

Becky Wood: Okay, good morning, everyone and welcome. I'm Becky Wood. I'm the Executive Director for the New South Wales Transport Fleet program and I have the privilege of overseeing significant investment in new rolling stock for New South Wales across my program. For me, regional fleet offers a huge opportunity to make a real difference for the people of New South Wales and in regions in particular, in terms of improved passenger outcomes, jobs and skills. I'm really looking forward to working with the industry to understand how that's best achieved and I'm really delighted to see such a diverse and well-represented group from our industry represented here today. In terms of priorities the very first priority is usually for us every day safety. A real brief safety moment for me always comes first for us. In the event of a fire evacuation you will hear the standard alarm. If you could proceed to the nearest exit point, follow the direction of the staff here at Rosehill Gardens and just head to the evacuation points. We're not expecting anything today, but it's always good to be aware. And separately just for comfort purposes, the bathrooms are located towards the back of the room. It's a reflection of how important this program is to us that we are today joined by the Minister of Transport and Infrastructure, the honourable Andrew Constance and Parliamentary Secretary for Transport, Mark Coure, as well as our Secretary, Mr Tim Reardon and a host of the TFNSW executive, including Rob Mason and Pete Alloway, Steve Troughton, Pete Regan, Howard Collins and I believe Tony Braxton-Smith. It's a great pleasure to see us so well-represented to hear from you as well as to speak to you. Thank you all for coming. Today the Minister is going to give us an overview of the New South Wales Government priorities followed by Tim, Secretary of Transport, discussing the current and future regional fleet plan. Steve Troughton, our Deputy Secretary for infrastructure and services will cover an overview of our regional fleet point and next steps for entry engagement. And Peter Regan is going to touch on delivery options and private financing. Speeches and presentations will be available on our website, but we're keen to hear from you today as well. At the end of the presentation there will be an opportunity for a bit of Q and A and a bit of a catch up with old colleagues and new, so please feel free to do that. At that point for me, it's my pleasure to hand you over to Minister Andrew Constance. Minister Constance: Good morning, everybody, and it's fantastic to

be with you. Thank you, Becky for your introduction. It's great to be joined by Kevin Anderson, the member for Tamworth and also the Parliamentary Secretary for Rural and Regional Transport who will be taking an active engagement in a political sense through this process, on behalf of the National Party in particular, but also representing our rural and regional members. I can relate, because I'm the member for Bega and guess what? I haven't got a train track in my seat, so I'm very jealous of what's happening with this program. In particular, it's very pleasing to be able to fast-track it by a couple of years by allocating 50 million dollars to get on with industry engagement this year, which is what today is all about. Can I particularly thank you all for your interest and thank you all for - in some of your cases - ongoing engagement with transport for New South Wales when it comes to delivery of services and in this case fleet to the people of New South Wales. Can I say from my perspective I have a real passion for country rail. The reason I say that is because I come from a farming family. I remember very fondly as a kid, loading wool bales on the trains of Cooma, before a certain government decided to close the line. Unfortunately happened to be a Liberal government, but we don't mention that. But also the ability to use that line for passenger rail services as a kid. I have also - and I'm very mindful that across regional New South Wales we are going to continue to see enormous growth, particularly over the next two decades. That's an expectation that will see an additional 600, 000 people move to regional New South Wales by the mid 2030s. It's enormous growth. We've got a lot of growth happening in Sydney, but we cannot and must not forget the regions. What we know is that well over a million trips are taken on New South Wales TrainLink services every year. A lot of people use the services, particularly in our seniors community with great benefit, to be able to get around and of course also university students who also enjoy the benefit of country train services to and from some of those great regional universities that herald in some of our parts of the state. We know that we need to invest in a new fleet, which is where today comes into it. It comes at a time where this state government - I think it's fair to say - is upgrading the fleet across the board. Doesn't matter if it's the procurement of new suburban trains here in Sydney with the Waratah through to the new inner-city fleet trains, coupled with the advent of new light rail vehicles and metro trains, which we're also

procuring. It's very pleasing that we're also seeking to procure a new fleet of XPT trains and of course as part of that, looking at exploring opportunities to examine the Explorer and the Endeavour trains as well. This government has a very real commitment to regional New South Wales in terms of economic development and growth, which is why we are stipulating some requirements around the procurement as it relates to this fleet procurement. We have made it clear that we want to see jobs in the regions and we certainly are very mindful - particularly in the current political environment - that we give every opportunity for country people to get ahead. I'm very mindful as a country MP and as a country Minister that there is this disconnect that is happening unfortunately in our country at this time. There is a little bit of an anti-establishment, anti-globalisation viewpoint amongst country people and the reality, politically, is that governments and politicians are going to look to ways to engage with those who do feel a little bit disenfranchised in the bush. That is the motivation behind us in terms of seeking a number of requirements in relation to this procurement, particularly when it comes to maintenance it's stable in being in regional New South Wales and obviously the jobs associated with that. But also in terms of this seeking a target of up to a 100% when it comes to assembly in New South Wales. That's purely the motivation for us putting those requirements on the table and we're stipulating that today so that that expectation is set up up-front with all of you, certainly as we work through the industry engagement in relation to this fleet. Not only in terms of the local content targets, which obviously is part of this process will be put in place, but we also want to analyse the capacity of small and medium businesses in regional New South Wales to supply components for the manufacture and assembly of the fleet. We're also in the midst of developing a social procurement workforce policy which will apply to our projects as well. Again, it's about looking at ways to have a more inclusive workforce, particularly when it comes to Aboriginal communities, youth and long-term unemployed people and of course the need for more apprenticeships and traineeships. Over to you as industry to try and work with us to try and find ways in which we can deliver better outcomes in this regard. As I said, I think our community in particularly across the state has an expectation on government to do more and that's why we have established this procurement in this way. That said - and I'll argue this

case until I go blue in the face - the national government has to deal with this issue appropriately. We've got to be an open-minded state and an open-minded country when it comes to dealing globally in a global marketplace. I can point to examples, particularly in my own backyard, in Bega where only a number of years ago, oyster farmers were doing it tough and they're now supplying the markets of Asia. We've got to be an open-minded and open for business as a state, particularly around the world and I'm very glad and grateful that there are international players in our audience today, because this is a state which is open for business. I'm very keen to ensure we get the best value for tax payers out of this process, we get the best outcomes when it comes to local content and of course we want to ensure that we have sustainable local jobs growth, particularly in the regions, which is why we're very keen to work with you through this process and take your input. This is not a case of us just dictating to you. It's a two-way engagement and that's why we do these industry briefings in the way that we have. We will continue to do them and I know that with the leadership here from Tim Reardon and his team, that we do want to get this right. Thank you for your interest and I know that this is a wonderful opportunity to deliver a great outcome for country New South Wales. It comes at a time when certainly in terms of transport opportunities in regional New South Wales we want to grow services. Rail is an area where we need to lift our game in terms of trying to get more people back onto country rail services and we are looking at the design of service provision in order to achieve that aim. It's also against a backdrop where regional aviation is starting to have a major impact in terms of mobility across regional New South Wales as well, which is why we're in the midst of de-regulating the air routes and arguing with Canberra in relation to air slots into Canberra. There's a big picture here. We're very grateful to all of you being part of it and I hope that we get a lot out of today's industry briefing in relation to the new procurement. Thanks for coming. Tim Reardon: Thanks Minister for opening the session and thanks to you as well, Becky, for your words in kicking us off. Could I start by paying my respects to the traditional owners of the land, the people of the Eora Nation. Pay my respects to elders past, present and future. At Transport we've hosted a lot of industry briefings and will continue to host them. Delighted that the Minister has been at basically all of those industry

briefings. I'm also delighted that the Parliamentary Secretary, Kevin Anderson, is here as well. He's most welcome to be here representing a regional view and that's most appropriate today. These industry briefings are for you. We always try and get as much out of them as we can, give you as much information and detail on what our procurement approach will be and today will be no different in that regard. Again, thank you and we welcome your involvement. Again, I always say if we get these things right, you get as much out of them as you can. If we don't get them quite right, feel free to send me a note post-event and let us know where we need to continue to still improve. It would be fair to say - I said I would ratchet up over the last couple of years' industry briefings - I think we've responded to that fairly fulsomely, but delighted today to be talking about a regional train procurement that has been some time coming. I'll repeat one thing the Minister said. If you're talking about the face of transport and what the government has done and allowed us to do in the last few years, we are going to be buying new metro trains, new light rail vehicles in three locations. Double-decker buses for a new B-line, new suburban trains, new inner-city trains, new ferries on Sydney harbour. If you think about the freshness of the face of transport over the next three to four years, that is like nothing we've ever seen before. That level of procurement is extraordinary, so it is only appropriate that we also do that for regional New South Wales. The face of regional New South Wales needs an uplift in terms of the regional train procurement and it should be seen in that light, that we're refreshing all of our fleets and the government has allocated us significant funding to do that. So we want to make sure we get this one right as well, in terms of how we go about it. Regional New South Wales, how we deliver the services, how we undertake the maintenance, what type of train we have are all important things that we want to talk to you about, so I want to go over a few of those matters. The network that these services run on are maybe for a few of you a little bit different than some of the other regional service delivery in other jurisdictions around the world. We run to regional centres, we run to big, regional cities such as Tamworth, Port Macquarie, Wauchope, Armidale to Dubbo to Orange to Bathurst to Wagga and Canberra, but we also run inter-state. We are in Brisbane-Sydney, we are in Melbourne-Sydney as well, so it's quite a significant service offering across the state. We also run to Moree, we

run to Broken Hill and we run to Griffith with our Explorer services as well. The geographies are vast, the geographies are different and some of those service offerings are different across the territory as well, augmented by a very significant coach network that has been in place for some considerable period. I'll just talk now about who our customers are and what they want and refreshingly in transport we, over the last six years, have taken what was mandated to us very strongly that the customer will be at centre of everything we do. That is part of our DNA now, so we do undertake an incredible amount of customer service feedback on a quarterly basis and consistently this is what they tell us that they want. It's not what bureaucrats have made up, it's what our customers out there tell us that they want. They want a network that links key destinations of interest, they want value for money relative to other transport modes. I pick up on the Minister's comments about competing with the intra-state air services, competing with long distance coaches which are de-regulated in this jurisdiction. Scheduling that is convenient and availability at required times. I could repeat that one 50 times, because that is incredibly important to country people and it's not just important to country people for a destination that ends at Central Station in the city centre of the CBD, it's important about their inter and intra-regional travel as well. Total journey duration relative to other modes. It may not be exactly the same as other modes and it's certainly not at this point in time, but relative to other modes that it's a reasonable journey service offering. Comfortable, safe, secure and clean services should be a given as underpinnings and I would have to say for both Rob Mason and Howard Collins here today and the customer satisfaction results that we do receive on our services tells you that we are getting those hygiene factors right. And again it's not us telling you that, it is our customers in the thousands telling us that, but there's always areas for improvement. One of those key areas for improvement I think will be the product itself. The actual train itself. Quite an opportunity for us. In terms of the trains, I too - like the Minister - am a country guy from western New South Wales. I still have and tell Rob Mason all the time that I listen to one mystery shopper, who happens to be my mother, who uses the Broken Hill service quite frequently. She tells me that her experience is very, very strongly positive I must say and I tell Rob Mason that quite frequently. But for me personally, I remember when the XPTs

came on and they were a modern, wonderful thing that came on. They replaced things like the Forbes and Parkes mail trains back in the day with the small boxes that used to freeze in winter and boil in summer. We used to catch the Union Pacific and we would have to call ahead to make it actually stop in our home town and then along came the XPT services, which were quite a refreshing change. We had a lot of coach services, but that's in the early to mid 80s. A lot of water has passed under the bridge since then. It is time for a refresh and the point I want to make is this is a once in a generation opportunity and you hear that said often, but in my lifetime it's a once in a generation opportunity. So you in this room get the opportunity to tell us what we're going to do and guide us and interact with us. From now, leading into the 2020s for the next 20 to 30 years, the decisions we make over the next few years will guide what that next generation of service offering will be in regional New South Wales. If you think about interconnectivity, if you think about broadband, WiFi and all those things and the technology in digital that could be enhanced and augmented with these services, there is quite an offering that I'm sure all of you in this room could bring to the table. Within that, the government has actually announced that 50 million dollars over the next few years for us to get on with the procurement. It does specifically mean that government has allowed us to bring the procurement forward by a couple of years. We're looking at options for the XPT that runs to places such as Tamworth, that runs to Dubbo, that runs to Wagga that runs to Canberra, but also the Explorers and Endeavours that augment those services. All are at end of life. All are dealing with issues of parts obsolescence. To the people that have to run those trains right now, Rob Mason comes forward with what his refresh requirements are, what his refurb requirements are for some of those services. We've reached that tipping point where we need to look at other options of actually refreshing through renewal of the entire fleet, not simply patching with preventative maintenance that we had been doing. The level of unexpected incidents and failures and therefore affecting the reliability of those services for customers is obviously top-of-mind in that. For anyone who's broken down on the Western Line or the North West in 37 degree heat will know that that's not a place to be and therefore we need a more modern fleet to provide for regional customers the service that they actually deserve. In

terms of what that service offering will be, government has gone out a few times over the last few years around this, but modern and comfortable seating, dining options, entertainment options, enhanced security and better access for the elderly and people with disability should be given in what a modern train can provide. We want to tell you what our thinking is, but we certainly want to hear in an interactive way what your thinking is, where you've seen this done well in other jurisdictions, where you've seen best of breed around the world and bring that to bear here in New South Wales for our people and for our communities. Just moving on to sustainability and innovation. The government has basically told us that with this procurement we will seek to maximise the economic growth and job creation opportunity out of it and that means a couple of things. A significant component, with a target of up to a 100% of assembly in New South Wales and maintenance to be undertaken in regional New South Wales are some settings that allow us to be very clear to you on what our requirements are and then work with you about how we can deliver on that. We also want to look at a lot of innovative technology - as much as you can bring to bear. As an agency, as an agency that actually has pinned the tears back and placed the customer at the centre of everything we do, we put a digital roadmap out there. I encourage you to look at that as well - about our priorities within that digital road map - because those things are not just for city folk, those things are for every person in the state of New South Wales and therefore all the innovation that we have in that digital road map should be brought to bear. Your best thinking, your best intellectual property should be brought to bear in what we provide in terms of these services, whether it's the actual train itself, the interchange opportunities and options, the time of day, the customer information that's given to people, whether that, right at the moment, is given through a third party. It could be a car garage at a regional town right at this point in time about where you purchase your ticket. Either online or as a paper ticket. There's many opportunities to provide a lot of digital technology and innovation into those spaces. In terms of alternative service delivery, the last point I'd make is the government has asked us to look at things as broadly as it can. That means we want to purchase new products to deliver for the customers of regional New South Wales. That can mean designing a new train, designing and assembling a new train, designing,

assembling, maintaining a new train, designing, assembling, maintaining and potentially operating a new train. The options are open for us to have a conversation with you about how you see things. Peter Regan, my colleague, Deputy Secretary of Finance and Investment will go through that in a bit more detail and we'll have a question and answer session on that. Basically if you think of criteria such as customer service levels, whole of life outcomes and value for money for us as a state, that's what we're about. But the customer service levels are paramount from where I sit. The customer service levels for regional people, for regional people ... And I repeat, it's not just about getting to downtown central. It can be inter-regionally as well, it can be about service frequency and reliability. It won't be as fast as some other modes. Can't quite go as fast as a plane. But it's the time of day that these things leave from at key destinations, their time of arrival, their repeatability and the product reliability are the key things that our customers are looking for through this procurement and they're the things we want to hear about from you. So, I'll close. For me personally this is one of the most exciting procurements we have, because it completes what government has asked us to do, which is basically as I said to refresh the face of transport in the state in New South Wales. I could talk to you about a lot of roads, I could talk to you about a whole range of other things, but nothing says it more for customer satisfaction than the entire fleets being procured and replaced in a very compressed timeframe, both within urban and regional settings within this state. It's quite breathtaking in the scale and the regional one in particular should be taken forward with the parameters that I've just outlined and certainly the Minister has outlined. And bring your best and brightest to bear in terms of some of the discussion we can have, the interactive processes we'll have over the next few months and really to give it a real crack, because I think we're giving you as much flexibility and freedom as we can in this procurement. Thanks for coming along and I'll hand over to Steve Troughton. Thank you. Steve Troughton: Thanks Tim and good to see so many people here today. I know a few of you and look forward to meeting more of you over the time. It's really good for us to engage with qualified suppliers in this space and I think as Tim was saying, it's also really refreshing that we're not dictating what we want. We're actually asking you for ideas and innovations. I'll try and talk a bit more in detail about what we're

looking for and the process from here and essentially we're looking to procure a new fleet, replacing the 60 XPT carriages that we've got at the moment. We're also looking at opportunities to replace the 23 Explorer and the 28 Endeavour cars that we operate on the network at the moment and we're really looking to do this with a contract to be awarded in early 2019. Total there is between 60 and 110 cars and we're also looking to deliver a fleet that will really enhance the levels of service that we currently provide and Tim and the Minister talked about that as the 1980s. The world has moved on since then. Again, we're looking at regional New South Wales for maintenance and facilities to service the fleet. This is a very important part of this and as I said, rather than imposing a solution for you to deliver, we want to hear from you what the best solutions for us may be and so certainly your feedback on how we supply and maintain, operate and finance is really important over the next few months and really starting today. I'd like you to really think about challenging us on new ideas. We're really, really looking to get long-term economic value and higher levels of service for the people of regional New South Wales. Certainly and this stage we've got no finalisation of a configuration and specification or delivery or maintenance and this is really going to be done following industry engagement. We're really looking for market-based solutions which provides a proven platform from an established rail manufacturer. We're looking also for minimal reconfiguration to operate reliably and efficiently on our New South Wales regional network. We're looking for a safe, comfortable, accessible and appealing environment for all our customers, but also for our operating staff on the network too. And again, state of art customer service provisions and solutions. We want to talk to industry about areas of technical innovation and particularly innovation during the delivery process, such as ideas for achieving our local content targets and also using industry smarts to optimise our supply chain. The first half of 2017 we will investigate a number of options for asset procurement delivery model where New South Wales TrainLink will operate the new fleet. We're also looking at a service commissioning delivery model where a third party would operate a new fleet and then also hybrids of those two models. Perhaps I'll just now ask Peter to come up and talk a little bit about the finance and investment and private finance options and I'll come back to finish up. So Peter ... Peter

Regan: Thank you, Steve, and good morning, everyone. I want to put a little bit more flavour on the types of thinking we've been doing. But again, to reiterate that we don't have a monopoly on the good ideas in this space and we're very, genuinely looking forward to the engagement with the broad range of people who are in this room and I'm very glad to see that we've got manufacturers, operators, financiers all here today and we're looking forward to talking to all of you. I guess we are breaking this down into a couple of broad-based categories and we want to look both at the asset and how the asset is operated. From an asset procurement perspective, there is a tried and tested path that is being used in a lot of jurisdictions. Certainly as a minimum level of what we're looking to do, we want to buy or have access to a fleet of trains that probably you can start from the proposition that the design, the construction and the maintenance of those trains are most likely to be packaged together. Design, build and maintain is something that is well-understood, but that combination of design, build and maintain, once you apply other thinking around financing, can be packaged up in different ways. Yes, we are interested in talking to the market and to industry around options around leasing of those trains. Ultimately the ownership of the train - the actual, legal ownership - is not what we are wedded to a particular outcome on. What we are looking to do is ensure that the trains are available for the purpose that they are procured. So leasing of those trains come in to play, as may other variants of public/private partnerships. Available PPPs have been used in this jurisdiction and elsewhere around train procurement and we're looking to engage with the market on an intelligent basis as to what the pros and cons of that type of arrangement are, of leasing arrangements or of others. Service commissioning is the other side of that equation and the design, build, operate and maintain is probably the easiest way to move down that spectrum if you're thinking it through. In terms of operations, does that mean crew, does that mean a fuller service concession or an outsourcing that might go beyond the trains themselves and look at some of the other service provision? Yes, that is a conversation we want to have. This is driven by securing the right train and the best train to allow the best customer service. How that is delivered is part of this discussion and again those options around service concessions, outsourcing, the length of time relative to the asset life are all of the issues that we've been doing a lot of

thinking about and we look forward to talking to you about. In terms of private finance I think the market well understands why government looks at private finance. Our primary reason for considering private finance options alongside public finance options are around the incentivization of good and best commercial practise and driving innovation, getting into an appropriate balance of risk transfer, they are the reasons we look at private finance. This project is funded, so we're not in a need to secure finance because we don't have the money. We are looking at those real reasons around the appropriate structure, the best balance of risk transfer and yes, in doing that, if there are ways to optimise our balance sheet treatment, credit rating impacts, our budget flexibility, the cashflow timing, then that's what we're wanting to engage on. Ultimately though, private finance in this context is always brought back to value for money and ease the balance of risk and the costs associated with alternate finance or the use of the government's finance. You're giving the best outcome overall in a value for money capacity. That's what we're looking to discuss. We will - through an industry engagement process - come up with a narrower sets of views as to where we want to go forward and we really do welcome and look forward to the innovation that you're thinking can have alongside ours. Thank you. Steve Troughton: Thanks Peter. That's great. I'll start to talk to you a little bit now about how we will engage with you and what the process for moving forward and how we're going to get the best delivery in contracting model in this space. Industry input and validation we sought throughout the development of the reference and final delivery strategy, so there's really a lot of stuff happening in series at the moment. Then we're also going to try and keep that discussion with you and getting your input in relation ... going along in parallel with everything that we do. The objectives of the fleet program, as we've talked about, are enhancing level of service presently provided, offering improvements in the customer experience, enhancing reliability of services and investing in regional and rural New South Wales. In order to finalise the delivery strategy required, we'll continue working with you to investigate contracting and financing options and those provided and outlined by Peter. This is our process and timeline. Certainly most of you are aware that the registration of interest began a couple of weeks ago on the 15th of February. Really the purpose of this process is to identify experienced and

suitably qualified Australian or overseas organisations with the right capability and expertise to supply and maintain, operate and/or finance rolling stock. Really has got quite a large sector of the market. We're not intending to make a formal comparative assessment following the ROI, so there's no marking at this stage. We're really just looking for you as organisations to start to have conversation with and understand more as we go forward. Following closure of the registration of interest on the 10th of March, we'll continue our program of industry engagement, including a market sounding through a number of workshops and other means. I'll go through a bit more of this program in a moment. The EOI process will begin in the third quarter of this year and this is really where we're going to shortlist to suitable applicants in preparation for releasing our request for tender. That will be issued to the shortlisted EOI applicants in quarter four this year, really with us then looking toward a contract in early 2019. This is the first part of our industry engagement activities planned for the development of the regional fleet and really the key objectives of our industry engagement are to identify suitable organisations as I mentioned, really inform the market of our scope and timing. As you'll see there's a long process to go through in this space. Really getting your feedback on the reference, scope, product and delivery strategy. We really want to listen to ideas, capture expertise and your experience from other jurisdictions and other places and understand what are potential opportunities and risks that we may have not picked up. We're going to run through a number of market sounding workshops and be really again looking at feedback and scope and overall strategy, sustainable job creation - a very, very important part of this whole project and really looking at supply and demand analysis to identify what products and services could be provided, met by regional suppliers in New South Wales. Moving through to some key messages and before I open to the floor, I think it's just to reiterate the focus on local content is not just a policy issue for government but also within transport - a very, very important part of how we get sustainable businesses throughout what we do in transport. This challenge really looks to open up some traditional supply chains that we've had, stimulating some regional economics and providing sustainable job creation for regional New South Wales and we need to do this with help from industry. Number of options and combinations of options to supply and

maintain or operate and finance need to be understood, so we got to work through that with you. With all our projects we're really keen to engage with industry at an early stage and I think this is a really good way of us doing that. Just finishing up for me, next steps for those who are interested in participating. You need to respond to the ROI before the 10th of March close date and that's on the tendering New South Wales Website, remain engaged in the process. Updates will be on the procurement process we made available via the website and general product updates or project updates along with today's slide pack and video will also be made available on the transport website. So you need to look at the tendering website and also the transport website. Understand the role that the ICA can play in connecting local suppliers with projects for this regional fleet is also important. That will be, again, covered on the website and you can see the links there on the slide. That brings us to an end of our formal presentations and we'll certainly as a panel take questions from the audience, supported by my team on this. So Becky and Guy and I've got a really good team. A lot of experience in this space working through this project, so hopefully you'll find great engagement with them as we go forward. But of course any issues or concerns or any other discussions you want to have, feel free to contact me or Tim or Peter at any point in time. Happy to open up to the audience now, so over to you. Have we got a roaming mic? If you could just state your name and company and ask your question. That would be great. Andy Spink: Hi Steve. Andy Spink from Downer. As you can imagine, we're extremely attracted to this transaction. Question, is there a blank canvas in terms of thought process to maintenance depots. Is that part of the development process or have you got any ideas as to locations in regional New South Wales where those depots may be? Steve Troughton: Andy, we don't and I think it's really very important that we come into this with an open mind. Certainly a lot of us are aware where things have been done in the past, but we want to make sure that we getting the best value for money, but also the getting the best for the regional people. We've got no preconceived ideas on where or how this will be set up and we're really looking over the next few months to have that process of engagement with all of you to flesh out some of those ideas and look at our opportunities. Any others? Owen Hayford: Owen Hayford from Clayton Utz. You mentioned on one of your slides

a reference contracting strategy. Have you worked out what that might be yet? My second question relates to the procurement timetable. Do you have an open mind in relation to those deadlines, especially if you end up going down the service commissioning type route as opposed to straight asset procurement? Steve Troughton: Contracting strategy at the moment will really be determined through the engagement. There's a number of strategies we'll go through that will be worked through as we finish our engagement with industry. Certainly with the timelines there's an intent there. We want to move as fast as possible with this, but certainly different strategies will mean different movements in how quickly we can get contracts together and certainly times for negotiation. Whilst there's got a bit of flexibility in these things as always, I think the end-time scale of getting a contract awarded by 2019 is really what we're aiming for. That's a bit of a driver for us in how we move forward. Again as part of your engagement with us, identifying opportunities to get to market faster are always valuable. Again, different methodologies. Let's have those conversations. Craig Black: Craig Black from Air Spring Supply. It's been repeated several times through the presentation by different speakers that there's a desire to offer an increase in the level of service to regional New South Wales. Obviously the level of the quality of the rail track infrastructure has a limit, so is there any associated funding to increase the quality of the track infrastructure that will allow for provision of different types of trains that probably wouldn't be suitable to run on current infrastructure. Peter Regan: I think it's a very valid question. At this stage, through this process, I think it is fair to say we do want to understand where the market feels those changes could be made. This is not about a complete rebuild unfortunately of the New South Wales, of Legacy Rail System, but certainly where there are opportunities to secure some quick wins or to make other changes, then we're very open to those. Internally we are doing a similar exercise and looking at where those pinch points are, where there are opportunities to make changes as part of the work that we already do on the network and also to understand where that would fit in in the longer term. I guess we have an open mind and we would certainly welcome people's views on that. There will ultimately be a constraint in both time and cost around what can be done, but I think it's all about trying to understand if more work was to be done on the infrastructure,

how best to target that work. Ben: Thanks. Ben from Bombardier. Just in terms of timeframes, you mentioned Q1/19 for award. Is there a view of when service would start for the new fleet depending on the model that goes forward? Peter Regan: Yes. As soon as possible after that. Audience member: A request for tender quarter 4/17 and contract awarded quarter 1/19, so it's two years. Is that right statement? Steve Troughton: Well a year in reality. Quarter 4/17, the end of 17, start of 18 then tender period then review of that, assessment of tenders and then negotiations with contract towards an award. Q1/19. So it's a year in reality of really from going out to tender to assessment, negotiation and award. Audience member: Another question is is that a local built train or it again would be a local organisation, because I just sort of can't figure out? Or it would be again imported train? Steve Troughton: One of the drivers here is about assembly in New South Wales. So we're looking for any opportunity around manufacture as well, but we're looking for 100% assembly in New South Wales and 100% of maintenance as well here. Again, permutations around that and again open to discussion about what opportunities there would be through all of that supply chain. But the target for us is 100% assembly in New South Wales. Audience member: And is it a new depot also will be acquired or it's based on XPT depot in- Steve Troughton: A lot of how this all evolves will really decide a lot of that stuff. Happy to have those negotiations on existing depots whether they'd be suitable. If a new depot is seen as to be the right answer, again, depending on how it's going to be. If it's an assembly plus a maintenance depot in the future or if there's going to be separate assembly and maintenance, a lot of this stuff is really open to that discussion and this is why we want to have the conversations with you all. There are so many different permutations that we're open to and I think this is about how do we get the right balance for regional New South Wales, the right balance of innovation, ensuring we get efficiency, effectiveness and good value for the tax payer as always. There's many, many permutations as you can imagine at the moment and that's why we've got this process of engagement with you in conversations to get what we all feel is probably the best way to market. Audience member: Thanks. Fred: I have a question basically regarding you mentioned earlier on about the design of the vehicle being an existing, established design, but we're trying to put a vehicle on the track here that's

going to last at least 35 years, so we need to be at the forefront of technology as we put this forward. There's a balancing act for us between innovative technology and established, existing design. Now an established, existing design, if you took a train that's out there today, it's probably ten year old, that's running around with an established design. How are we going to balance these two competing opportunities basically? Steve Troughton: I don't see them as competing opportunities. I think what we're trying to say is an established platform that will operate on our network. We don't particularly want to be bleeding edge, but certainly we're also looking at how we can innovate again to get something that is going to last us 30 years and beyond and provide a great outcome to our customers. I think you'll see a lot of what we do in transport is very innovative, through the future transport initiatives and other areas. These are conversations we're really happy to have and I think it's a really good point is that what is our appetite in this space and I think you'll find that we've got a pretty big vision and we're willing to take a fair bit of risk as well. As long as we know we're getting the right outcome for the travelling public. Fred: Based on that we could assume we'll be looking at a non-prescriptive tender this time round, that's more open-ended, performance-based, like we were looking for before. If that is the case, if the evaluation criteria was to be published with the tender document it gives us an opportunity to juggle our design and the parameters so that we know how it's weighted and what is of more interest to you rather than ... There is a list of criteria, we understand that we have to meet that, but obviously some of them are more strongly favoured than others. It gives us an opportunity to balance the way we approach the bid. Steve Troughton: All that you said, I agree with and hopefully that will certainly be what we're intending to do and I'm just looking at nods from Guy. All that stuff is absolutely valid and we do need to explain very, very clearly on how we're evaluating it, because you're very right, it can really affect what you're going to put in. I also expect there may be a number of alternative options that you're going to be putting through as well. But certainly have those conversations as we go through. We don't want to be too prescriptive and I hope that we've made that very, very clear. This is part of the process really to determine what we're going to go out to tender for and what we're going to ask for and I really do think that we can get some great outcomes. But we mustn't be telling you

what we want. We've got to leave it open. Hopefully that is there and if there is issues with that or concerns, have those conversations with us early. Audience member: Are your destinations and frequencies that are currently out there in the timetable something that you're going to tell us we have to meet or is the timetable something that we have to talk to you about? Steve Troughton: I think this is part of the opportunity for service uplift. Certainly I think as a minimum the intention is that we will meet the current services and frequencies that we have. There is no intent at the moment to reduce that. What we would like to see is a discussion with you about how we can get better optimization of those, how we can get better servicing through the whole of the regions. Certainly a good knowledge of how the network operates at the moment is important, but let's have those discussions on what is feasible, what we can do and what's desired in the future. Okay. I think we've done. Becky will come up now and wrap up, so thank you all for those questions. Becky Wood: Thank you Steve and thank you all. As I say, it's great to see something so well-attended and we're really enthusiastic to begin the more detailed conversations we're keen to have. Do watch for myself and Guy in particular afterwards - if you can join us for a little while longer - talking to us about getting involved, registering your interest if you haven't done so already and just joining in with debate. I should also thank you for your politeness. 60 To 110 cars, not trains. I do apologise. I just spotted that slide and thought, "Rob is very, very persuasive and I want to buy him a fantastic new fleet, but not quite that many quite yet. Thank you again and we look forward to meeting you in person and having further discussion.