



David Campbell

Minister for Transport
Minister for the Illawarra

Dr Michael Keating AC
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Dr Keating,

I refer to my previous submission in connection with the Tribunal's draft report *Review of CityRail Fares 2009-2012 and Draft Report and Draft Determinations, October 2008*. Following the release of the Government's mini-budget on 11 November, I am pleased to provide further information in relation to a number of efficiency measures identified by IPART. Other initiatives IPART has raised are the subject of ongoing consideration by Government, and as such a final position is not yet available.

I would like to take this opportunity to recognise the extensive work IPART has done in this regard, which is of considerable assistance to the Government in formulating its policy decisions.

Rolling Stock Maintenance

RailCorp's rollingstock maintenance services are to be benchmarked against the private sector. Removal of identified inefficiencies will deliver savings of up to \$10 million per annum from 2012. RailCorp and the relevant Unions have agreed on a means by which this is to proceed. The Government has appointed independent auditors to carry out the benchmarking exercise to enable reforms to commence early in the New Year. The Premier has made clear to both RailCorp management and Unions that if maintenance arrangements do not improve, maintenance services will be sourced from the private sector.

Train Operations and Crewing

The Government has carefully considered the arguments in favour of and against the potential removal of guards from trains and, on balance, has decided not to pursue this option. In addition, the NSW Government believes our existing network and rollingstock do not have the capabilities to pursue these options, which require drivers to perform functions currently performed by guards.

All Correspondence to:	Ground Floor	Level 35, Governor Macquarie Tower
GPO Box 5341	84 Crown St, Wollongong NSW 2500	Farrer Place, Sydney NSW 2000
Sydney NSW 2001	Ph +61 2 4229 5744	Ph: +61 2 9228 3777
david@campbell.minister.nsw.gov.au	Fx: +61 2 4229 9113	Fx: +61 2 9228 3722

It is also RailCorp's intention to make adjustments to train driver rosters aimed at improving productivity from 2011-12, which will deliver cost savings of \$10 million per annum. As part of this process, the Government will be seeking consultation with the relevant Unions.

Improved Customer Service

RailCorp is implementing its Everyday Service Essentials Program, which will include, among other things, enhanced passenger security, better utilisation of assets such as ticket vending machines, EFTPOS and other facilities to speed up ticket sales, and new arrangements to widen transport options and make ticket sales more convenient. \$56 million is being invested over four years in the Everyday Service Essentials Program to deliver improved frontline service for CityRail customers.

In addition, the Government has decided to investigate improved options for the management of its cleaning services from the private sector, which could potentially deliver savings of up to \$30 million per annum.

RailCorp is also carrying out a Station Staff Review under its recently agreed EBA to better align staffing levels with demand, as well as to improve job design. This reform is to be implemented by 1 April 2009 through a well-established staff review process that includes Union involvement.

RailCorp Structure and Management

The Government has made the decision to reconstitute RailCorp as a NSW Government Agency (a statutory authority) that will be responsible directly to the Minister for Transport, and will be required to operate under the authority of a rail services contract with the Director-General of the Ministry of Transport. A Bill is currently before the Parliament to achieve that end.

The Government is also requiring a 20 per cent reduction in the size of the Chief Executive and Senior Executive Services. This applies to all Government agencies, including RailCorp. RailCorp is also working on rationalising its corporate and support functions which will deliver savings of up to \$20 million per annum in addition to the \$10M per annum to be delivered as part of the recently agreed EBA.

In addition, the Government has recently ordered a 25 per cent reduction in advertising expenses for all general government agencies and selected public trading enterprises having advertising spending in excess of \$100,000. This will also apply to RailCorp.

I trust this information is of assistance to the Tribunal.

Yours sincerely,



David Campbell
Minister for Transport
Minister for the Illawarra