

**Submission
No 413**

INQUIRY INTO PRIVATISATION OF BUS SERVICES

Organisation: Keolis Downer

Date Received: 27 May 2022

27 May 2022



Ms Abigail Boyd MLC
Chair, Portfolio Committee 6
Parliament House
Macquarie St
Sydney NSW 2000

Via email: portfoliocommittee6@parliament.nsw.gov.au

Dear Chair

Submission of Keolis Downer to the NSW Legislative Council's inquiry into the privatisation of bus services

Please find enclosed Keolis Downer's submission to the NSW Legislative Council Portfolio Committee No.6's inquiry regarding the privatisation of bus services.

Keolis Downer notes the Committee will inquire into and report on the privatisation of bus services, with reference to –

- (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.

As such, we have structured our submission to align with the relevant Terms of Reference.

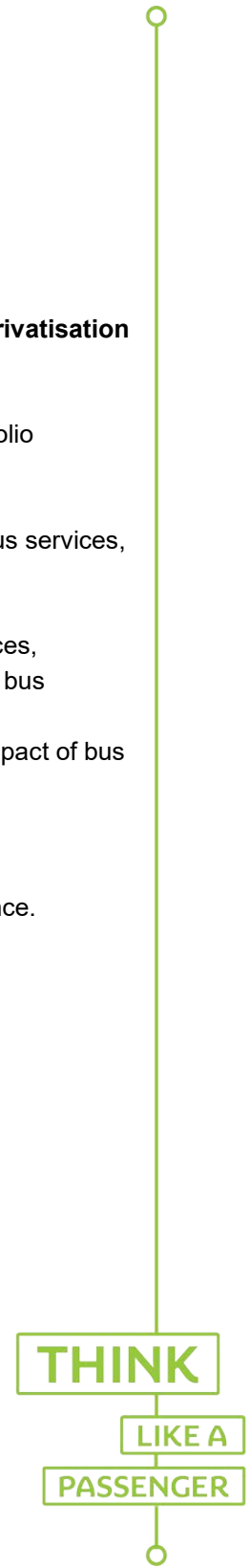
We hope the submission will assist the Committee.

Yours sincerely,

David Franks
Chief Executive Officer
Keolis Downer

Keolis Downer Pty Ltd
ABN: 51 165 343 860
Level 6 Trinita Business Campus
39 Delhi Road
North Ryde 2113
NSW Australia

Web: keolisdowner.com.au



About Keolis Downer

Keolis Downer is a leading operator and integrator of public transport in Australia. With more than 5,300 employees and a presence in five states, Keolis Downer enables 350 million passenger journeys per year.

We operate and maintain the largest tram network in the world in Melbourne (Yarra Trams), the light rail network on the Gold Coast (G:link), Adelaide Metro train services and more than 1,300 buses in New South Wales (NSW), Western Australia, South Australia and Queensland.

Formed in 2009, Keolis Downer is a joint venture between Keolis, a leading international public transport operator established in 14 countries, and Downer, a provider of integrated services in Australia and New Zealand.

Keolis Downer has a long-term commitment to Australia and to deliver on our mission to *'think like a passenger'*. We operate and integrate all transport modes and co-design mobility solutions with public transport authorities, the local community and our customers that are safe, reliable, sustainable and adapted to the evolving needs of the community. Further information and examples of how we deliver on our commitments are detailed on the following pages.



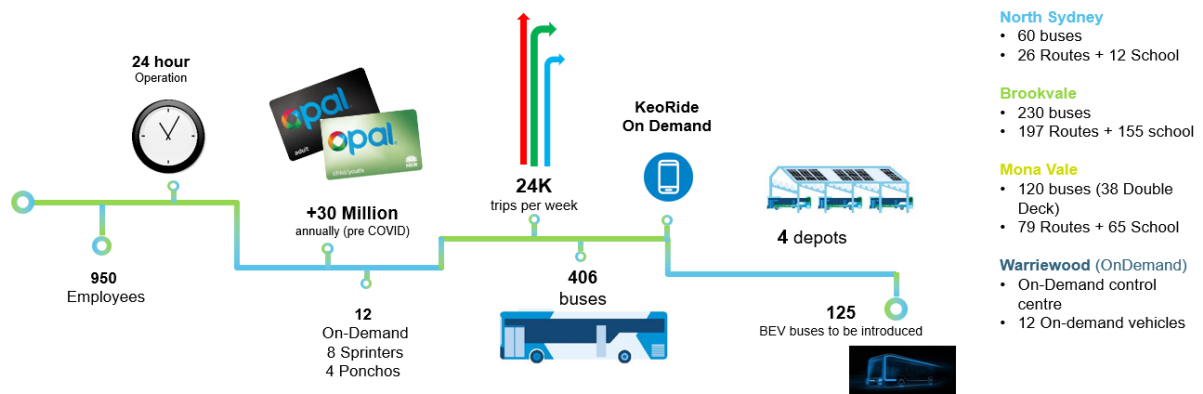
Keolis Downer in New South Wales

Keolis Downer has a strong commitment to delivering reliable and efficient public transport to communities across NSW. This commitment is evidenced through Keolis Downer’s Newcastle integrated services contract, which includes the operations of buses, ferries, light rail and On Demand public transport, and the Northern Beaches and Lower North Shore bus contract, which includes the iconic B-Line and Keoride - an On Demand transport service that has been operating since 2017. Across NSW we employ over 1,000 people and enable close to 37 million passenger journeys a year.

Northern Beaches and the Lower North Shore

On 31 October 2021, Keolis Downer commenced the operation of bus services on the Northern Beaches and the Lower North Shore. Keolis Downer is partnering with Transport for NSW to provide consistent and reliable transport across the bus network from Palm Beach to Sydney’s CBD. Since 2017, Keolis Downer has been successfully operating the popular On Demand public transport service known as Keoride, connecting customers from Palm Beach to North Narrabeen to bus stops on the Northern Beaches B-Line. This popular service is now part of the permanent transport network for the region and delivers more than 20,000 trips a month.

Keolis Downer Northern Beaches snapshot



Newcastle Transport

In 2017 Keolis Downer was awarded a 10-year contract to operate Newcastle Transport, an integrated transport service for Newcastle and Lake Macquarie. This was the first multimodal contract to be delegated to a private operator in Australia and the first bus contract to include On Demand transport services. Today, the contract includes 174 buses, 2 depots, and 2 ferries. Since the commencement of the contract on 1 July 2017, we have been working closely with the community, government and other stakeholders to determine the best-integrated transport solution. In early 2018 the new bus and ferry network was launched introducing more than one thousand extra services each week, with buses covering more ground across increased operating hours. This provided Newcastle with a new way to travel with improved frequency, better connections between modes, and a new On Demand transport service. Newcastle light rail was launched in 2019, creating a truly multi-modal transport network for the city. Light rail has made it easier for people to get around the city and connect with bus, ferry and train services. We continue to work with all levels of government, including local councils, stakeholders and the community to improve transport connectivity for the region.

Keolis Downer's response to the Terms of Reference

(a) The modelling, rationale and process of privatising bus services

Keolis Downer does not operate a privatised bus service in NSW. The model the NSW Government has used to engage Keolis Downer in Sydney is best described as a franchising model whereby Keolis Downer operates bus services under a contract with the Government. Ownership of assets, including buses and depots, remains in public hands and decisions regarding contracted bus services such as routes, timetables and bus stops also remain with the Government. The Independent Pricing and Regulatory Tribunal (IPART) is responsible for determining fares.

Keolis Downer's contracts with Transport for New South Wales (TfNSW) include a number of customer-centric Key Performance Indicators (KPIs). These KPIs measure customer complaints, response times, and overall customer satisfaction and serve to drive accountability for continual improvement of customer outcomes across the network. Failure to meet these KPIs can result in financial penalties and possibly lead to the termination of a contract. The contractual framework that sets out KPIs guarantees the delivery of a level of performance that is set by the Government.

The modelling, rationale, and process for achieving a franchising outcome are decisions and actions of the Government..

(b) the impact on the commuting public through the loss of bus stops and services

Routes, timetables and bus stops in the Sydney metropolitan area are planned and approved by the NSW Government. The service plan for Greater Sydney Bus Contract 8 (GSBC8) was designed by TfNSW as part of the 'Network 2020' plan and implemented in late 2020. This included some changes to services and fares. As the new operator of GSBC8, Keolis Downer inherited this network. There has been no loss of bus stops or services as a result of the franchising process.

At the core of Keolis Downer's mission statement is to 'think like a passenger'. We strive to make public transport the first choice for our customers whatever their reason for travel and work hard to ensure our services are safe, reliable and sustainable.

Since partnering with TfNSW to deliver transport services for GSBC8, Keolis Downer has introduced a team of customer service officers to increase our presence on the network, assisting with disruptions and wayfinding and engaging with passengers. This has included pop-up information sessions at key locations across the network and engagement opportunities with local schools and community groups to encourage uptake of public transport. 'Meet the Manager' sessions are also organised twice a month to ensure regular communication between passengers and our management team on the ground. Early data indicates that Keolis Downer is performing exceedingly well against key KPIs including very few customer complaints and highly favourable customer satisfaction with services.

Keolis Downer's Operations Control Centre also commenced network operations from the Brookvale Depot, providing the ability to directly manage the network, communicate with bus services and collaborate with the Transport Management Centre to keep Sydney moving and better manage service disruptions.

(c) the economic, social, safety, employment and environmental implications of bus privatisation

Keolis Downer's values are centred on caring for our people, our communities and providing mobility services that are inclusive and adapted to local needs. We seek to build trust with public transport authorities by forging partnerships based on collaboration and transparency, particularly given we are the custodians of their assets.

We have a commitment to use the IS rating scheme developed by Infrastructure Sustainability Council of Australia (ISCA) to improve liveability for the communities that we service through more sustainable practices.

Keolis Downer has integrated its Keoride service into the Northern Beaches and Lower North Shore bus network and introduced an additional four new mini-buses. The Keoride service has improved the connectivity of many people who previously would not have accessed public transport. It has also positively changed travel behaviours, with 42% of customers stating they could replace one of their household vehicles by using On Demand transport. Since its launch in 2017, Keoride has maintained a high level of customer satisfaction at 98%, with customers giving it a rating of 4.8 out of 5 stars. Throughout the Covid-19 pandemic, Keoride adapted its service to enable essential workers and vulnerable members of the community to use the service more efficiently. Feedback was overwhelmingly positive and welcomed by customers who rely on Keoride to shop, work and stay connected to the community.

Keolis Downer has developed and embedded a safety culture at all levels of the organisation. The company meets and operates within all state legislative and accreditation requirements. Keolis Downer also completes an Annual Self-Assessment Report (ASAR) for submission to TfNSW. Our GSBC8 contract includes several safety-related performance provisions including the reporting on incidents due to failure to conduct contract bus maintenance, contract bus maintenance (major defects) and preventable accidents. Failure to meet any of the safety measures is grounds for abatements and/or the termination of a contract.

As Australia's largest private provider of multimodal public transport, we are committed to creating local employment opportunities and providing our staff with broad, national careers. Keolis Downer significantly invests in training and upskilling of our employees and leverages Downer's existing relationships with diversity and disability employment providers to create career pathways for those living with a disability.

Keolis Downer is also committed to maximising social outcomes and creating a legacy for the communities we operate in. We are working with a range of Indigenous SMEs in the GSBC8 region and are on track to exceeding our 5% spend target. Finally, Keolis Downer is also committed to ensuring all subcontract spending is prioritised for NSW SMEs first and only spent outside of the state if there are no reasonable alternatives.

Keolis Downer has a Reconciliation Action Plan which demonstrates our dedication to provide meaningful and sustainable outcomes that advance reconciliation and help us form mutually beneficial partnerships with Aboriginal and Torres Strait Islander peoples and communities.

(d) the transition to an electric bus fleet and supporting infrastructure

With the world moving to greener public transport solutions, Keolis Downer has embarked on a journey to become the largest operator of zero-emission public transport services in Australia, cementing its commitment to support public transport authorities and accelerate the energy transition with large-scale deployments in public transport.

With a pipeline of hundreds of electric buses to implement in the coming years in Australia, Keolis Downer has established a Centre of Excellence for the energy transition, to encourage information sharing locally and internationally, with an approach based on continuous improvement. The Centre of Excellence brings together all skills necessary to support the energy transition in Australia, from design to delivery. Through the Centre, Keolis Downer is also training its professionals, by providing opportunities for graduates and young professionals to have hands-on experience and contribute to the delivery of zero-emission transport.

Specifically in New South Wales, Keolis Downer is introducing 125 electric buses over the next seven years to the Northern Beaches and the Lower North Shore region, delivering more sustainable transport options for the local community. Two depots in Brookvale and Mona Vale are also being converted to electric depots to allow the implementation of the necessary infrastructure to re-charge electric vehicles.

(e) the impact of bus privatisation on worker pay and conditions

A key focus of Keolis Downer when it assumed the GSBC8 contract was to ensure a smooth transition of the State Transit Authority (STA) workforce. Employees who transitioned from the STA over to Keolis Downer are employed under the same terms and conditions as they were previously with STA. Keolis Downer also entered a Memorandum of Understanding with the Rail Tram and Buses Union to manage workers' expectations about working with a new private operator. Keolis Downer managed to seamlessly transition nearly 900 skilled staff with services maintained to the expected standard.

Keolis Downer also actively promotes diversity and inclusion in our workforce, elevating female presence in our talent pipeline, increasing Indigenous participation, and improving employment opportunities for members of the LGBTIQ community and persons living with disability. We also champion and align with Transport for NSW's social impact objectives including the development and implementation of its Reconciliation Action Plan (RAP). Keolis Downer's own RAP is an essential part of our diversity and inclusion strategy. It provides a framework for our actions towards reconciliation and seeks to: create culturally safe spaces to encourage self-identification of employees, develop our cultural competency at all levels, build strong guidelines and policies to overcome unconscious bias, provide pathways for training and employment, and engage with Aboriginal and Torres Strait Islander businesses through our supply chain.

(f) any other relevant matter

Integration of world-class technology into Keolis Downer's bus fleet

Digital Radio

Keolis Downer is replacing the current Analogue Radio System utilised in the GSBC8 which is fast approaching life expiry with a new Digital Radio System that will operate on the state-of-the-art ORION network. The Digital Radio replacement program will provide improved driver safety, greater radio coverage and superior radio functionality in conjunction with the local Operations Control Centre (OCC) established in Brookvale.

Telematics

Keolis Downer is also installing a telematics system on all buses in line with our other operations across all states. The telematics system is under the control of our training department and provides real-time feedback to drivers. The system aims to improve the overall quality of driving by aiding drivers to drive in a more defensive style and provide a better customer experience with a smoother journey.

Keolis Downer's Operation Control Centre in Brookvale

Keolis Downer established a 24-hour, 7-day-a-week Operations Control Centre at the Brookvale depot, this is staffed by highly experienced operators from within the transferring employees to support the drivers on road. They are pivotal in managing any events or issues on the network, such as closures on the Sydney Harbour Bridge and major flood events in the Northern Beaches. The OCC is set up to monitor real-time on-road performance. A seamless transition from the existing STA Network Control Centre (NCC) occurred on the hand overnight on the 31st of Oct 2021.

Keolis Downer's On-Demand Centre in Warriewood

Keolis Downer has worked with the Northern Beaches Council to establish an On Demand customer facing office at the Warriewood ParknRide building. This group manages the day-to-day On Demand transport activities in addition to supporting any passengers who are not comfortable using the Phone App to book trips directly.