

NSW Government Response to the Final Report of the Unsworth Review

Recommendations	Government Response
Metropolitan Network & Service Planning	
1. The Government should progressively implement, for Sydney, Wollongong, Newcastle and the Central Coast, a network of viable strategic corridors to provide fast, frequent, direct and convenient links to regional centres. The identification of suitable corridors should be finalised on the basis of patronage modelling results and stakeholder inputs.	The concept of strategic corridors is supported. Those strategic corridors that will have the greatest patronage impact should be introduced first, subject to funding availability.
2. The network of Strategic corridors should be underpinned by 10 contract regions in the Sydney metropolitan area, 2 for Newcastle and one each for Wollongong, the Central Coast and Blue Mountains.	The need for rationalised contract areas is supported. However if necessary, strategic corridors should be able to be implemented on their own, to ensure improved service provision as soon as possible.
3. Within each region, provision of bus services along the strategic corridors should be integrated with local bus services.	The integration of local and strategic corridor services is supported, subject to the qualification as in (2) above.
4. A partnership approach to integrated service planning between the lead operator for each region and the Ministry of Transport should be adopted, with Ministry of Transport having a system wide oversight role.	The partnership approach to planning is supported in principle, with details in relation to roles and responsibilities to be determined by Ministry of Transport (MoT) in conjunction with relevant stakeholders.
5. A New 'service planning guidelines,' to replace the existing Minimum Service Level (MSL) Policy, should be developed by a central working group including representatives from the bus industry, community transport providers and the Ministry of Transport. The guidelines should identify: <ul style="list-style-type: none"> • roles and responsibilities in the planning process; • desirable service frequencies along strategic corridors and for local services; • opportunities to integrate bus services with rail and ferry services where appropriate; • opportunities for operators to target resources at viable, demand response services, with flexible solutions to best serve the needs of the transport disadvantaged; 	The objective of the service planning guidelines will be to maximise community benefits from available funding by allowing flexibility in responding to local demand. The involvement of DIPNR in the development of the guidelines and ensuring consistency with the Sydney Metropolitan Strategy will be required.

<ul style="list-style-type: none"> • the need for local government to implement local planning policies to encourage public transport provision; • factors/criteria to be taken into account when recommending that service frequencies or routes be varied; and • factors/criteria to be taken into account for determining when patronage levels or community needs are such that local services would be better provided under the auspices of community transport or a community transport/private operator partnership arrangement. 	
<p>6. Regional service planning forums, comprised of representatives from the lead operator, local government, RTA, community transport local working groups and the Ministry of Transport, should be convened annually or as needed to assist with the service planning and review process. The role of the forum should be to advise the lead operator and the Ministry of Transport on service planning issues, frequency requirements and proposed changes that will have a material impact on passengers and the region.</p>	<p>Incorporating community consultation into the planning process is supported to assist operators in properly identifying and serving local demand. There is a need for coordination of regional service planning forums with DIPNR's proposed regional planning process.</p>
<p>7. The Ministry of Transport should consider employing regional transport co-ordinators in metropolitan areas to promote co-operative service provision between all transport providers - bus, rail, community transport and taxis - to encourage flexible solutions and ensure that services for the transport disadvantaged are optimised.</p>	<p>Supported, but focus should initially be on regional co-ordinators in country areas. The new metropolitan contracts need to recognise community transport issues.</p>
<p>8. In leading the development of the Sydney Metropolitan Strategy, DIPNR should ensure that:</p> <ul style="list-style-type: none"> • the role of bus services and bus priority measures in effectively meeting the long term transport needs of metropolitan Sydney is recognised and promoted; • planning for the provision of bus services is factored into the development of greenfield sites and high level integrated transport planning at the regional and sub-regional level; • the strategic corridors and contract regions proposed in this Final Report are used as the starting point for meeting medium and longer term transport needs; and • the strategy encompasses policies which support the development of viable public transport solutions such as supporting employment and population growth in regional centres, encouraging development along strategic corridors and restricting parking. 	<p>As part of its role in integrating transport and planning, DIPNR will set strategic directions and priorities for transport and advise on the means of achieving these.</p>

<p>9. The service planning roles of DIPNR and the Ministry of Transport should be clearly defined to reflect:</p> <ul style="list-style-type: none"> • DIPNR's focus on strategic level integrated transport planning at the regional and sub-regional level as key components of the Sydney Metropolitan Strategy and other regional planning activities; and • the Ministry of Transport's focus on translating these strategic level transport outcomes into shorter term service planning requirements reflected in proposed bus service contracts. 	<p>The need for DIPNR and MoT to clearly define their respective roles and responsibilities is supported.</p>
<p>10. The RTA, in consultation with the Ministry of Transport and DIPNR, should progress the initial assessment of the proposed strategic corridors undertaken as part of this Review, to:</p> <ul style="list-style-type: none"> • prioritise the strategic corridors according to need for and impact of proposed bus priority measures; • determine, case by case, the level of infrastructure required and associated costs; • develop an expanded bus priority program (including additional revenue sources) to be rolled out over the length of the first contract period; and • implement electronic enforcement measures in parallel with bus priority measures. 	<p>The need for an expanded bus priority program to be developed by DIPNR, RTA and MoT in partnership is supported in principle. Bus priority measures should be staged in accordance with the roll-out of strategic corridors.</p>
<p>11. To ensure that bus drivers have adequate access to amenities at stations and interchanges, it is recommended that:</p> <ul style="list-style-type: none"> • DIPNR should finalise the draft Interchange Design Guidelines and ensure that they effectively address the issue of driver amenities, in consultation with the Transport Workers' Union, the Rail, Bus and Tram Union, the Bus and Coach Association, State Transit, Railcorp and MoT; • consideration should be given to the Transport Infrastructure and Development Corporation (TIDC) taking a lead role in working with other relevant Government agencies to resolve the issues of ownership, funding and maintenance of amenities at new interchanges and stations; and • Railcorp should continue to ensure adequate access for bus drivers to existing facilities at stations and interchanges. 	<p>Supported.</p>

12. The Lord Mayors of Parramatta, Newcastle and Wollongong should set up a working party to further investigate the feasibility of establishing free buses within their respective cities' CBDs. The working party should consist of the Lord Mayors and relevant business and community leaders.	Further investigation into funding sources, impact on existing modes and potential partnership arrangements, is required.
Metropolitan Contracting	
13. There should be one contract per contract region for the Sydney, Newcastle, Wollongong, Central Coast and Blue Mountains metropolitan areas.	Supported. Mechanisms need to be developed to ensure effective relationships between lead operators and other operators.
14. There should be a transition period to enable existing operators to organise themselves on a region by region basis to achieve the above. Following this, contracts in metropolitan NSW should be let through competitive tendering (or similar process) to ensure a strong customer focus and best value for the taxpayer. Assessment criteria should not be based on cost alone and should include performance factors such as: <ul style="list-style-type: none"> • service planning skills; • on-time running/reliability; • environmental history; • customer relations activities; and • workplace relations and OH&S experience and proposed approach. 	Competitive tendering of contract regions is supported in principle. Detailed consideration of how this will be implemented will be undertaken through the recently established Metropolitan Bus Reform Taskforce consisting of MoT and BCA representatives which will provide a preliminary report to the Minister for Transport Services by end of February, and through the proposed whole-of-government taskforce (see Recommendation 47).
15. The terms of the new contracts should reflect an appropriate allocation of risk between operators and Government, dependent on which party is best placed to manage the risk in respect of factors such as patronage, fares, fares collection and data collection/reporting.	Supported in principle, with detailed consideration of the financial model to be undertaken in conjunction with Treasury and input from the Bus Reform Taskforce.
16. There should be greater flexibility in determining the length of the contract period, but with 5 year contracts and the opportunity to extend for 2 to 5 years (subject to satisfactory performance) as the norm.	The need for flexibility in transitioning to new arrangements is supported.
17. Other terms of the contract should include or reflect: <ul style="list-style-type: none"> • the prerequisites before a principal operator (and associated operators) can enter into a contract; • the boundaries and strategic corridors that make up the contract region; • services to be provided locally and along the strategic corridors, including integration requirements with other modes; 	Contracts that are transparent and enforceable with measurable service standards are supported.

<ul style="list-style-type: none"> • service quality, performance, bus fleet and other standards to be met, such as punctuality and reliability, timetable information (including requirements in relation to community consultation/notification in respect of service changes), signage, customer relations/complaint handling, fleet specifications, and environmental performance (including implementation of the RTA's Clean Fleet maintenance guidelines); • requirements in relation to the development of Accessible Transport Plans and Customer Relations Plans; • recording and reporting requirements including provision of boarding and revenue data, financial records, and the need to report regularly to the community on punctuality/reliability, customer service and complaint handling; • service planning to be undertaken by operators in consultation with regional service planning forums and approved by the Ministry of Transport, in keeping with relevant guidelines; • requirements in relation to provision of SSTs, other concessional travel, fares and ticketing, including participation in the smartcard ticketing project and installation in buses of related equipment; • the need for co-operative arrangements as required with neighbouring and other operators, including for the provision of community transport; • participation on local transport working groups as required; • contract payment details including those for SSTs, concessions and any CSO funding; • requirements in relation to staff training/qualifications and work safety; • provisions for dispute resolution; • termination events; • procedures in relation to contract breaches, including a graduated penalty regime and the exercise of step-in rights where required; and • procedures in relation to the re-tendering of contracts. 	
Metropolitan Funding	
<p>18. The Ministry of Transport should implement a financial model for bus service provision in metropolitan NSW that appropriately addresses risk allocation issues, provides incentives for service improvement/patronage growth, and promotes accountability and transparency.</p>	<p>The need for a financial model that facilitates greater transparency, value for money, sustainability and improved service outcomes within available funding is supported.</p>

<p>19. Elements of the metropolitan financial model should include:</p> <ul style="list-style-type: none"> • operator to largely retain revenue; • capacity for revenue sharing where applicable to off-set risks outside the operator's control, particularly in the initial transition period; • reimbursement of SSTS and concession travel based on actuals or at an agreed rate/fixed sum, based on travel data generated from the ticketing system; • incentive payments for service quality and penalties for failure to meet standards; and • an appropriate CSO payment, case by case as required. 	<p>As in (18) above. Should be developed in conjunction with Treasury and it is noted that some regions may include an operator payment to Government.</p>
<p>20. Where possible, State Transit should be required to make targeted efficiency savings to reduce the level of CSO payment. Identified savings should be used to fund service improvements across the metropolitan network over time.</p>	<p>For 2004/05, the STA will be required to identify and report on progress in meeting efficiency targets. MoT will publish data on STA's performance, benchmarked against performance of operators in NSW other states, on an annual basis.</p>
<p>Rural & Regional NSW</p>	
<p>21. The Ministry of Transport should commence recruitment of regionally based Transport Development and Co-ordination Officers to facilitate the development of innovative transport solutions and the best use of available resources in country areas. Specifically, their role should encompass:</p> <ul style="list-style-type: none"> • mapping existing services and needs; • establishing regional transport co-ordination committees of relevant stakeholders to further advise on need, and assist with integrated service planning and delivery; • monitoring the effectiveness of services; • working with stakeholders to identify and trial service improvement projects, funded by seeding grants; and • working with the Operations stream of the ministry of Transport to extract greater value from, and insert more flexibility in, bus contracts. <p>The Ministry should also consider establishing the position of Aboriginal Transport Development Officer to develop appropriate transport responses to the needs of Aboriginal communities.</p>	<p>Supported.</p>

<p>22. As recommended in a previous review, community transport services should be recognised as playing a crucial role in the transport task, with safety and accreditation requirements applying where appropriate. Barriers to the provision of flexible solutions involving the most appropriate vehicle type should also be removed.</p>	<p>Supported.</p>
<p>23. The Ministry of Transport should develop a new 'modular' service contract for country NSW that is capable of being adapted to the different service needs of different communities and addresses:</p> <ul style="list-style-type: none"> • services to be provided, including integration requirements with other modes; • requirements in respect of availability for other charter and community work; • uniform standards for service quality, performance and bus fleet specifications; • reporting requirements to enable better performance monitoring and to inform ongoing service planning; • procedures for dealing with disputes and contract breaches; • flexibility in the contract term, from 5 to 10 years; • contract payment details that take into account income from charter and other work for specified groups ; • service planning and review processes, including participation in local coordination committees; and • contract renewal opportunities and performance assessment processes. 	<p>The need for more flexible, enforceable and transparent contracts that enable the right mix of services to be provided in country areas is supported.</p>
<p>24. The Ministry of Transport should develop a new financial model for rural and regional bus services that, subject to IPART endorsement, replaces the existing 'non-commercial' funding model. The model should:</p> <ul style="list-style-type: none"> • update the inputs in the current funding model to reflect efficient benchmark costs; • link return to operational effort; • eliminate any biases in favour of multiple contracts holders/larger operations; • recognise income derived from other sources (such as commercial charter work) and its contribution to capital costs while still providing incentives to take on this work; and • establish a per kilometre charge at which the vehicle is to be made available for charter and other work for specified groups. 	<p>The need for a more equitable, efficient and transparent financial model for funding bus services in county areas is supported. IPART should endorse any new model prior to finalisation.</p>

<p>25. To provide services that better meet local needs and provide better value for money, consideration needs to be given to:</p> <ul style="list-style-type: none"> • replacing regular route services in country towns with demand responsive services. As a starting point, the proposal for a demand responsive service for the Dubbo township should be trialed as soon as possible and opportunities for similar trials identified; • the potential for: <ul style="list-style-type: none"> – establishing single operator networks for the provision of school services in a given area (replacing the existing single non-commercial contracts) to maximise the efficient use of vehicles and achieve economies of scale; – funding new services (including regular services to isolated communities) from any savings that may be realised; – rescheduling CountryLink coach services so that they provide for an adequate stop-over in regional centres and better meet the needs of the broader community by providing a useful daily link between isolated communities and their regional centres; and – rolling out a transport information and referral service (based on the system developed by the Macquarie Area Health Service). 	<p>Developing service models that are more flexible and more responsive to needs in country areas is supported. A trial of the Dubbo demand responsive service should commence as soon as possible.</p>
<p>26. The Ministry of Transport should negotiate with operators to move them onto new contractual and funding arrangements.</p>	<p>Supported.</p>
<p>27. The Ministry of Transport should continue to work with NSW Health, the Department of Ageing, Disability and Home Care, DIPNR and other government stakeholders to develop Integrated Regional Transport Plans and Budgets as a mechanism for facilitating a whole-of-government approach to planning, procuring and funding country transport solutions.</p>	<p>Supported. Co-ordinated procurement should commence as soon as new funding grants become available or current service arrangements expire. Purchasing capital equipment or establishing new services should only occur if it is more cost efficient than contracting for the service required with an established operator.</p>
<p>Statewide Issues: Fares, Ticketing & Concessions</p>	
<p>28. To ensure an equitable system, a consistent bus fare scale should be progressively implemented across all metropolitan bus services and operators should be required by contract to offer the same core fares, concessions, and ticketing arrangements.</p>	<p>The phase-in of a consistent bus fare scale over time is supported, consistent with the Government's commitment to a longer term price path.</p>

29. Government should request that IPART seek to align State Transit's fares to the Transitway fare scale (equivalent to the private operator fare scale) as a matter of priority.	As in (28) above.
30. As commercial contracts in regional areas expire, a single fare scale, consistent with the country fare scale, should be applied so that over time all regional operator fares are aligned to the one scale.	Supported in principle subject to further assessment of cost impact.
31. Private operators should be obliged to offer a TravelTen (or equivalent) product, discounted at 10-15% relative to single fares. Over time, the discount on State Transit's TravelTen (or equivalent) should be brought to a similar level.	The need to simplify fares on the smartcard to reduce technology risk is supported.
32. Once the smartcard system is implemented, only single fares and a more limited number of products (such as TravelTens and the Pensioner Excursion Ticket) should be allowed to be loaded onto the smartcard, to promote ease of use.	As in (31) above
33. The proposal, recommended in the Parry Inquiry Final Report and supported by Government, to increase the Pensioner Excursion Ticket to \$2.50 and expand it to areas within the Greater Metropolitan Region serviced by private operators, should be implemented as part of new contractual arrangements.	Supported.
34. Once the Pensioner Excursion Ticket is available across the metropolitan area, operators should be required to monitor and report to the Ministry of Transport on the extent and impact of Pensioner Excursion Ticket holders travelling during the morning peak.	Supported.
35. Prior to the implementation of smartcard, consideration should be given to allowing the purchase of a multi-trip Pensioner Excursion Ticket, as a means of reducing on-board ticket purchases and resultant delays, particularly during peak times. Photo identification should be required for purchase and use of the ticket, to protect against fraud.	MoT to analyse administrative issues and costs with relevant stakeholders.
36. The Pensioner Excursion Ticket should also be available for use on bus services in large country towns where community transport cannot provide an equivalent service.	Supported in principle on a cost neutral basis - MoT's Transport Development and Coordination Officers (see rec 21) should identify potential priority areas.

Statewide Issues: SSTS	
37. In principle agreement should be sought from education bodies to participate in the smartcard trial during the second half of 2004, and in the broader implementation of the system in 2005. The trial should include: <ul style="list-style-type: none"> • consultation with school staff, unions and parents; • consideration of ways to minimise the administrative load for schools; and • the identification of any transition costs. 	Supported.
38. Following the trial, a Memorandum of Understanding should be entered into between the Ministry of Transport and relevant education bodies. This should outline respective roles and responsibilities in relation to the administration of SSTS under the smartcard system to ensure its effective roll-out and implementation.	Supported.
39. Once fully implemented, the potential of the smartcard system to make SSTS more responsive to the changing educational and social needs of students and families should be explored.	Supported.
40. The Ministry of Transport and the BCA should jointly identify and implement strategies to ensure that operators and drivers are aware of the recently developed SSTS Guidelines on Hours of Travel, which enable some flexibility in determining when during the day an SSTS bus pass can be used.	Supported.
Statewide Issues: Governance Arrangements	
41. The Ministry of Transport should proceed with the establishment of an Operations stream that will locate service planning, contracting and funding responsibilities for passenger services under a single management arrangement. An assessment of the capability, resources and operational requirements needed to ensure these arrangements commence with the introduction of the new contracting regime, should be undertaken as a priority.	Supported, on the basis that the new group is funded from within available resources.
42. As part of the above, discussions should commence to enable the transfer of State Transit's planning function to the Ministry of Transport, concurrent with the signing of new contracts with State Transit.	Supported, on the basis of no additional costs to the Budget and DIPNR access to planners as required.

<p>43. The effectiveness of the Operations stream should be monitored over the contract period prior to any further consideration being given to the establishment of a Passenger Services Authority.</p>	<p>Supported.</p>
<p>44. Also for the longer term, serious consideration should be given to the establishment of an appropriate entity to enable the separation of asset control from the operation of services, to realise a range of benefits as outlined in this Report. As a more immediate measure, contracts need to provide for step-in rights and call options to enable Government control over assets where necessary to ensure continuity of services.</p>	<p>Longer term consideration of this and other options is supported. In the short-term, contract provisions should ensure smooth transition of operations in the event of contract breach or termination.</p>
<p>Implementation/Transition: Metropolitan</p>	
<p>45. To enable the implementation of new arrangements, the <i>Passenger Transport Act 1990</i> and other relevant legislation should be amended to allow for:</p> <ul style="list-style-type: none"> • removal of automatic renewal rights; • extinguishment of existing contracts where necessary; • performance standards and penalties; • payment of SSTs on actuals; • the creation of defined contract regions and the identification of strategic corridors; • a partnership approach to service planning and the replacement of MSLs with service planning guidelines; • IPART determination of State Transit and private operator fares; • recognition of the role of community transport in the provision of local services and/or services to meet the needs of particular groups; and • flexibility in relation to contract periods, including temporary contracts and termination provisions. 	<p>Supported.</p>
<p>46. To provide certainty, the introduction of new contracting arrangements should be progressed expeditiously, with the aim of being in place across the Sydney metropolitan area by 2005. The first two years should be viewed as a transition period, to enable the collection of relevant information and data, and the review and refinement of arrangements as necessary.</p>	<p>Supported.</p>

<p>47. A whole-of-government taskforce, comprising the Ministry of Transport, Treasury, The Cabinet Office and other relevant agencies should be established to oversee and monitor implementation of new contracting arrangements for metropolitan areas. Updates on progress with implementation should be published quarterly on the Ministry of Transport's website.</p>	<p>Supported. The taskforce will include MoT, Treasury, the Cabinet Office, DIPNR and other agencies as required.</p>
<p>Implementation/Transition: Rural & Regional NSW</p>	
<p>48. For rural and regional NSW, the <i>Passenger Transport Act</i> 1990 should be amended to provide for:</p> <ul style="list-style-type: none"> • a more flexible contracting regime; • a more flexible accreditation regime; • recognition of community transport providers; and • transitional provisions which recognise a gradual roll-out of new service delivery, funding and contracting arrangements. 	<p>Supported.</p>