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HD **State must proceed with caution on sale of rail lines**
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At the March 2015 election, NSW voters will be asked, in effect, to vote for one privatisation to pay for another. Both offer substantial opportunities for the state. And both carry risks if not implemented with care and caution.

Premier Mike Baird's government wants to sell the state's electricity poles and wires. If it wins support for this privatisation, the government will use part of the funds it raises to accelerate another privatisation, that of a major part of Sydney's rail system.

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The government's plan, if successful in selling the electricity assets, is that within two or three years it will begin extending a privately operated north-west rail link over the harbour through another central Sydney rail line. South of the harbour, that rail line would connect to the existing Bankstown line.

This plan means that, in about a decade, the private operator of the north-west rail link would also be running trains on two lines currently run by the state-owned Sydney Trains: the Epping to Chatswood line and the Bankstown line. The north-west rail link and its extensions would be the first privately run commuter-heavy rail service in Sydney.

Following an announcement by Mr Baird and Transport Minister Gladys Berejiklian, we know who the private operator will be. MTR, owned by the company that runs Hong Kong's much-envied metro system and the majority owner in a consortium that runs Melbourne's much less vaunted rail system, will sign a contract this year to run the north-west rail link between Rouse Hill and Chatswood.

The main benefit in allowing a company such as MTR to run trains in Sydney, as Mr Baird and Ms Berejiklian plan to, is that it will create a yardstick for comparison with government-owned operators. The existing Sydney existing rail operators - Sydney Trains and NSW Trains, and before them RailCorp - have not earned the right to set their own standards.

RailCorp, split up by Ms Berejiklian last year, has been the subject of multiple corruption inquiries and findings. And the minister has repeatedly complained that, at \$10 million a day, Sydney's rail system costs too much, particularly when set against comparable systems around the world. It would be a great thing to be able to compare the daily performance of Sydney Trains with another organisation.

The great risk in the privatisation process, however, is that it will lead to a diminution of service in a city that cannot afford more disillusionment with the rail network. This is not solely because private operators are beholden to shareholders, tend to pay their executives more than government-owned entities and have a fiercer incentive to cut costs and increase prices.

But the greater risk is that the complexity of Sydney's train system means there is no easy way to carve it up among different operators and, in trying to do so, the government could implement changes that go against the interests of the public.

With the exception of the eastern suburbs and Illawarra line, which mostly keeps to itself, Sydney's rail lines tend to merge in and out of each other. This makes it difficult to separate them out for them to be run by competitive entities.

To do so might require changing the way the city's trains run, making it more difficult for passengers travelling directly from one point of greater Sydney to another. Before the last election, for instance, Ms Berejiklian promised central coast commuters direct trains to Macquarie University. There is no chance she will keep that promise now that she will hand over the Epping to Chatswood line to MTR.

Other cities that have sold the rights to run their trains, such as London and Melbourne, experienced teething problems for years. And Sydney potentially has an even more complicated rail network than either, if not as extensive as London's.

An ideological determination to privatise the trains without a similar determination to ensure that the experience for Sydney public transport users only improves is the last thing the city needs.

The Baird government's commitment to building new rail lines is admirable. And the prospect that MTR will provide a point of comparison for Sydney Trains is something to look forward to.

But, just as with the selling off of the poles and wires, there is a lot to be gained and a lot to be vigilant about.

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