



NSW Government response

Inquiry into Privatisation of bus services

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■ Recommendation 1

That the NSW Government give consideration to taking action to revert bus services to being publicly-owned-and-operated for:

- bus services in the four recently privatised Contract Regions in metropolitan Sydney (Contract Regions 6, 7, 8 and 9) that were previously operated by the State Transit Authority
- bus services delivered under the integrated public service contract for Newcastle.

NSW Government response

Not supported

The majority of bus contract regions in metropolitan Sydney have historically been serviced via contractual arrangements through private transport operators. Newcastle Transport, the private transport operator for bus services in the Newcastle area, took over bus services from the previously operated State Transit Authority of NSW (State Transit) area on 1 July 2017.

A competitive tender for Sydney metropolitan and Newcastle bus contracts enables Government to reinvest more into delivering better services to customers. Improved customer outcomes are being delivered with the engagement of leading national and international bus operators. These operators are transforming the former, one-size-fits-all model of service delivery, to the current one with multiple service types, including high-capacity routes and local and on-demand travel. National and international experience demonstrates that the franchising process delivers operational experience, expertise and benefits of customer innovation from leading global transport operators. Sydney metropolitan customers have been able to benefit from improvements in bus services using leading technologies and service offerings seen in other major global cities, such as Singapore.

The private transport operator for Greater Sydney's Region 8, Keolis Downer Northern Beaches, has introduced innovations of headway technology (on-board software platform and operational control centre), to further increase the reliability and quality of the successful and popular B-Line service for Northern Beaches visitors and residents.

Keolis Downer were already operating the highly successful and popular On Demand transport service, known as Keoride, before the transfer of this region's operations from the former State Transit. This service was able to become a permanent part of this contract's network, as part of the franchising process.

Keoride has been a local success story in innovative service delivery models. Since the launch of Keoride in 2017, the flexibility and convenience of the bookable service has transformed travel behaviours in the Northern Beaches operating area. Approximately 42% of customers have stated that On Demand transport could be relied upon, to replace at least one private vehicle, thereby reducing private vehicle dependency. Throughout its operational lifespan, Keoride has consistently maintained a high level of customer satisfaction at 98%, with customers rating it 4.8 out of 5 stars. This is a prime example of the leading-edge customer benefits that private transport operators have delivered, to improve service levels in NSW.

The franchising process has also supported development of local businesses, such as Busways, which is an Australian-owned family company and the new operator in Greater Sydney's Region 7. Busways has a proud history of delivering local bus services to NSW customers since the 1950s and was already providing bus routes across Sydney's West and Hills District, and in Outer Metropolitan areas in the Central Coast, Coffs Harbour, Grafton, Great Lakes region and Port Macquarie.

Taxpayers also benefit greatly from the franchising process, with the anticipated savings for the following Greater Sydney regions over their eight-year contracts:

- Region 7: Busways will save taxpayers around \$75 million, while delivering more than 1.1 million services annually for customers.
- Region 8: Keolis Downer will save taxpayers more than \$100 million, while delivering more than 1.2 million services annually for customers.
- Region 9: Transdev John Holland will save taxpayers \$200 million, while delivering extra, more frequent regular services for customers in the CBD and southeast.

Newcastle customers have since experienced an increase in bus and ferry services, and other transport options, including light rail and flexible on-demand services. These increases represent an almost additional 1,800 weekly bus services (40 per cent increase), 150 additional weekly ferry services (27 per cent increase) and 1,560 light rail weekly services.

On-Demand services, introduced in 2018, operate across Charlestown, Dudley, Whitebridge, Gateshead, Redhead, Warners Bay, Mount Hutton, Windale, Tingira Heights, Eleebana, Croudace Bay, Valentine, Belmont North and Belmont areas.

The state-owned depots and bus assets in Greater Sydney Regions 6 to 9 and in Newcastle remain State-owned. Reverting to a publicly-operated service would eliminate the ability for Government to secure improved value for money and delivery of benefits to customers through competitive tendering processes.

Since its introduction, Newcastle Transport has delivered and continues to improve upon a fully integrated public transport network with harmonised timetables and additional services that provide better connectivity between modes. Newcastle Transport On Demand for example integrates with existing bus services at transport hubs to flexibly improve public transport coverage and mobility for all passengers, with the result of providing faster, safer and more convenient trips. In annual changes implemented in 2022, the operating hours of the Newcastle Transport On Demand service were extended from 4pm until 6pm on weekdays benefitting Lake Macquarie commuters and connecting to a new express route service, the 10X, operating between Charlestown and Newcastle CBD. Ferry services were also improved during 2022 providing additional services and enhanced connectivity for residents travelling to and from Stockton utilising the light rail. This overall enhanced connectivity facilitates an improved end to end journey experience for customers.

The Newcastle Transport network is reviewed annually based on customer and community feedback as well as patronage data to ensure the continuous improvement of the network and to respond to the needs of the growing broader Newcastle and Lake Macquarie community.

The customer satisfaction results have not necessarily improved for bus which is the only comparable mode from State Transit. Customer satisfaction results during the final years of State Transit were improving. When Newcastle Transport commenced, the network was overhauled which resulted in disruption and a fall in customer satisfaction ratings. The ratings have since been affected by COVID.

■ Recommendation 2

That the NSW Government implement the following changes to its contracts and processes to engage private bus operators, with the objective of ensuring fair competition in the market, and that every community in NSW has access to bus services to and from essential public infrastructure and services:

- key performance indicators in contracts must include targets connected to the level and quality of service to avoid rationalisation and reduction in services to meet patronage and on-time running targets
- key performance indicators and other key contractual provisions, such as disability accessibility requirements and incentive payments and abatement provisions, must be disclosed and publicly available
- Transport for NSW should give consideration to maintaining or improving the breadth of coverage as part of the criteria for assessing a private operator's proposal to deliver a service
- meaningful and comprehensive consultation must be mandatory before network and services changes are implemented, both when proposed by a private bus operator and by Transport for NSW, and responses from the public and Transport for NSW's decisions must be made public
- the process set out by private operators to receive complaints and feedback from the community must be widely advertised and easily accessible across various platforms of communication
- complaint avenues should be consistently monitored by private operators who must regularly relay complaints received to Transport for NSW, and responses from the public and Transport for NSW's decisions must be made public
- provision should be made for an escalation process for customers who are dissatisfied with the complaint process via the private operator. The escalation process should include direct access to Transport for NSW
- performance against key performance indicators relating to service delivery and customer satisfaction must be actively monitored and private bus operators penalised via abatement clauses for failure to maintain adequate service provision
- competitive tendering practices and processes should not directly or indirectly preference larger or multinational corporations over smaller, local private operators.

NSW Government response

Noted

• key performance indicators in contracts must include targets connected to the level and quality of service to avoid rationalisation and reduction in services to meet patronage and on-time running targets

Transport for NSW (TfNSW) has designed the key performance indicator regime in both the existing and new bus service contract, which considers the specific operational landscape in metropolitan Sydney and outer metropolitan areas, including Newcastle, to ensure that KPI measures lead to the best customer outcomes for service quality. Franchising leverages experience from private industry, whilst maintaining Government controls to ensure outcomes for commuters aren't compromised. TfNSW has retained control of fares, routes and timetables for the formerly State Transit operated Regions 6 to 9 in Greater Sydney.. In Newcastle, the operator is responsible for planning routes and timetables. Service reduction or rationalisation cannot be implemented by any operator without TfNSW approval.

- *key performance indicators and other key contractual provisions, such as disability accessibility requirements and incentive payments and abatement provisions, must be disclosed and publicly available*

The requirement in the bus service contracts to meet the *Disability Discrimination Act*, and the Disability Standards for Accessible Public Transport and accompanying regulations and guidelines also applies to private transport operators.

The operators are required under the old and new bus service contracts to publish their Accessible Transport Action Plans required under the Disability Discrimination legislation. The contract provisions for disability accessibility requirements and the key performance indicator measures are outlined on the TfNSW website.

- *Transport for NSW should give consideration to maintaining or improving the breadth of coverage as part of the criteria for assessing a private operator's proposal to deliver a service*

TfNSW continues to be responsible for the control of routes and timetables for all Regions in Greater Sydney. In Newcastle, the operator is responsible for planning routes and timetables. **Planning of the network is the responsibility of the operator. Network changes are endorsed by TfNSW planning. TfNSW do not plan nor approve the timetables for Newcastle Transport.** Service reduction or rationalisation cannot be implemented without TfNSW approval. The franchising process has sought proposals from world-leading operators on innovative service delivery models, including delivery of On Demand services, to offer customers across metropolitan Sydney more options for travel.

TfNSW has provided the industry with guidance on particular areas with historically low public transport coverage, and challenged operators to propose innovative service delivery models, such as On Demand Public Transport, to provide additional service options that increase breadth of public transport coverage.

All service planning proposals submitted during the tendering process by operators are examined, to confirm that the current service levels and coverage are not diminished.

- *meaningful and comprehensive consultation must be mandatory before network and services changes are implemented, both when proposed by a private bus operator and by Transport for NSW, and responses from the public and Transport for NSW's decisions must be made public*

All network planning proposed by a private transport operator is generally developed in close consultation with and requires approval of TfNSW.

Consultation with the South East Sydney community for bus service changes was one of the most extensive processes of community consultation that TfNSW has completed for bus service changes.

TfNSW engaged extensively with local stakeholders, during an extended eight-week consultation period, including with councils and community groups, through several briefings to explain the proposed changes in detail, and hear their feedback. TfNSW has considered all 8,800 pieces of feedback (themes raised include frequency of services, connections with light rail, and maintaining local links to key destinations) and considered what benefits could be made for customers before finalising and releasing the plan.

TfNSW may undertake community consultation and engagement with local stakeholders, depending on the change's scale.

The franchising of Greater Sydney's Region 9 and the community consultation on the proposed South East light rail and bus network integrated public transport plan were separate processes. The South East Bus changes that form part of the South East plan, were implemented by the former State Transit in advance of transition to the incoming Region 9 operator.

- *the process set out by private operators to receive complaints and feedback from the community must be widely advertised and easily accessible across various platforms of communication*

TfNSW takes the lead role in managing all customer facing communications channels, including channels for customers to provide feedback, to ensure a consistent customer experience. This is widely advertised across all transport modes, with customers prompted to

send any feedback to the TransportNSW Info website, through the 131 500 contact number or interacting with the social media channels.

The majority of the Greater Sydney private transport operators each maintain their own corporate website and these channels serve to direct customers wishing to submit any input or feedback to the TransportNSW Info portal, to ensure that TfNSW receives and considers all feedback provided.

All incoming operators in Greater Sydney and Newcastle are contractually required to maintain a service desk, to assist with responses and any further investigation of feedback.

In Newcastle, the operator is contractually responsible for receiving and responding to feedback in line with the contract's key performance indicators.

• complaint avenues should be consistently monitored by private operators who must regularly relay complaints received to Transport for NSW, and responses from the public and Transport for NSW's decisions must be made public

There are contractual requirements in both the old and new bus service contracts for operators to satisfactorily acknowledge and respond to any customer feedback in agreed timeframes.

The process is measured via key performance indicators, from the time of receipt of the feedback by the operator, to the resolution and closure of the feedback.

All operators are required to use a common customer relationship management system to manage customer feedback processes, to ensure all items of feedback are retained in a common platform held by TfNSW.

Both the old and new bus service contracts contain a key performance indicator reporting period, which are included in the TfNSW Customer Feedback System. The key performance indicators are broken into three components: Customer Experience, Service Delivery, Safety Assets and other key performance indicators.

Responses from the public often contain sensitive personal information, which would not be suitable for sharing in the public domain.

• provision should be made for an escalation process for customers who are dissatisfied with the complaint process via the private operator. The escalation process should include direct access to Transport for NSW

Customers are able to reopen complaints if they feel that their feedback has not been addressed sufficiently. Customers have many avenues to escalate their complaints, including directly to TfNSW.

• performance against key performance indicators relating to service delivery and customer satisfaction must be actively monitored and private bus operators penalised via abatement clauses for failure to maintain adequate service provision

The old and new bus service contracts closely measure operator performance against key performance indicators. For certain key performance indicators, failure to deliver to the standards, as set out in the relevant key performance indicator, will incur abatements by the operator.

• competitive tendering practices and processes should not directly or indirectly preference larger or multinational corporations over smaller, local private operators.

TfNSW understands that world-class private transport operators come in all sizes. The objective of the franchising and retendering processes is to seek professional, experienced and highly qualified operators, to operate bus services and deliver quality customer outcomes with TfNSW.

Bus service contracts are being tendered in separate tranches throughout 2022 for the contract retendering process. This tranching structure of the procurement process is designed to attract a range of operators, which will help build and maintain a diverse and sustainable market, to deliver the current and future demands of our customers.

All competitive tendering processes are governed by and abide with the NSW Procurement Policy framework. There is strict governance and probity measures in place, to ensure a fair and equitable process.

■ Recommendation 3

That the NSW Government must ensure that every community in NSW has access to reliable and accessible bus services to and from essential public infrastructure and services.

NSW Government response

Support in Principle

An outcome of Transport for NSW's recently published Future Transport Strategy, is 'Connecting our customers' whole lives'. This outcome commits Transport for NSW to 'develop an inclusive transport system enabling access to services and places for all'. Accessibility is achieved through infrastructure and service provision across all transport modes, with buses being a major contributor.

The approach to delivering this commitment is outlined in Transport for NSW's Integrated Public Transport Service Planning Guidelines for the Sydney metropolitan area, which provide the foundation for short and medium-term service planning (up to 10 years) across bus, ferry, light rail and train services. The objectives of the guidelines are to:

- Support a transparent, evidence based and multi-disciplinary approach to service planning
- Guide transport planners and practitioners on service planning considerations, using a consistent approach across public transport modes
- Align service planning outcomes with strategic transport plans.

A key focus is service coverage (access to public transport), and across Regional and Outer Metropolitan NSW, the target is for 85% to 90% of households to have service coverage.

Planning for integrated service provision considers the ratio of service to be directed to support customer demand and coverage, and to extend the reach of public transport services, as far as possible, in the available budget.

Coverage guidelines:

- Support the provision of a minimum level of service to most households in metropolitan Sydney, supplemented by higher frequency services on key corridors and areas of higher customer demand
- Support a connected multimodal transport system by providing direct or linked service for cross-city and cross-regional journeys
- Provide an economic and environmental benefit by providing a viable, cost-effective alternative to car travel
- Provide social benefits by ensuring social inclusion and equity of access to all of the community.

Service planning guidelines support the development of a connected and integrated public transport network that facilitates travel opportunities, to meet the needs of different customer groups. The guidelines are a starting point to determine service coverage and Transport for NSW, together with private transport operators, usually efficiently exceed the minimum requirements for service levels.

For the Six Cities Regions, including Lower Hunter and Greater Newcastle City, Central Coast City, and Illawarra-Shoalhaven City, Transport for NSW is looking to ensure most people can access key destinations by public transport in 30 minutes. This will facilitate better access to education, employment, health services and leisure activities therefore reducing reliance on private vehicles to access key destinations in our cities.

The 16 Cities Regional Service Improvement Program is currently increasing public transport access to public transport access regional NSW. Since 2019 holistic service improvements have been delivered in Wagga Wagga, Tweed Heads, Bathurst, Greater Nowra and Orange

with the remainder of the Program continuing to deliver improved public transport access across 16 cities in regional NSW.

Transport for NSW will progress its priority action as outlined in the Future Transport Strategy and Infrastructure NSW State Infrastructure Strategy 2022-2042, to investigate and deliver a regional and outer metropolitan bus service improvements that builds on the success of the 16 Cities Program. As part of planning for future public transport regional, rural and remote NSW, improved access to public transport services will be an objective and consider on-demand services and trials for communities.

A regional connected network approach is proposed that will help regional communities to thrive by ensuring that people in regional areas have access to efficient, resilient public transport services. Transport for NSW proposes to adopt a tiered approach aimed at connecting cities and centres, connecting regional towns and villages, and connecting neighbourhoods.

However, uniform geographic coverage cannot always be achieved due to constraints, such as topography and street network restrictions. Further constraints are reflecting likely customer demand, especially in areas with low residential populations relative to other areas, which can support regular public transport services. Local characteristics and evidence need to be considered when determining service coverage. Service coverage considers ease of access, proximity to households, consideration of the walking component of travel and the percentage of the households covered in a defined distance. This has traditionally been and will continue to be an important standard as part of public transport service planning for the Sydney metropolitan area.

Since 2020, a major challenge to delivering the planned service level for bus trips across Greater Sydney and NSW has been mostly a result of the Covid 19 pandemic. Significant driver shortages have resulted in frequent service cancellations and/or modifications.

This challenge was live during the period of the inquiry and is external and unrelated to the contracted service model. Transport for NSW continues to review how to best provide for customer needs, as defined in the service planning guidelines and to work with the operators, to address the underlying causes preventing delivery of planned services.

■ Recommendation 4

That the NSW Government in partnership with relevant unions, stakeholders and private bus operators, introduce a requirement for an industry-wide enterprise agreement which is applied to the bus industry throughout New South Wales and are inserted into contracts and are considered central to the competitive tender process.

NSW Government response

Not supported

Recommendations 4 and 5 are similar as they seek the codification of a single standard for employment conditions in contracts across the industry.

The two approaches are not compatible with each other and there seems to be no efficacy in the contracts incorporating both the terms of an enterprise agreement and a set of minimum terms and conditions.

Under the Fair Work Act, employers must voluntarily agree to bargaining together for an industry-wide multi-enterprise enterprise agreement (apart from in the low-paid bargaining stream, which would not include the bus industry). Mandated industry-wide enterprise agreements are not supported.

The NSW Government also does not consider that a multi-industry enterprise agreement is necessary, to provide the opportunity for good employment outcomes for the industry's workforce.

The first officially tendered bus service contract, the Sydney Metropolitan Bus Services Contracts, was put out to the market in 2012. The first contract commenced in 2013. Contracts were negotiated directly with operators before this time. Since that first tendered contract in 2013, many operators have continued to grow in size and complexity, building skills and resources to provide increased services and greater innovation. There is also the potential for new players to enter the market with new and innovative ideas.

The new bus service contracts place clear obligations on operators for workforce and industrial relations management. It requires them to ensure that, at all times, any and all employment and industrial relations obligations concerning their staff are complied with and that they assume sole responsibility for and manage all aspects of industrial relations. The operators are also required to report regularly to Transport for NSW on workforce/industrial relations matters.

Operators enter into a contract understanding they will have full responsibility for managing the company and its workforce, including the delivery of the best services possible and working with its employees, to develop a positive culture and address workforce issues.

The bus industry has mostly been privately operated and based on a model of separate operator/employers, which the franchising of the former State Transit has not changed. This model of operators being responsible for their own workforce is best suited for ensuring that the industry remains responsive to the demands of the public, requiring each operator to negotiate terms and conditions of employment with their workforce and their representatives, in accordance with the operator's and workforce's requirements and the needs of its customers.

The NSW Government's stance is that if the industry was required to adopt a one size fits all approach, this would result in potentially gridlocked negotiations between operators and with

unions, which may undermine employer innovation, employee flexibility and potentially conditions of employment.

While BusNSW, the peak industry body, and several operators have collaborated when negotiating enterprise agreements with unions, many have more recently chosen to negotiate employment arrangements directly with the workforce and the employees' representatives. This ensures the unique requirements for each workforce and employer can be incorporated into the enterprise agreement.

The reference to a "template enterprise agreement" reported to have been established by key industry stakeholders appears to be a reference to meetings held with BusNSW, several operators and the Transport Workers Union early in the recent round of bargaining, at which a union log of claims was considered. It is understood that a template enterprise agreement was not agreed to. The results of recent negotiations demonstrate that operators are not significantly out of step with each other and that they are able to reach agreement with their employees and their representatives. This has mostly resulted in agreements running until 30 June 2026 with above average wage increases and with backpay or lump sum payments, to compensate for the length of the bargaining period. Further, many received increases in superannuation above the legislated superannuation contribution guarantee.

■ Recommendation 5

That the NSW Government, in partnership with relevant unions, stakeholders and private bus operators, introduce industry-wide minimum pay and employment conditions which are applied to the bus industry throughout NSW and are inserted into contracts and are considered central to the competitive tender process.

NSW Government response

Not supported

Recommendations 4 and 5 are similar as they seek the codification of a single standard for employment conditions in contracts across the industry.

The two approaches are not compatible with each other and there seems to be no efficacy in the contracts, incorporating both the terms of an enterprise agreement and a set of minimum terms and conditions.

A modern award exists which sets out the minimum pay and employment conditions across the industry and, which is applicable nationally. The Fair Work Commission's Expert Panel reviews this annually, to determine the Award's minimum wages.

The issue of enterprise agreements is addressed in response to Recommendation 4 and many of the concerns raised in that response apply to this Recommendation.

Changes have occurred across the industry and there is the potential for new operators to enter the market with new and better approaches and ideas. Companies also increasingly expect to take full responsibility for the management of their operations and workforce.

The NSW Government's view is that if the industry was required to adopt a one size fits all approach, this would result in potentially gridlocked negotiations between operators and with unions, which may undermine employer innovation, employee flexibility and potentially conditions of employment.

Each employer is best placed to determine, in conjunction with its employees, what is best for its people and itself as a service deliverer.

■ Recommendation 6

That the NSW Government ensure that the competitive tender process for the delivery of bus services across New South Wales prioritises the maintenance of adequate levels of service delivery to the community, preserves and upholds high employment standards and protects the principle of 'same work, same pay' both across the industry and within a Contract Region.

NSW Government response

Noted

The recent franchising process and the retendering of bus contract regions ensures customer outcomes are achieved.

All private transport operators across the regions will be expected and required to work collaboratively with Transport for NSW to implement service revisions. These revisions aim to deliver improved customer outcomes in accordance with the contract and Transport for NSW Integrated Public Transport Service Planning Guidelines (current version December 2013), as updated periodically.

The bus contract retendering process requires operators to tender based on current service levels and any proposed enhancement was not to be less than Transport for NSW's service specifications.

Each operator must provide a detailed industrial relations plan setting out its approach towards the management of industrial relations and employment matters, including how it will manage employees in an equitable and non discriminatory manner. The execution of the plan is monitored throughout the contract's term and the operator is held accountable against the plan. The operator is also required to report regularly on workforce/industrial relations issues affecting current/recent performance/service delivery and emerging significant industrial relations issues.

The contracts also facilitate a structure which provides for consistency in terms and conditions under each bus contract, as it is expected to provide the opportunity for all such employees to participate in wage negotiations going forward.

The bus services contracts have been modified as regions have been tendered to further ensure that there is consistency in the terms and conditions applicable across the workforce of each operator. The current tranche of contracts requires operational employees to be employed on the same conditions – i.e. the relevant transferring instrument – thereby facilitating "same work, same pay". Where through the tendering process there is a consolidation of regions, there may be more than one transferring instrument. The operator, nonetheless, must still demonstrate how it will comply with the terms of the contract with respect to applying the same terms and conditions to transferring and new employees.

The operator and its employees and their representatives may then negotiate terms and conditions, including pay rates, going forward as part of negotiations for new enterprise agreements, in line with the Fair Work Act.

It is an emerging trend in recently franchised Regions that the operators are seeking to move towards a single Enterprise Agreement across all workers, new and transferred. This has been the outcome in Greater Sydney's Regions 8 and 9, and the parties are understood to be committed to the same goal in Greater Sydney's Regions 6 and 7.

■ Recommendation 7

That the NSW Government ensure adequate staffing and sufficient retention rates are maintained to support quality service delivery, with appropriate penalties for non-compliance with key performance indicators that may result from understaffing.

NSW Government response

Support in principle

The NSW Government assisted with maintaining the former State Transit's recruitment pipeline up until the point of transition to the incoming operator under the franchising process for Greater Sydney's Regions 7 to 9. This was to ensure adequate staffing levels were maintained to support service delivery and assist with a smooth handover process. In Newcastle, when the incoming private operator commenced operations in 2017, all previous State Transit staff were onboarded. After the expiry of the current Enterprise Agreement, a new agreement was reached at the start of the operations, which was the same as under State Transit, with improved pay. This agreement expired in 2021, with a new agreement approved on 25 August 2022, again with better pay for staff. All changes in the new agreement were agreed with full Rail, Tram and Bus Union support and endorsement.

Transport for NSW is aware of an industry-wide issue of bus driver shortages. Transport for NSW has attempted to mitigate any risks of staffing shortfall by requesting tenderers to propose strategies and approaches to overcome the issue of bus operator resourcing. Transport for NSW is also working closely with operators, to provide support where possible, due to operational challenges arising from bus driver shortages.

All areas are still being provided services even with the disrupted network coverage and service frequency. Transport for NSW acknowledges that customers may have needed to use alternative services as a result and apologises to those communities who have experienced ongoing disruption.

Transport for NSW is working closely with the industry across the state to seek solutions for the staff shortages and the industry is developing a range of initiatives. Some of these initiatives are:

- Traineeship programs to encourage more drivers and mechanics into the industry. Drivers from a private transport operator will be assisted with obtaining a valid NSW C Class licence, to become fully qualified professional bus drivers with a nationally accredited qualification of Certificate III in Driving Operations.
- Increasing the support and retention of a private transport operator's female workforce by offering learning, training, development, and employment across all roles. At the completion of the program, participants may successfully join their workforce.
- In-house training resources of a private transport operator, to enable valid C Class license holders to become fully qualified professional bus drivers. The operator is also partnering with a local employment agency to hold information days, to attract people into the industry.

Other initiatives, such as sign on and referral bonuses, are also being used across the state.

Transport for NSW has been exercising its rights under these contractual arrangements with the operators, to manage performance and drive customer outcomes. These measures include increasing levels of incentives, including performance payments and abatements, and are designed to encourage operators to meet service delivery targets.

■ Recommendation 8

That the NSW Government accelerate the transition to zero emissions buses in New South Wales and provide the required leadership and support regarding procurement and funding to the industry so as to retain a diversity of operators and sufficient competition in the market.

NSW Government response

Support

The NSW Government announced on 21 June 2022 that it will invest \$218.9 million over the next seven years on the rollout plan for zero emission buses across the State with around \$2 billion in additional funding set aside pending a final business case.

The transition plan, which will prioritise sustainability and local manufacturing, will see the transition fully completed in Greater Sydney by 2035, followed by Outer Metropolitan regions in 2040, and Regional NSW in 2047.

Transport for NSW has taken advice from industry and experts, and ensured the rollout plan strikes the right balance between speed of delivery and the capacity of industry, to support the roll out. Transport for NSW is using a staged approach that allows industry to ramp up production in a sustainable way, maximising opportunities for local manufacturing and assembly of zero emission buses. It provides a steady long-term pipeline of bus orders ensuring diversity and competition remains in the long-term and not just in the next ten years. This will also allow for the sustainable retirement of existing diesel buses. It will also allow Transport for NSW to continue investigating and investing in new technologies, ensuring we can use the latest and most suitable technology at each stage of the project rollout, which best suits the specific needs of a region.

Transport for NSW is continuing to manage a competitive open tender process across Greater Sydney, to retender bus service contracts. These tenders include options for an accelerated transition to a zero emission bus fleet. Transport for NSW has maintained ongoing engagement with industry on this transition and is collaborating with other transport jurisdictions across the country, to address key requirements, including workforce change and training, technology specifications and evolution along with market capacity and the supply network.

There are over 100 zero emission buses delivering public transport bus services across Greater Sydney, which are comprised from a range of approved manufacturers on Transport for NSW bus panel 3. NSW is leading the way nationally in this transition.

■ Recommendation 9

That the NSW Government ensure that through its contractual or other arrangements with private bus operators it:

- retains ownership of all zero emissions buses and related infrastructure, including charging infrastructure
- prevents private operators gaining an entrenched advantage for future contracts through ownership of zero emissions bus assets.

NSW Government response

Support in principle

Transport for NSW will be exploring relevant contractual and ownership models for the transition to zero emission buses, as part of the development of the business case for each stage of the transition.

Different models may be used to ensure our approach is tailored to the specific needs of different regions, operating environments and existing contractual arrangements. Key focus areas of future arrangements will include Transport for NSW maintaining control of the bus fleet and any infrastructure assets that the NSW Government invests in, along with ensuring market competition is optimised in future procurement.

Where direct negotiation is required, Transport for NSW will be using principles derived from NSW Government direct negotiation/unsolicited proposal guidelines and Transport for NSW procurement policies.

In most instances, operators own or lease the bus depots.

■ Recommendation 10

That the NSW Government consult with key stakeholders, including local councils and advocacy groups, to ensure that zero emissions bus programs are fit for purpose in each Contract Region across New South Wales.

NSW Government response

Support

Transport for NSW has been working closely with industry to understand existing constraints and provide support to help mitigate these, which will continue over the coming years.

Transport for NSW is engaging with our operators through our existing channels of communication and liaising with industry partners, both directly and on a wider scale via a several industry platforms, including industry briefings and updates on Transport for NSW's digital platforms.

Transport for NSW released the NSW Zero Emission Bus Transition Strategy in August 2021 and invited stakeholders and community, to submit feedback on the Strategy via a survey on the industry portal. The feedback received helped inform the strategic plan for the rollout of zero emission buses across the state and over 80 per cent of responses were positive. As transition planning progresses for each contract region, consultation will take place with relevant stakeholders, to ensure the delivery of zero emission buses in each contract region is fit for purpose and meets the needs of each community.

The Zero Emission Bus Plan was announced in June 2022, which outlined the staged transition based on feedback from the bus industry. The plan outlined that Greater Sydney will be first to fully transition all diesel and compressed natural gas buses to zero emission buses by 2035. Outer Metropolitan regions will follow by 2040 and Regional NSW by 2047. As a part of this announcement, funding was also announced for trials in regional and rural areas, to trial both battery electric and hydrogen buses to ensure that the appropriate technology is rolled out to operators and customers.

■ Recommendation 11

That the NSW Government work with industry partners to develop suitable training programs and accreditation for zero emissions bus operators and maintenance staff.

NSW Government response

Support

The transition to zero emission buses will result in changes to how buses are manufactured, operated and maintained, and this will need to be supported through the development of new skills in the workforce. Transport for NSW has commenced detailed engagement with suppliers, operators, industry bodies and training organisations, to understand what skill gaps may exist.

Transport for NSW is working with Training Services NSW on identifying opportunities for training organisations that can expand the training support likely to be needed during the transition. The opportunities involves advice on support services available, access to funded options for training and linkages with schools and higher education. Engagement with the national industry body has also identified opportunities for new, nationally standardised training.

Transport for NSW is already working with state and national industry bodies, such as TAFE and Training Services NSW, to ensure the relevant programs include accreditation and training for the maintenance of zero emission buses.

Part of this work includes the establishment of a network of registered training organisations across NSW that can deliver nationally accredited training for bus operators and maintenance staff. Transport for NSW is also exploring ways to realise greater workforce diversity and Aboriginal participation in the bus industry through the transition to zero emissions technology.

Several private transport operators have also actively engaged with TAFE and other providers, to upskill their maintenance staff.