

INQUIRY INTO PRIVATISATION OF BUS SERVICES

Organisation: Inner West Council

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**SUBMISSION BY INNER WEST COUNCIL
TO THE
NSW PARLIAMENTARY INQUIRY INTO
PRIVATISATION OF BUS SERVICES**

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1. INTRODUCTION

Historically, bus privatisation in Sydney emerged post World War I when infrastructure needs and an increase in Sydney's population were expanding. As buses were perceived as flexible modes of transport that could bring patrons closer to their destinations, they were used to complement Sydney's tram network.

In the 1930s, buses expanded to become a major mode of public transport for Sydney and private bus operation became unfeasible for many regions due to the Great Depression and evolving regulations. Consequently, a government owned and regulated system grew to cover most the metropolitan area.

Recently, bus privatisation has returned to Sydney as part of economic rationalism however, indications are that public transport privatisation in Sydney has potential to cause detrimental impact on public transport patronage.

The State's guiding transport document, Future Transport 2056, emphasises the importance of the customer experience and their need for end-to-end journeys to be seamless, interactive, and personalised, as well as supported by technology and data. In saying this, concern is expressed that bus privatisation may make it difficult to achieve, some or all, Future Transport's six principles:

- Customer focused - Customer experiences are seamless, interactive, and personalised, supported by technology and data.
- Successful places - The liveability, amenity and economic success of communities and places are enhanced by transport.
- A Strong economy - The transport system powers NSW's future \$1.3 trillion economy and enables economic activity across the state.
- Safety & Performance - Every customer enjoys safe travel across a high performing, efficient network.
- Accessible Services - Transport enables everyone to get the most out of life, wherever they live and whatever their age, ability, or personal circumstances.
- Sustainability - The transport system is economically and environmentally sustainable, affordable for customers and supports emissions reductions.

Council considers that bus operations play a critical role in an integrated public transport network in the Inner West, and it is generally opposed to the privatisation of public transport as privatisation has the potential to diminish the effectiveness and true integration of a transport network.

This submission encourages the State Government to re-think any proposed privatisation of Sydney's buses. Concern is expressed that privatisation may jeopardise opportunities for enhanced public accessibility, on-time operations, increased frequencies, and geographical coverage. Future directions for Sydney buses need to support sustainable, accessible, efficient, and safe services to enhance an active society that can rely on buses as a major mode of travel.

2. INQUIRY TERMS OF REFERENCE

In preparing this submission every effort has been made to remain within the Inquiry's *Terms of Reference*, with its six categories used as subheadings for this submission.

In summary, the Terms of Reference for the Inquiry are as follows:

That Portfolio Committee No. 6 inquire into the privatisation of bus services via the Sydney Metropolitan Bus Contracts, and in particular:

- (a) the modelling, rationale, and process of privatising bus services,*
- (b) the impact on the commuting public through the loss of bus stops and services,*
- (c) the economic, social, safety, employment, and environmental implications of bus privatisation,*
- (d) the transition to an electric bus fleet and supporting infrastructure,*
- (e) the impact of bus privatisation on worker pay and conditions, and*
- (f) any other relevant matter.*

3. SUBMISSION POINTS

While it is recognised that this Inquiry has broad jurisdiction, most points highlighted in this submission focus on Inner West Council's specific experience, particularly noting that the majority of Inner West Bus Services – Region 6 – were privatised in 2018.

This submission has been prepared on the basis that Inner West Council is generally opposed to the privatisation of Sydney's buses as privatisation has the potential to significantly inhibit the effective operation and enhancement of Sydney's integrated multi-modal transport network modes. This submission, however, also provides a series of suggestions and proposals that would assist in minimising the negative impacts of privatisation, should the State Government continue to pursue the privatisation of Sydney's buses.

It should also be noted that this submission has been prepared without the opportunity to read any privatisation contracts in detail.

3.1 The modelling, rationale, and process of privatising bus services

Experience with the previous bus privatisation in the Inner West - Prior to the privatisation of buses in the Inner West, Region 6 had 93.5% of bus services that were punctual and provided the Community with high quality performance. In 2018 the Inner West bus privatisation significantly impacted the on-time performance of services. In 2019 between January and April, only 90.5% of buses ran on-time. Based on this experience, Council expresses concern that on-time performance may be jeopardised by privatisation.

Additionally, to recapture performance bus operators reduced the number of stops on key routes by between 20% and 30%, resulting in reduced public accessibility because of the increased walking distances and occasional pedestrian crowding at the remaining stops.

Council suggests that, should privatisation be pursued, and to rectify any deficiency in on-time running, the following should be assured:

- Should privatisation proceed, performance targets should be included in all contracts with a minimum on-time performance target of no less than 96%. Additionally, these contracts should include penalties for not achieving the targets;
- To assist in achieving on-performance targets bus priority measures should be introduced on the road network;
- Effective replacement and upgrading of services, systems and vehicles;
- Public accessibility to routes and services should be maintained or, ideally, improved with no decrease in the number of bus stops.

The lack of adaptability and resilience afforded by the application of private sector contracts -

Growing populations mean that dependence on public transport will rise and it is essential that our transport network be resilient and able to adapt to these changes. Private sector contracts have potential to affect the service accessibility and performance of buses because of limited abilities to change the contracts and the private operators need to always maintain their profit margin.

As low patronage services are less profitable private operators are likely to be hesitant to maintain or enhance these services, however experience has shown that reduced frequency and quality of service result in reduced patronage. Additionally, private operators are less likely to introduce new services ahead of growing population due to short-term lack of viability.

Council suggests that, should privatisation of bus services be pursued:

- existing levels of frequency should be maintained, or ideally increased;
- privatisation contracts should include opportunities for variation without penalty, to adapt to changing circumstances.

The lack of transparency afforded by the application of private sector contracts - Public perception is that private sector public transport contracts lack transparency within the wider community. Commuters require clear communication and thorough understanding of reduced bus services, alterations to routes, and responses to breakdowns. Private operators should also regularly publish their on-time operability and make this publicly available to the wider community.

Council proposes, should privatisation be pursued, that private sector contracts for bus operations should ensure:

- Publicly published accountability including patronage and on-time running data;
- Comprehensive and timely consultation with the Community regarding changes to bus services, routes, frequencies and fees;
- Rapid response to breakdowns and emergencies.

All of these should have associated performance targets embedded in the contract.

3.2 The impact on the commuting public through the loss of bus stops and services

Increased passenger queuing and impact on footpaths when the number of bus stops is reduced -

Any reduction in the number of bus stops has the potential to impact pedestrian movements and “pedestrian storage” needs at the remaining bus stops. Bus stops that are left operating are likely to experience an increase in foot traffic and demand for patrons waiting for buses. This may result in increased risk and safety hazards to pedestrians, persons with micro-mobility devices, wheelchairs, and prams. Additionally, it has the potential to reduce the attractiveness of the services as people are required to walk greater distances, stand in larger queues, and feel uncomfortable blocking footpaths.

Council requests that privatisation should be pursued, it should not result in any reduction in the number of bus stops. However, should a reduction occur, the following measures should concurrently be introduced:

- Footpaths surrounding remaining bus stops should be widened, wherever feasible;
- Increased frequency of services should be provided to reduce congestion, and so improved safety, at remaining bus stops;
- Improved bus stop facilities should be provided including weather-proofing;
- All bus stop facilities should be fully DDA (Disability Discrimination Act) compliant.

Issues associated with the strategic principles of privatising public transport - It is understood that the privatising of public transport gives private companies the opportunity to propose changes on frequencies and services. These changes may result in longer commutes for workers, reduced accessibility, and potentially the need for interchange between services or modes. All of which are known to deter public transport mode shift.

A key concern for Council is that with population projections expecting high growth in the Inner West there will be a need for increased services and frequencies, however these may not be envisaged in privatisation contracts. Additionally profit margins increase with the level of patronage on a service and most specifically the more passengers on an individual vehicle, consequently it can be anticipated that private operators would prefer to run fewer vehicles at or near capacity, rather than higher frequency with lower load factors.

This runs counter to existing knowledge where it is strategically better to provide high frequency services where people can sit, rather than must stand, as a means of attracting mode shift from private cars to public transport.

Additionally, approximately 18.3% of the Inner West population has reported needing help in their day-to-day lives due to a disability; in saying this, there is a heavy reliance of buses for vulnerable persons and, anecdotally, concern has been expressed by some bus drivers that should they encounter many physically challenged passengers in a day their on time running is jeopardised.

Another key issue associated with privatising public transport the potential full contract renegotiations to delay changes to services.

Council requests that, should privatisation of bus services be pursued:

- Existing levels of frequency should be maintained or, ideally, increased;
- Opportunities for high frequency turn up and go services should be explored;
- Contracts should prioritise level of service and customer experience over opportunities for profit;
- All services should be fully inclusive, ensuring that all the Community is catered for including the travel disadvantaged and those physically challenged.

General issues associated with a reduction in the number of bus stops (experienced with the Region 6 privatisation) - Concern is expressed that the privatisation bus services will mean a reduction in the number of bus stops, as was the case with the privatisation of Region 6. In saying this, by 2041, Inner West LGA will experience up to 70% population increase in key growth nodes. This means that there will be significant demand for increased services at existing bus stops, increased frequencies at bus stops to service increased patronage, and a need for high frequency services. Consequently, rather than reducing the number of bus stops strategic planning for bus services should at the very least maintain the existing bus stops and explore opportunities for new bus stops as the adjacent population grows.

Recent experience in the Inner West has also seen some bus stops being moved to mid-block locations, moving them away from signalised crossings and in some cases resulting in bus patrons crossing busy roads mid-block without the assistance of signalisation. Additionally, this situation is exacerbated when express services skip intermediate stops.

Experience has shown that should a bus stop be removed it can prove difficult to reinstate it later due to the numerous competing kerbside demands.

Council requests that, should privatisation be pursued, the privatisation of buses should:

- not reduce the number of bus stops;
- plan for new bus stops in response to growing population and employment.

3.3 Economic, social, safety, employment & environmental implications of bus privatisation,

Safety and social considerations relating to passenger queuing and impact on footpaths when the number of bus stops is reduced – as discussed earlier a key safety aspect associated with the privatisation of buses is the likelihood of reduced number of bus stops and hence greater demand at the remaining bus stop.

Increase passenger queuing at remaining bus stops is likely to block footpaths creating potential for:

- people to step onto the roadway to get around the queue;
- crowd surge as buses arrive;
- the need for passengers from one service to move through a crowd that is queued for another service as multiple buses may arrive simultaneously;
- the social impact of passengers being discouraged from using the service because of crowding at the stops;
- the ability for people on mobility devices to traverse the area, discouraging them from using the adjacent footpath, and possibly even the associated shopping centre.

Council requests that privatisation should be pursued, it should not result in any reduction in the number of bus stops. However, should a reduction occur the following measures should concurrently be introduced:

- Footpaths surrounding remaining bus stops should be widened, wherever feasible;
- Increased frequency of services should be provided to reduce congestion, and so improved safety, at remaining bus stops;
- Improved bus stop facilities should be provided including weather-proofing;
- All bus stop facilities should be fully DDA (Disability Discrimination Act) compliant

3.4 The transition to an electric bus fleet and supporting infrastructure

The environmental benefits achieved through the conversion of the existing bus fleet to electric vehicles - Transport contributes to 20% of the Inner West's sector-based emissions and Council is committed to transitioning to a zero emissions future. One way to achieve this, is through a conversion to electric vehicles.

Electric vehicles will facilitate a cleaner environment through:

- Improved air quality that enhances health for residents and commuters;
- Reduced noise pollution for the Community, as well as for passengers inside the vehicle;
- Generating zero emissions;
- Reduced embodied carbon.

In relation to bus privatisation, concern is expressed that the issuing of contracts does not necessarily address the use of improved technology during the contract period. As such, privatisation may encourage reliance on technology which was available at the start of the contract rather than encouraging adaptation and change to more sustainable technologies which become available during the contract.

Council requests that, should privatisation occur, all contracts should include:

- Net carbon performance criteria;
- Encouragement of technological adaptation, particularly toward more sustainable vehicles;
- Encouragement of technological adaptation which may result in a safer and more socially acceptable transport fleet.

Additionally, regardless of privatisation, Council requests that Sydney's entire bus fleet is converted to electric vehicles to assist in achieving a safer, healthier, zero emission environment.

3.5 The impact of bus privatisation on worker pay and conditions

Social and societal consequences - while it is outside Council's expertise, Council expresses concern that bus privatisation may have impacts on worker pay and conditions because of the focus of private operators to maximise profit. Experience has shown that that overworked and disenchanted workforces have potential to lead to service disruptions, and even safety issues.

Council requests that, should privatisation be pursued, any bus privatisation should ensure that staff numbers/manning rates and working conditions:

- be commensurate with those offered by other transport providers;
- reflect the demand of bus services required to enhance efficient operations across the public transport network;
- ensure safety, convenience, and reliability for passengers, while also satisfying the needs of the bus companies' employees.

3.6 Any other relevant matter

Public perception of privatisation - Council considers that the public perception of bus privatisation needs to be recognised and understood. Public concerns relating to privatisation include:

- Risk of increased fares;
- Cutting of services and routes;
- Reduction In the number of bus stops;
- Reduced frequency of services;
- Lack of transparency and information for the public.

Council requests that, should privatisation be pursued, all future privatisations of public transport services acknowledge public concerns and improve public transport accessibility, transparency and affordability, in order to encourage greater use of the public transport network.

Multi-modal integration – privatisation of public transport has a tendency to result in modes, and even services, that operate in isolation. When this happens it can be extremely difficult to achieve comprehensive integration of all services and modes because each private operator is designing services which operate to their individual benefit, rather than achieving a fully integrated system. Overseas experience has even shown examples of operators intentionally operating in isolation to ensure that their competition does not obtain benefit from their services.

Council requests that privatisation of the public transport network should not proceed as it has the potential to significantly inhibit comprehensive integration of all modes. Should the Government, however, continue to pursue privatisation, it is essential that mechanisms be put in place to ensure that a comprehensive multimodal integrated transport network be enhanced and managed, even if at the detriment to individual operators' profits.

Smart transport technology can include buses that systematically connect to traffic signals to create more reliable on-time services and buses that communicate with each other (and even their passengers) to provide improved network coordination of the network.

Council requests that a significant revision of opportunities for the use of emerging vehicle and service technology should be undertaken to improve the quality of services, effectiveness of the network and ultimately, enhancement of environmental outcomes. Additionally, Council requests that, should privatisation be pursued, all contracts include a requirement for the transport operator to suggest and embrace new technologies that will enhance Customer Experience and the network.

Vehicle manufacturing differences – Once a contract has been issued to a private operator, any changes to the provision of services is likely to require the State Government to either wait until the contract expires or re-negotiate a new contract. Such changes may include:

- Alterations to routing/services;
- Use of newer technologies for infrastructure, information systems or vehicles;
- Interoperability of modes.

This issue is particularly relevant where different operators may use differing technologies that may not be interoperable. Should this be the case either the contract would need to be changed or the travelling public would need to accept a lack of integration between services.

Waiting for a contract to expire may have significant consequences including the safety risks, disruptions to services, use of outmoded technology or the inability to efficiently integrate with

newer modes or services. This may prove particularly relevant as smart technology is introduced to the network and communication between vehicles and other infrastructure is required.

Council requests that, should privatisation be pursued, flexibility should be built into all contracts to allow for service, fleet, and technological adaptation. And, further, strong control should be maintained by the state to ensure compatibility of technologies between individual operators.

Reduction in the quality and level of service - experience in the Inner West, has shown that not only was the level of service damaged through a reduction in the number of bus stops, but operators and the State Government appeared to consider privatisation as an opportunity to revise what they consider unprofitable routes. A specific instance in the Inner West was the truncation of the 370-bus route, which originally ran between Coogee and Leichhardt, via Sydney University and Newtown.

In October 2021, this route was reduced to run only between Coogee and Sydney University, consequently depriving residents of Leichhardt and Annandale of direct access to the University, Newtown, Moore Park, Randwick, and Coogee.

It is understood that the truncation of this service was purely based on economics and did not adequately consider the close ties of the Leichhardt/Annandale communities with Newtown.

Council requests that, should privatisation be pursued, no reduction in the quality and level of service should be permitted.

4. CONCLUSION

Council recognises that buses have a unique place to play in a comprehensively integrated public transport network, however, based on previous experience, Council expresses concern relating to the issues raised in this submission. It also considers that there is much to be gained through the continued State Government ownership of Sydney's buses.

This submission has been prepared on the basis that Inner West Council is generally opposed to the privatisation of Sydney's buses as privatisation has the potential to significantly inhibit the effective operation and enhancement of Sydney's integrated multi-modal transport network modes. This submission, however, has also provided a series of suggestions and proposals that would assist in reducing the negative impacts of privatisation, should the State Government continue to pursue the privatisation of Sydney's public transport network.

Considering the population growth projected for Sydney, Future Transport 2056 highlights the need to respond to the ever-increasing coverage, capacity, variety, and speed of wireless communication technologies and connected devices.

Council considers that it is essential that we plan for the future and expresses concern that the use of privatisation contracts inhibits the ability of the network to be adaptable and resilient, as well as responsive to the changing needs of the travelling public.

It is considered that improved quality and safety of services, as well as efficient intermodal integration can more readily be achieved through a State owned and operated public transport network, than through privatisation.

In summary this submission, expresses concern that privatisation will result in:

- Reductions in stops the number of bus stops;

- Reduced on time running;
- Lack of flexibility to permit adaptation and resilience to changing circumstances;
- Prioritisation of profit over Customer Experience;
- Competition between individual operators having the potential to jeopardise true integration and coordination of the public transport network.

The key suggestions made in the submission, should the State Government continue to pursue bus privatisation, include:

- Setting strict performance targets in contracts, with penalties should these not be achieved;
- Inclusion of Customer Experience targets in contracts;
- Providing opportunities for revision of contracts, to permit greater flexibility and adaptation of the services provided;
- The need to ensure that future population growth is considered;
- The ability to upgrade infrastructure to ensure safety and attractiveness of services, including bus stop and footpath upgrades;
- The need to convert the existing bus fleet to electric vehicles to assist in environmental improvements;
- Assurance of fully inclusive services that cater for all members of the travelling public;
- The ability to integrate individual operators with each other and with the overall network;
- Encouragement of private operators to embrace new technologies for both vehicles and information;
- The need for transparency in all contracts;
- Improved communication with the travelling public.