Australia: NSW government axes jobs to fund decaying rail system

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With a good deal of fanfare, Premier Bob Carr's New South Wales (NSW) state Labor government recently announced it would spend $2.5 billion on the state's ailing rail network. Introducing a mini-budget in parliament on April 6, NSW Treasurer Michael Egan declared that funding allocations for rail would provide for "the biggest ever overhaul of the Sydney rail system". A total of $2.5 billion over six years has been allocated for new fleet requirements and for 15 projects that are part of the government's "Rail Clearways" plan. About $300 million of this is due to be spent in the coming year.

Any conception that this sudden expenditure has been motivated by concern for the travelling public should be immediately dispelled. Since 1996, when Carr came to office, his government's record on rail has seen large sections of the network reduced to an advanced state of disrepair, while passenger services have been badly undermined. Moreover, two major train crashes have claimed a total of 14 lives.

One of the reasons behind the announcement is the government's attempt to deflect growing public hostility over collapsing rail infrastructure and the crisis gripping the Sydney and state rail services. Just last month, an acute shortage of train drivers saw Sydney metropolitan passenger services plunged into chaos, with hundreds of trains cancelled or running late. Entire sections of the network are now frequently brought to a halt by the failure of vital equipment such as signaling and overhead electric cabling.

Last April, in the immediate aftermath of its re-election, the government was rocked by a series of damning reports detailing the depth of the crisis in the rail system. One revealed that hundreds of bridges and overpasses required urgent upgrade, or were described as "life expired". Information surfaced that the government had deliberately suppressed this report to avoid closing the Menangle bridge, on the main Sydney-Melbourne line, just before the election, because it knew public transport was a contentious issue. The report pointed to the fact that the Menangle bridge, which supports scores of crowded passenger trains every day, as well as heavily loaded super-freighters, was near to collapse. Further reports demonstrated that the government had created the conditions for multiple fatal train accidents by ignoring serious infrastructure deficiencies.

The revelations came in the wake of the Waterfall train disaster in January 2003 that killed seven people. The government's negligence was further highlighted with the release of the report from the Waterfall inquiry. It blamed rail management for the smash, because, under pressure to cut costs, it had refused to overcome serious problems with the vital onboard train failsafe braking systems. As a result, the deadman brake on the Waterfall train failed to operate after its driver suffered a heart attack.

Attempts by Premier Carr and Transport Minister Michael Costa to deal with the crisis by rolling a few managerial heads and scapegoating train drivers for the chaos in Sydney's metropolitan service fell flat on their face. A rapid plunge in the government's popularity in opinion polls indicated that angry and frustrated commuters were laying the blame squarely at Carr's feet.

The government hopes its belated announcement will fool working people into believing it has a plan to remedy the situation. But an examination of the funding allocation demonstrates that it is being driven by the same market forces and commercial considerations that gave rise to the crisis in the first place.

To start with, the proposed spending is totally inadequate. A report by the Independent Pricing and Regulatory Tribunal chairman Tom Parry just last year estimated that the state's rail infrastructure needed an immediate "emergency injection" of $1.5 billion. Moreover, up to November last year, the government's Rail Infrastructure Corporation was sitting on a $479 million backlog of maintenance work.

Yet the allocation in the mini-budget will be spread over six years, with a large proportion—$1 billion—to go toward separating some of the existing rail routes, whose lines presently cross over at major intersections, and establishing five independent rail clearways or corridors. The new clearways cover busy lines that presently carry tens of thousands of passengers daily from large Sydney suburbs such as Bankstown, Liverpool, East Hills and Campbelltown, as well as to the Illawarra (Wollongong) region south of Sydney.

According to Egan, the proposed changes are designed to deliver "simpler timetables and more regular and reliable services". While clearways would certainly ease congestion and avoid bank-ups where multiple rail lines converge, the government's agenda is not "more regular services". Its aim is to impose new timetables that concentrate service provision to the more lucrative, high-usage, peak hour times, while cutting the regularity of services in less profitable periods, such as weekends, and on low volume lines.

This was made abundantly clear in a draft proposal, released by the government at the beginning of this month, to cut weekend Sydney and inter-city train services by a massive 50 percent. Also under the gun are late-night and early morning train services that essentially cater for shift workers, but carry a small number of passengers. The proposed cuts are estimated to slash a total of 160 driver and guard shifts per weekend.

In reality, behind the drive to establish separate rail corridors lies the government's determination to find ways to further privatise the rail network.

While it would prove difficult to find a single private investor to take on the entire passenger network, described by Costa as "one of the most complex rail systems in the world," the Rail Clearways project creates the conditions to allow five independent operations to be established, which could more readily be handed over to a number of private companies. In fact, an independent rail link to the Sydney airport was established and handed over to a private operator in 2000. It also services major city stations such as Mascot and Green Square.

Carr's changes to the rail network follow the pattern set in the neighbouring state of Victoria, where the entire public transport system was carved up into stand-alone operations and sold off to three separate private consortiums. In turn, the Victorian model was itself based on the United Kingdom, where the railways were broken up into 25 units and sold off.

The Carr government began the process in 1996, when it carved up the NSW State Rail Authority (SRA) into four separate business units operating on a commercial footing. The bottom line for the management of each unit was to slash costs to return higher revenue and prepare for privatisation.

Under the arrangement, the SRA retained responsibility for metropolitan train services, the Rail Access Corporation (RAC) took charge of rail infrastructure, Rail Services Australia (RSA) was the main maintenance server to the RAC and Freightcorp took over freight services. Large slabs of former in-house work such as carriage cleaning, track and equipment maintenance and rolling stock overhaul, as well as catering on main suburban rail stations and interstate trains, were outsourced to private concerns, while the lucrative Freightcorp was sold off in 2002.

Earlier this year, the government was forced to reverse the 1996 carve-up, in the glare of the revelations flowing from the Waterfall disaster inquiry. These showed that the chaos and lack of communication ensuing from the existence of separate entities—which independently oversaw vital interconnected facets of rail operation, but were dominated by revenue concerns—had contributed mightily to the undermining of rail safety.

Even so, big business is demanding that the government continue to move in this direction. Following the last election, the financial media warned Carr that, despite the growing political crisis over the chaos in the rail system, "transport reform"—a euphemism for further cost cutting, staff reductions and outsourcing—had to remain high on his agenda.

One such "reform" saw the government pass legislation two months ago to lease for 60 years large portions of the NSW interstate network and the Hunter Valley freight network to the federal government's Australian Rail Track Corporation (ARTC), which will invest $872 million between 2004 and 2008 on track upgrades.

The move follows persistent complaints from interstate freight hauler Pacific National that the poor state of the track is causing it to lose profits. Track conditions in NSW force freight trains to travel at speeds as low as 30 kilometres an hour, making travelling time between the two main capital cities, Sydney and Melbourne, three to four hours longer than road transport. The leasing arrangement could result in the destruction of up 2,100 NSW rail maintenance jobs, as ARTC outsources maintenance of the freight network, and the axing of 800 administration jobs in Sydney.

Several moves are also underway to make the takeover of the state's passenger services an attractive proposition for future would-be financial investors. After years of neglect, the mini-budget allocated funds for the upgrade of the aging metropolitan passenger fleet, replacing 498 carriages with new air-conditioned ones. At present, one third of the passenger fleet is without air-conditioning. Fare hikes have already been approved, together with legislation allowing automatic fare increases to fund specific rail projects.

Most of the proposed $2.5 billion will not constitute new spending, but will be torn out of other vital government services.

A raft of government agencies and departments, such as those regulating land use, agriculture, fisheries, mineral resources and forests will be "reorganised", merged or abolished to eliminate so-called "duplication and overlap". The Waterways Authority, for example, will be "reformed" to save $5 million, the budget of the Department of Environment and Conservation slashed by $30 million next year, while the Department of Lands will suffer cuts of $36 million. About $100 million will be cut from capital road works. The whole process will result in the destruction of 3,000 public sector jobs.

The government used the occasion of its mini-budget to deepen its attack on the conditions of public sector workers and prepare the basis for even further downsizing across the entire public sector. While declaring that the 3,000 layoffs would be achieved through "voluntary redundancy," Egan announced changes calculated to drive displaced workers out of the public sector altogether.

Currently, workers who have been redeployed to lower-grade jobs continue to receive the higher rate of pay. The new measures will mean these higher salary rates will be maintained for one year only for workers displaced after the announcement was made. The government also confirmed that it would resort to forced redundancies "in the last resort" to achieve the level of jobs shedding it requires.

Further attacks on public sector workers, including those employed in rail, are in the pipeline. In the words of Egan, the government remains determined to continue its drive to ensure that the state of New South Wales "remains a competitive business and investment location".