwards and finally it is agreed between the shareholder ministers

UNCORRECTED PROOF ISSUE

and the corporation and the only next question that could be answered by this corporation is how they delivered on it. How they intend to deliver on it would be naming people up and I do not want that to happen.

Mr DEAN - Is there an amount that you could give us that you are expecting the Metro to deliver back to the Government?

Mr HIDDING - I can provide that to you later. I do not have it here now. As minister I have the document and we probably need to do some calculations to see whether there is a percentage we can provide to you.

CHAIR - Is it a percentage or in the form of a percentage?

Mr HIDDING - My documents are not, we would need to calculate that.

Mr DEAN - So that can be tabled at a later time?

Mr HIDDING - Yes. Under the same arrangement as the previous information, I will seek to provide that to you.

CHAIR - Next year, we will ask you: has this been done and how have you achieved it?

Mr HIDDING - 'Did you manage to comply with your statement of corporate intent?'

CHAIR - Yes.

Ms RATTRAY - You have already given the other place a question for next year.

Mr DEAN - My last question on that point is about the positions you have identified. When will a position be known on that and when is that position likely to become public? A document has been provided in relation to the changes that are likely to occur within the organisation, when is that document likely to be released?

Mr HIDDING - I am not aware a statement of corporate intent is ever released. I am not sure, I am a new minister and I do not know if they are ever released. I can provide it to you, I do not have an objection, but I doubt it would be a public document.

Mr FINCH - Minister, I want to explore something that came through in our stakeholder meetings yesterday. Somebody made the comment that DIER does not hold Metro to account. I want to explore that arrangement with the contract Metro has with DIER, how that unfolds, works and is scrutinised. I notice in the Auditor-General's report on the quality of Metro's service that the acting secretary, Kim Evans, had responded to an observation along those lines with the recommendation that DIER seek to modify the contract with Metro to be more prescriptive about quality standards and detailed reporting requirements from Metro. I want to explore that statement, that DIER does not hold Metro to account.

Mr HIDDING - I think the Chairperson is thinking, 'I should be so lucky'. I can only speak for my time. This whole scrutiny is about only three months of my time because it was all prior to that, but in my regular meetings with Metro, they are mostly about how hard and tough DIER is being with Metro - unnecessarily harsh here and being too prescriptive there. I guess there is an

ongoing tension between the two and I have to ensure the contract holder, my department, is not being unreasonable and holding Metro back from doing better things, which could be the case - it has been put to me that that is the case now. I would need to test that. I would not seek to intervene in particular contracts but I can ask for explanations. My take on it is that there is plenty of holding to that advice - but that may have come as a result of that report, that the department is saying, 'We've been named up, we had better sharpen up'.

Ms MASON - Contracts, for very good reasons, are set for five plus five years. That is very important to any member of the public transport industry, including private bus operators, because you need that certainty in order to undertake necessary capital purchases. Having said that, during that term of the contract the demographics change, customer usage changes because of employment possibilities or lack of possibilities and other infrastructure builds such as the redevelopment of the Royal Hobart Hospital or the closure of a significant industrial enterprise in Launceston. It makes it quite difficult for Metro. Metro needs to be strategic in its development processes and also needs to recognise those changes that are occurring. Sometimes the contract allows for that and sometimes it does not. We try to have - and I think we are reasonably successful in having - a strong working relationship with the government department to which we are primarily responsible, but the discussions needs to be ongoing. There is a point where the transport commissioner and the department as well say no, this is what is in your contract, this is what you need to deliver and this is why. Metro is saying, however, from our point of view and our understanding, particularly what comes through to us from our bus operators, this would be a better way of delivering the service.

The minister is quite right. There is always a tension there. I think it is a tension that assists us to deliver a better service to the communities of Tasmania because we have two opposing views coming in and looking at the same problem but coming in with different perspectives. I think the contract has the potential for being managed very sensibly in recognising that sometimes it is better to move outside the contract for the benefit of the community, the operator and the state of Tasmania. It is a fluid situation - not particularly fluid, mind you, and they are onto us like a ton of bricks if they feel it is necessary.

Mr FINCH - When is the contract to start and complete, that five years?

Ms MASON - We have only signed last year. Rodney, when was it?

Mr WIGGINS - It expires in 2018. We have just gone into the second option.

Mr FINCH - One of the observations there by Mr Evans, more prescriptive about quality standards, in the Auditor General's report they concluded that Metro has a relatively soft standard and that its service reliability did not compare well with bus services in other jurisdictions. Can you tell me how Metro is dealing with that observation?

Ms MASON - I certainly can. There are a number of aspects of that report. It is quite difficult to benchmark one's bus company against other people's bus companies because the difference between private and public operators, not just in Tasmania but right across Australia, is quite marked and sometimes it is quite difficult to benchmark simply because the information that would be required to do that is commercial-in-confidence and it is very hard to dig it out.

Having said that, we recognise that some of the aspects of service delivery that were highlighted in the Auditor General's report were matters on which we were already working. We

are very aware of them but I will hand over to Rodney if I may, Minister, because Rodney has been the one tasked by the board with 'fix it!' and he has done a huge amount of work already and we have had some significant improvements, including in awareness amongst the bus operators with whom we are working very hard to overcome these difficulties.

Mr BYFIELD - Again, I respect the confidence from Lynn but there are a lot of people in the background who have done a lot of work to achieve better standards in Metro, especially with our service reliability.

We realise that there are a number of things that are conditions we cannot change. Some of those are the traffic on the road, incidents that happen and general issues that arise day to day, but on the whole, we have tried to engage especially with our operators at the very front line to see what issues they see and how we can potentially manage those issues long-term.

One of the things that we have done in that initiative is to present to them on-time running stats so that they can see them week by week and try, if they can, to manipulate them on the road, safely of course. In addition to that, we have looked at a number of things like what we call not-before times. Whether they make sense or not, those times are significant times in the journey that the bus should not exceed so the bus needs to either stop at that location and catch its time up or try to make time to that location, again within safe bounds. We have looked at lot of those not-before times. We have changed quite a few of them based on the operator feedback, which has been really helpful for us. We have got a load of statistics there but they do not actually tell us why or what the incident was or why that is recurring. We can see that there is a recurring issue but it has been really beneficial to engage with our operators and find out why they are seeing that problem recurring themselves.

Mr WIGGINS - They have been very constructive with us and supportive. One thing I have noticed in my short tenure is there is a lot of passion within the business to do the right thing. We have a lot of employees with 20, 30, 40 years' service. They take their job with pride and it is a big investment in their life. Whilst we have been moving along since the report, we have seen a significant reduction in early running issues. It is a positive move that education and those things are put in place. We still have some way to go, but it has reduced quite considerably. The late running we keep trying to work with on our timetable management. We are trying to manage traffic flows and the bus priority measures that we talked about earlier to make sure that that is not an inconvenience for our passengers. This all leads to us providing a better service to the community, which will then lead to more patronage and return business.

Mr FINCH - DIER does hold them to account – tick.

Ms MASON - When the examination of those statistics came out, international standards for early and late running were based on being no more than one minute early and no more than five minutes late. Those are the standards that Metro has also adopted and that is what our percentage is based on. The Auditor-General in that particular report actually used the measure of one second earlier.

Mr HIDDING - That is what auditors-general do.

Laughter.

UNCORRECTED PROOF ISSUE

Ms MASON - That is auditors for you. I just point that out because it is really restrictive within normally accepted international guidelines.

Mr HIDDING - It had the desired effect; there is a lot of work happening on it.

Ms MASON - There is a huge amount of work happening and we are very cognisant of it.

CHAIR - Just a quick supplementary to that. Obviously, you are in constant contact with your drivers. Do you have GPS locators for where any of the buses are at any time?

Mr WIGGINS - Our buses have GPS loggers, but it is not a system that is live-to-the-second. We do have data to show where the buses are at a particular time, but it is not actually real time.

Mr VALENTINE - You cannot tell passengers how long their bus is going to be?

Mr WIGGINS - Not at the moment, but it is something that has been talked about and will require significant investment in infrastructure. When funding allows, that it is something that we would pursue.

CHAIR - It is on your radar, is it?

Mr WIGGINS - We see that being a great addition to our successful Metro app.

Ms RATTRAY - Is it on the minister's radar? That is the question.

Mr VALENTINE - It would be great.

Ms RATTRAY - Madam Chair, is the funding on the minister's radar?

Mr HIDDING - \$40 million a year is on my radar.

Ms RATTRAY - Plus the \$3.25 million.

Mr HIDDING - Sorry, that is included. It is just under \$40 million a year - although that \$3.25 million is an annual thing. It is in this year's Budget, but not in the out years and we need to keep talking about that. There is an acceptance that if we are to have new buses, it cannot be done within that. So there is a bus acquisition project at the moment. I do not know if you want to talk about that. It is happening this year. It is a very good initiative that Metro has underway.

Ms MASON - Thank you, minister, if I may. We have been encouraged, particularly during our discussions with Treasury and Finance during the Financial Sustainability Review, to think of alternative ways of making use of the infrastructure funding that has been provided over the last four years by Government. What that \$3.25 million will buy is seven buses, so that is what we have been doing through our contract with Scania. During the last financial year and leading up to now, we saw an opportunity, which was investigated by executive management, to purchase second-hand buses from Melbourne. They were buses that would fit in with our service. They were much newer. They were DDA compliant and we could buy 11 and still buy one new bus with the same amount of money, instead of buying seven new buses. The contract is still in the process of being negotiated to get those 11 buses here. That includes freight, fitting out with our

livery, and any internal changes we need to make them compliant with our own presentation to the public.

We are quite pleased with that. It is not an opportunity that is going to come up very often. It does, I hope, indicate to you that we are constantly searching for new and better ways to make use of any additional infrastructure capex that we get.

Mr HIDDING - We are very pleased with that. That is the kind of thinking we want to see. They are not here proposing to buy worn-out buses from Metro CBD in Melbourne; it is not that. These are from somewhere else, and we will not discuss it right now as there is a contract underway, but they are lightly used and a great pick-up for Tasmania. So it was good thinking by the corporation.

Ms RATTRAY - I am confident you will get your extra money with the confidence the minister has within the organisation.

Mr FINCH - Minister, we see world fuel prices are going down. If they stabilise at an appreciably low level, would that have an impact on fares people might pay? I think there is a 14.4 per cent increase suggested for fares in the near future. I am exploring the cost of fuel to Metro. If fuel stays at a lower rate, would that impact on what people are going to pay? Maybe there may not be an increase in fares on buses.

Mr HIDDING - The whole issue of the cost of fuel for an operation such as Metro is very keen. There is a structure we are bound by in a state such as this.

Mr WIGGINS - The 14 per cent was what the regulator gave us permission to go to, but that is not the rate we are accepting as we talk about trying to find that balance between maintaining patronage on the buses. There will be a fare rise in January but it will be a lot less than that. From an operational point of view, we have been carrying a lot of that fuel load cost for the last three financial years and minimising those increases. We have been trying to find ways of running more efficiently. We have had driver training on how to drive a bus more effectively and using less fuel to minimise the cost on the business.

Mr VALENTINE - Is that paying off?

Mr WIGGINS - We have seen a decrease in the fuel usage. If there was a sustained long-term impact and the business started to provide a positive profit as an operation, that is when we would work with the stakeholders to bring it back - not needing to make a profit, to be break-even and effective - and look at making some fare adjustments.

CHAIR - When you do not need the \$40 million a year.

Mr HIDDING - No, that's in the operational budget.

Ms MASON - The question of gas was considered quite intensively approximately five years ago when there was quite a shift within the trucking industry.

Mr DEAN - Back in 2012, I think we were told there was a big move on Metro to go towards gas and I am trying to pick up the discussion on it.

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Ms MASON - The contract with Scania, our current provider, expires next year. Any transition to gas would have been dependent upon the finishing of that contract. However, we have used the time to consider whether it is viable and to consider the potential efficiencies and cost savings of doing that.

Mr DEAN - And it is the environment as well.

Ms MASON - Yes. So far we have not found them simply because of the cost of installations. With our current capacity, the changing of the entire fleet to gas is out of the question. One of the current efficiencies we have is the possibility of moving buses from one area to another according to need. Any introduction of a new type of bus, particularly one using a completely different fuel system, would immediately impact upon those cost efficiencies very dramatically. Within the last 12 months we have heard of a number of difficulties that have arisen in other jurisdictions with their gas buses - Brisbane being a case in point. I cannot give you a huge amount of detail about that but we do get daily briefings through our bus networks of what is going on in the transport industry. Buses running on gas have encountered some mechanical difficulties. I am not sure whether anybody down that end of the table knows anything about that.

Mr BYFIELD - There was an explosion, I believe, of one of the gas cylinders on the bus while it was being maintained.

Ms MASON - Primarily our concern has been just that loss of efficiency in having a similar system set up right across our own transport network.

Mr HIDDING - There is ongoing work on this. Here are some interesting statistics: the net cost of fuel to Metro for the year we are looking at was just short of \$6 million. That is 4.8 million litres of fuel a year on its scheduled route services. The current average gross fuel price, as an example for all of us as consumers, Metro is paying in the area of \$1.20 a litre. It is not cheap. Back in 2009-10 it was dearer. There have been swings and roundabout.

Metro has explored biodiesel and in Tasmania, at Cressy, there is a company producing biodiesel. However, for it to be brought into our structure, it needs to be delivered to the fuel depots at a certain price which is not possible yet. As a Parliament, we need to be thinking about how we can try to bring that technology up to a point where it could because they are producing diesel out of waste in Cressy, Macquarie Oils. It would be lovely to see it happen. I am interested in moving that forward. But everything has to work within Metro's structure, otherwise there are no savings.

Mr DEAN - On the driver situation and how the seat ratio, weight thing, turned out. Is that still a matter? Are all drivers now meeting the requirements set by Metro for seat ratio, weight, et cetera, in the buses. It was a big issue two years ago.

CHAIR - It is not news to you, is it? You were not the minister at the time.

Mr HIDDING - If you think I am answering that you are dreaming. It is not a question I have ever asked, as minister. I would be interested in the answer myself.

Ms MASON - I am pleased to report that at least one of the drivers who had to take a significant amount of time on other duties, in order to get below the compliance level, and who was cross at the time and felt it was not reasonable, even though it was a manufacturer's

instruction that we would have been breaching our duty of care had we allowed non-compliance to continue, subsequently went back to the previous CEO and said that the driver was particularly pleased that the CEO had insisted upon this weight loss. It had changed the driver's life and they were eternally grateful for having been forced, in order to retain their job, to go through a regime of improved diet and some increased physical activity. It has been a very positive outcome for Metro and the people involved.

Mr HIDDING - Good news.

CHAIR - There is nobody now who does not comply?

Ms MASON - No.

Mr VALENTINE - In this day and age, there are all sorts of ideas that come up with respect to automotive power and the cost of operations and those things. Hobart, in 1893, first electric trams, then electric trolley buses. We dumped all that and now we are in a situation where, for various reasons, we ought to be looking at going back to it. What investigations or energy is put into looking at the future by Metro? I have heard that at some stage in Hobart we had flywheel buses. The bus stops at a stop, out comes an arm, electric charge, spins up a flywheel, it goes for four of five stops, back goes the arm, spins the flywheel back up and you have all this embodied energy in this flywheel.

Mr HIDDING - Do you remember these things?

Mr VALENTINE - No, I do not remember them but I was told they existed. What time and effort is being put into looking at alternatives for the future?

Ms MASON - As a board, we have major strategic planning sessions and we have one tomorrow, the annual one. In addition to that, at least every quarter, the board spends two to three hours getting the strategic overview of the industry and where changes might be made. Occasionally for that we will bring somebody in from interstate or arrange for a presentation to be done electronically from somewhere around the world. We also get daily briefings on what is happening in other places.

Earlier this year, one of our presentations was from Rodney where we said, 'Rodney, tell us how in the IT world what could we expect to have happen? What is best practice at the moment? What is the future looking like? Where should we be in 20 years? And I have to say that Rodney does extremely well. We got this glimpse of what the future could look like for transport and not just in the ticketing and measurement systems but also what the public transport system in the future could look like. There was a fantastic one from China - it was brilliant. Rodney, would you like to expand on that, about how we are trying to keep an eye on the future and what we can do about it?

Mr BYFIELD - For sure, but if I get too excited you might want to cut me off. One of the most interesting components for customers in Tasmania at the moment would be real time information and I came back with a heap of different examples of where technology has been used to make the transport journey much easier. Whether that means tagging on with credit card facilities, rather than a ticketing system, or whether that means a single fare system between all operators, or real time information for both people and the company to be aware of exactly what is happening on the road but also the customers able to say, 'How long is my bus going to be?' and

have progressive alerts and things like this, that allow the customer to know that, 'You catch this bus every day and today it is delayed by five minutes'.

CHAIR - We saw that operational in Wellington when we went on our committee visit and Wellington is not huge.

Ms RATTRAY - You are preaching to the converted here.

Mr BYFIELD - Yes, exactly. There are some really neat initiatives like that around but they are all considerations for what we have in our capital's environment and some of them at the moment are cost prohibitive.

CHAIR - The question was about fuel.

Mr BYFIELD - Absolutely, and one of the things I presented was the ability to create alternative power while the bus is running and then use that power as a reinjection into the engine. There is a lot of work being done on that in the truck industry at the moment. I have done quite a bit of study and I contacted a friend at Goodman Fielder about the work that they have done and they have had some really good outcomes but the one thing that we would have to consider as Metro, is a lot of our activity is start and stop and that defeats the purpose of having an initiative like that because they do long haul and they can collect up enough electrical energy and by the time the truck stops they can then use that energy to go forward but in the bus case the fact that we are stopping so regularly almost defeats the purpose of those types of systems.

In all these initiatives, and there is a whole heap that we could look at, and we do reviews based on the board request and my own initiative but we need to then put them in the confines of what happens on a bus and see whether that fits for us.

Mr HIDDING - That technology is in place in cars on the road already and in Formula 1 race cars. They have ERS and they can push that button for extra speed and it is a collector.

CHAIR - We are pleased to hear that is happening and please treasure him and use the information, would be our suggestion.

Mr VALENTINE - A question with respect to your review of southern services and northern for that matter - the university is a market that is growing in usage because the number of students are growing. We had communication from the university union talking about wanting to have more buses running between the university's Sandy Bay campus and the Hobart CBD after 6 p.m. and late into the evening, providing regular services between satellite university campuses and the fine art school - Sandy Bay and Hunter Street.

CHAIR - And the question is?

Mr VALENTINE - I am saying, are you going to be looking at that and try to deliver better services for our growing university population, both in the north and in the south?

Mr BYFIELD - For sure. First of all, we have to do everything within the confines of the contract we have. Outside of that, we have to look at how we would alternatively fund that kind of activity. Having said that, we are working very closely at the moment with the university, both for the services here which are the 888 services we run, and also the services which at the moment

UNCORRECTED PROOF ISSUE

are route 2, I think, in Launceston. We are looking at whether it is applicable and how we could cost-effectively run an 888 service in Launceston as well.

That is something underway at the moment. We are in conversations with the university to do that and we are looking at how we can do that viably in the future.

Mr WIGGINS - As part of that we are also looking at the university's construction of student accommodation both in Hobart and the Invermay area. We are building that into our planning models as well.

Mr VALENTINE - How many university cars are on the road at one time and how could campus-to-campus bus services be publicly provided?

Mr WIGGINS - That would be a possibility but the current provider, Redline, would probably have something to say about that under our current contract.

Mr VALENTINE - But they are not using Redline.

Mr HIDDING - You mean north to south?

Mr VALENTINE - Yes, north-south, north-west.

Mr HIDDING - It is happening all the time. We are putting public money into those too - more than \$40 million.

Mrs ARMITAGE - Talking about the future, social media. A lot of young students and young people need to get to jobs, get to work, and are prolific social media users. Obviously for Metro it would be a quick, personal and effective way to communicate.

I noticed on Facebook you have 172 Likes. Tasmania Police have 71 636 Likes. On Twitter you have 1 400, Tasmania Police have 3 968, so what are you doing to boost the social media of Metro, considering it really is the way of the future for young people?

Mr WIGGINS - Give our Facebook a little bit of a chance.

Mrs ARMITAGE - Yes 172.

Mr WIGGINS - We only launched that two weeks ago.

Mr HIDDING - Yes, the member forgot to mention that.

Laughter.

Mr WIGGINS - For the last 12 months our strategy on social media has been about Twitter, having updated regular advice on how the buses are travelling and if there are any delays that we need to communicate with the passengers. Facebook is a tool that our new marketing communications manager has taken a lead with and we will be using that for better engagement with Generation Y and the rest of our travelling public to share more of that information.

UNCORRECTED PROOF ISSUE

Mrs ARMITAGE - Should you not also put the things on Facebook about late arrivals and different changes apart from Twitter? I personally don't have Twitter, I would not have a clue how to you use it, yet I have Facebook.

Mr WIGGINS - That is something we will be doing, for sure, definitely.

Mrs ARMITAGE - If you are going to do one, do the other. Thank you.

Mr VALENTINE - With regard to the \$3.25 million, it seems that it is for extra buses or new buses, maybe, but you don't build depreciation into your annual allocation in the contract? You are actually providing depreciation through that \$3.25 million, is that what happens?

Mr HIDDING - It is a recognition that the business model that Metro runs will not fund new buses. Its business model shows a projected profit this year of \$47 000 and that would buy one wheel of a bus.

Mr VALENTINE - And yet private enterprise gets the same contract, almost, in terms of providing service for the cost, and they do get depreciation in there.

Mr HIDDING - They also get extra payments under certain circumstances for new buses.

Mr VALENTINE - Do they?

Mr HIDDING - Yes, they do. It was interesting and it works. The average age of the fleet in the private sector has come up much higher than it was before. We were a state of clunkers. It is much better now because they are funded in much the same way so Metro does have an argument for this.

Mr DEAN - Minister, is fare evasion a problem in the state for Metro?

Mr HIDDING - I can answer that very quickly given the time constraints. There is a process in place where we now have people travelling on buses checking for fare evasion. It is the first time in a long time that this has occurred. It is not bad but there is work to be done.

Ms MASON - The three-month trial has been running and will conclude in about the middle of this month. It has ascertained for us the level of fare evasion, fare mistakes, whatever. Some of these things are quite difficult.

Mr HIDDING - Operator error.

Ms MASON - Operator error, passenger error, whatever. We have not been imposing fines on anybody at this point. It has been an educative process. The board will make a decision in the middle of December because there is a cost involved. We have two officers working on this. Any fines that are imposed apparently do not come back to us. They go into consolidated revenue, which makes it a tiny bit difficult to continue to run the service.

Mr HIDDING - They seem a little less interested now.

Laughter.

UNCORRECTED PROOF ISSUE

Mr DEAN - Is there an estimate on the cost to Metro of fare evasion and the other problems the minister has referred to?

Mr HIDDING - There is an industry standard across Australia. I don't know what it is but from the briefings I have had we are pretty good. There is not a massive issue out there to graphically increase our bottom line through that, but there is work to be done - that is how it has been put to me.

Mr DEAN - Minister, is there a figure on it at all?

Ms MASON - Currently I cannot give it to you in monetary value but approximately 11 per cent of the tickets that are being presented are not paying the absolutely correct fare. It is higher than we had expected -

Mr HIDDING - Not necessarily evasion.

Ms MASON - but we are working on a different number of strategies to try to overcome that.

CHAIR - A general question to you, minister, because it is about Metro but it is also broader. Metro's charter is that it provides public urban road transport services in the urban areas, basically. Would you consider, as happens in other jurisdictions, that Metro might at some future time consider other forms of public transport? You can't, for instance, do anything else except road transport at the moment because that is what the charter says, but if that word 'road' were just to be removed then you could look at other public transport services. Is that on your radar anywhere?

Mr HIDDING - It is not on my radar but as a government we should and do keep an open mind. If there was another conveyance that was more efficient and cheaper of interest, we would not all be amazed if Metro were aware of it and considering it. After all, a bus is just simply a conveyance of some description and it matters little whether it floats, goes along a road or flies.

CHAIR - That is exactly my point because in the past, when we have said it to Metro, it has been a thing of, if the light rail happened or if ferries happened, it would be in opposition to bus services. Our question has been: why can't Metro do it? The answer is: because it says 'road transport' only. It would be perhaps useful for you to not to think just -

Mr HIDDING - Yes, it says 'road transport' but as a government our minds are absolutely open.

CHAIR - Would you consider an amendment to this bill that takes out the word 'road'?

Mr HIDDING - I would not be perturbed about that but you would need a reason to do so. I can tell you, if there was a reason to do so we would have it out before you could blink.

CHAIR - Excellent.

Mr VALENTINE - Buses feeding across-river ferries.

CHAIR - Thank you all very much.

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The committee suspended at 10.59 a.m.