



## MINISTRY OF TRANSPORT

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**Submission  
No 100**

**FAXED**

Mr Kevin Greene  
Committee Chairperson  
Standing Committee on Public Works  
NSW Legislative Assembly  
Parliament House  
Macquarie Street  
Sydney NSW 2000

- 7 SEP 2005

Dear Mr Greene

In reference to an e-mail sent on 23 August 2005 by Ms Kylie Rudd, Committee Officer, regarding the inquiry currently being conducted by the Standing Committee on Public Works into the Provision of Infrastructure in Coastal Growth Areas. The Ministry of Transport was requested to provide answers to questions regarding transport issues.

Please find attached the Ministry's response to those questions. If you require any further information please contact Ms Alison Macris, Manager Executive Support on telephone number (02) 9268 2264.

Yours sincerely

**John Lee**  
**Director General**

# **NSW STANDING COMMITTEE ON PUBLIC WORKS PARLIAMENTARY INQUIRY INTO INFRASTRUCTURE PROVISION IN COASTAL GROWTH AREAS**

## **1. The provision of bus services in NSW – relevant background information**

### 1.1 Rural and regional bus services funded by Ministry of Transport

Outside Sydney metropolitan and outer metropolitan areas (known as rural and regional NSW), regular bus services (ie: fixed stop, fixed route services carrying fare paying and concession passengers as well as school students) are provided under 'commercial' contracts between the Ministry of Transport and private bus operators. These operate in country towns and regional centres where the population is considered sufficient to warrant such services (see section 2.1 below for more detail).

The Ministry of Transport also funds private bus operators under 'non commercial' contracts to provide school bus services in rural and regional areas where there are no regular bus services that students could use and where it is considered there is sufficient need for a dedicated school service (see section 2.2 below for more detail).

As well, the Ministry administers a number of community transport programs under which community organisations and local councils receive funding to provide services to the 'transport disadvantaged'.

### 1.2 The Unsworth Review of Bus Services

In February 2004, the NSW Government released a report of the Review of Bus Services in NSW undertaken by the Hon. Barrie Unsworth. The Review highlighted that, in both metropolitan and rural and regional areas of NSW, the legislative and operational framework for providing bus services was delivering less than optimal results, with significant reform needed.

For Sydney metropolitan and outer metropolitan areas it found: a myriad of contract regions and rigid contract boundaries preventing the development of an integrated network connecting key centres; a prescriptive but simplistic formula for determining minimum service levels and service coverage, hampering responsive service provision; contracting arrangements providing for (virtually) automatic renewal with few performance and reporting requirements; and the funding of 'commercial' bus services through School Student Transport Scheme payments as lacking in transparency and accountability and providing the wrong incentives to operators.

For 'commercial' bus services in country towns and centres, the Review found similar problems as above in relation to the minimum service level formula, and contracting and funding arrangements. Additionally, a range of issues with the 1800 or so non commercial contracts providing dedicated school bus services in rural and regional areas were

identified, including:

- an inequitable and out of date funding model
- the need to investigate the scope for achieving economies of scale and rationalisation of routes
- the administrative burden created by such a large number of contracts on foot

The Unsworth Review made 48 recommendations to address these problems which in the main were accepted by Government. Fundamental to commencing the reform process was the need to amend the Passenger Transport Act to allow the Government to enter into new and more flexible contracting arrangements.

Following changes to the Act in 2004, the reform process commenced with an initial focus on the Sydney metropolitan area. The signing of contracts for each of the new 15 Sydney regions is almost complete. A similar process of negotiation and reform is about to commence in the outer metropolitan areas of Newcastle, Central Coast, Blue Mountains and Wollongong.

Following this, the reform program will focus intensively on bus services in rural and regional NSW. Because of this state of affairs, answers to the specific questions asked by the Parliamentary Inquiry are framed in terms of 'current arrangements' and 'proposed new arrangements'.

## **2. Questions from the Parliamentary Inquiry**

### 2.1 How is the need for new bus services in rural and regional areas of NSW determined? (Questions 1, 2 and 4)

#### *Current arrangements*

Under current arrangements, a country town or regional centre has to have a population of at least 7,500 for it to warrant a commercial service contract under which regular bus services are provided. For 'village to town' services, the village generally has to have a population of over 500 and the length of the journey between the village to town must not be more than 40 kms.

Once an Operator has a contract to provide services within a country town/regional centre or connecting outlying villages to a centre, the level of service provided and service coverage is determined by the Minimum Service Level (MSL) policy. This takes into account population levels and car ownership to determine the minimum frequency of services required. It also requires that bus routes in each town be designed so that 85% of the residents reside within 400 metres of a bus route.

Within these parameters, it is left to Operators to determine their services and routes. While the Ministry of Transport cannot require an operator to service a new shopping centre or community centre, Operators will generally incorporate such facilities into their network if it will generate patronage. For new residential developments, the MSL policy generally means that a population threshold must be reached to make it financially viable for the Operator to provide a service to the

area.

Under current arrangements, relevant stakeholders such as councils can approach their local operator and request new services/routes. However, unlike the new Metropolitan Bus Services Contract being entered into with Sydney Operators, current contracts in rural and regional areas do not require Operators to undertake community consultation or engage with relevant stakeholders when reviewing services or changing the network.

Where an Operator is approached to provide a new service but is not interested, provided they are meeting the requirements of the MSL policy the current contract does not give the Ministry of Transport any means of compelling the Operator to provide the service.

#### *Proposed new arrangements*

As recommended by the Unsworth Review, Regional Transport Coordinators are now in place and are in the process of establishing transport working groups throughout rural and regional NSW. These are intended to bring together bus operators, councils, government agencies with a transport focus (eg: health) as well as community and interest groups to ensure a coordinated effort in developing local passenger transport and addressing transport needs.

Financial viability concerns of metropolitan operators have resulted in the initial reform focus being in Sydney. The rural and regional approach is now being developed and, based on the Government's response to Unsworth and the approach to metropolitan bus reform, is likely to include:

- greater MoT involvement in planning services and the development of service networks to ensure a stronger passenger focus, greater flexibility, best use of available resources and minimisation of duplication/underutilisation
- requirements for periodic review of services to ensure effectiveness and alignment with need
- requirements for community consultation and involvement of the transport working group in reviewing services
- stronger performance, reporting and accountability requirements
- a more transparent and equitable funding model

## 2.2 How is the need for new school bus services determined? (Question 3)

#### *Current arrangements*

A new non-commercial school bus service may be established where:

- At least 15 school age students reside 3.2 kilometres or more by the shortest most practicable route to their school or local bus service and the majority live beyond 8 kilometres; and
- Every effort has been made to accommodate the students concerned on existing established services without success.

Applications to extend or vary existing non commercial school bus services can be made by the bus operator, the school or the community

for consideration by the Ministry. The Ministry is also able to initiate changes to a service.

Currently, there are approximately 1765 non commercial contracts on foot for the provision of school bus services in rural and regional NSW. Each school bus route is the subject of a separate contract.

Of the over 800 operators providing services to rural and regional NSW, over half are small operations with one bus/one contract, while the rest hold multiple contracts, with 22 holding more than 10 contracts (up to as many as 56).

#### *Proposed new arrangements*

The proposed approach to improving bus service provision in rural and regional NSW as outlined at section 2.1 above should result in better utilisation and coordination of resources and the development of more effective solutions to meet local transport need, including that for school services.

As well, administrative and service delivery efficiencies should be realised by consolidating multiple contracts and developing a network approach to service provision where possible. These measures should enable the identification of any duplication, underutilisation and/or efficiencies to be made, from which relevant resources can then be redirected to areas of need.

It should be noted that the bus reform program does not affect eligibility criteria under the School Student Transport Scheme.