

Trains, trams to stay privately run

Extra year for Connex, Yarra Trams — then new tenders

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MELBOURNE'S trains and trams will remain in private hands indefinitely following a State Government decision to extend current franchises for a year before opening them up to international tender.

Eight years after the ALP campaigned hard against former Premier Jeff Kennett's public transport privatisation, Premier John Brumby embraced it yesterday, stressing that his ministers were unanimous in their decision to keep the system in private hands.

"Cabinet without exception believes the best way of delivering competition and choice is by having the private sector compete," he said. "We're absolutely passionate about this view."

Under the plan, contracts with operators Connex and Yarra Trams will be extended 12 months from their expiry in November 2008, allowing a two-year tender period. Yesterday's announcement follows an overseas trip by government officials who found keen commercial interest in the Melbourne franchises, and a Government analysis concluding that private operation compared favourably with public control in the final two years of the Kennett government. The Government considered taking back the network's operation, renegotiating existing operators, or re-tendering on the open market; it chose the third option.

While the current operators will get to enjoy a bonus year, their long-term future is now unclear.

Train operator Connex has



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suffered 12 months of horror headlines over overcrowding, late trains and cancellations.

"Connex obviously will get the message today ... that there's continued focus on their performance," Mr Brumby said.

The Premier conceded the train system was overcrowded, but said an "unprecedented" 25 per cent patronage increase since 2004 — an extra 43 million trips a year — had contributed to Connex's woes.

Connex chief executive Bruce Hughes said the announcement was to be expected and the company would continue to invest in the network despite facing an uncertain future.

But Yarra Trams — widely regarded as the better performer — was frustrated that it would have to battle through its third bidding process since the late 1990s.

"Given our track record, the co-operative way we have been working with the Government, we are disappointed that it goes this way," said chief executive Dennis Cliche.

Yesterday's announcement was slammed by privatisation critics, who say the Government's analysis was flawed for many reasons.

"This seems to be a purely

ideological decision because even their (the Government's) own material doesn't demonstrate that the private situation has delivered improved outcomes in either cost or service," said Melbourne University transport lecturer Paul Mees.

Earlier this year, the Municipal Association of Victoria called for the return of the rail operation into public hands.

The Opposition seized on yesterday's endorsement of privatisation as proof that the many problems in the system were the Government's, not the operators', fault. The blame "sits fairly and squarely with John Brumby, who as treasurer refused to provide the funding for the new trains, the new signalling system, for the rail extensions", said Opposition transport spokesman Terry Mulder.

The Public Transport Users Association called on the Government to rein in private operators and to take greater control over planning of the network.

"The current franchise system of public transport hasn't worked. The private operators have far too much control," said president Daniel Bowen.

Rail, Tram and Bus Union state secretary Trevor Dobbyn cautioned the Government against choosing the cheapest option when appointing new contractors in 2009.

"The existing franchise operators have overseen significant growth in patronage and solid improvements to public transport," he said. "It has taken us a long time to build relationships with these companies and the entering of new players could bring uncertainty and destabilise the industry."