

Hon Nick McKim MP
Minister for Education and Skills
Minister for Corrections and Consumer Protection
Minister for Sustainable Transport

Level 9, Marine Board Building, HOBART TAS 7000
Ph +61 3 6233 6756 Fax +61 3 6233 2671
minister.mckim@dpac.tas.gov.au



Tania Rattray MLC
Chair
Government Business Scrutiny Committee 'B'

Dear Ms Rattray

Tania

2012 Inquiries – Additional Information Request in relation to Metro Tasmania Pty Ltd (Metro)

At the Legislative Council Government Businesses Scrutiny Committee "B" hearing on Thursday, 6 December 2012, additional information was requested from Metro.

Please note that the majority of the additional information requested needed to be obtained from the Department of Infrastructure, Energy and Resources (DIER).

To assist with making the distinction between what information would be better sought at Budget Estimates (Output Groups 1.7, 1.8, 6 and Grants & Subsidies), the attached response details whether the inquiries were addressed by DIER or Metro.

I trust this will be of assistance during the 2012-13 Budget Estimates and Government Businesses Scrutiny.

Warm regards

A handwritten signature in black ink that reads "Nick McKim".

Nick McKim MP
Minister for Sustainable Transport

Additional Information requested

1. The percentage of the Tasmanian population that uses public transport in Tasmania and the percentage that uses public transport in Greater Hobart (DIER)

The manner in which passenger trips are reported to DIER, along with the myriad of bus ticketing systems in the state, does not allow for an accurate estimate of the number of individual passengers using public transport – either on a daily basis, or over an extended period of time. It is not possible to determine – on a consistent and continuous basis - the percentage of the population that uses public transport.

The only information that can approximate an answer to this question is that obtained from 'snapshots' of travel behaviour. Of these, the most commonly used is the 'Journey to Work' measure from the national Census. In 2011, 3.1% of employed Tasmanians travelled to work by public transport. A higher proportion of people travelled by public transport to work in Greater Hobart, at 5.3% (ABS census 2011).

The journey to work often forms the 'backbone' of regular travel patterns for many people and usually occurs during peak travel times. However, it should be noted that the journey to work data only captures around 40% of total journeys.

The *Greater Hobart Household Travel Survey* undertaken in 2008/09 provides a detailed account of the population's typical trip making patterns. Similar to journey to work data, the survey shows that Greater Hobart has low public transport use, at 4.0 percent for all trip movements during weekdays. Public transport has a much lower mode share on weekends, at 1.0 percent in Greater Hobart.

While difficult to estimate with any great accuracy, the percentage of enrolled students (K to 12) that travel by public transport to school would be approximately 35% on any given day.

The taxi fleet is often considered to be an adjunct to the public transport system. DIER does not collect passenger numbers for taxis, other than for people who receive a subsidy for taxi usage under the Transport Access Scheme (TAS). In 2011-12, 512,600 such trips were the subject of claims to the TAS across the State.

2. The terms of the Bothwell contract for the delivery of bus services by O'Driscoll Coaches (DIER)

Contract number 2097 between the Transport Commission and O'Driscoll Coaches was awarded on 19 September 2011. The contract commenced on 22 December 2011 for an initial period of 5 years, with the Transport Commission having an option to extend for a further 2 years. The value of the contract is \$195,501pa, indexed on a monthly basis, as with all other bus contracts (utilising an agreed Bus Cost Model Index).

The contract requires the operator to provide a daily return General Access service between Bothwell and Hobart, on an agreed timetable, on each weekday (excl public holidays). At present the agreed timetable is aligned with College start and finish times, and is open to all categories of passenger.

3. The formula to determine whether a bus service is viable and will therefore continue to be supported by Government (DIER)

In respect to viability, there are 2 broad categories of government funded bus services (excluding Metro Tasmania and MerseyLink Urban bus services).

The first category is made up of all 'Rural School Bus' (RSB) services which are provided free of charge to the user, and where the payment to the operator is based on a per annum contracted amount. As per published guidelines, an RSB carrying less than ten (10) full-time students on a regular basis will normally be withdrawn. The cancellation (withdrawal) of such a service would normally only take place at the end of a school year, in order to save undue disruption to students/parents, and only after consultation with those affected. Every attempt is made to ensure another service is made available to them, and/or financial assistance where applicable (through Conveyance Allowance).

The second category is made up of all 'Fare Paying' services, and these cover Student Only and General Access bus services. Operators of these services retain all fares collected, and attract a (top-up) payment for each concession passenger carried, including all students. As these services rely on sufficient patronage to ensure viability, it is usually the decision of the contracted operator to determine their viability/cessation of the service. Should an operator deem a service unviable, they are required under contract arrangements to advise the Transport Commission of their intention to cease the service, and in some cases terminate the contract. In certain cases, the Transport Commission may decide that provision of the service will be subsidised by Government to ensure viability/continuation. In the case of student only services, this would normally apply to those services which are the only one operating on the corridor/route. For General Access services, it would be those services which meet the 'Access Principles'. The Access Principles include a range of criteria which include – testing that the service provides access to high priority services and amenities, meets minimum population thresholds along the route, has minimum population at the outer terminus, and meets minimum standards for route design.

4. A copy of the consultant report that assessed the cost of gas versus diesel bus purchases for Metro. (Metro)

In 2007, Metro commissioned McCormick Rankin and Cagney to undertake a review of the use of alternative fuels in Metro buses.

At the time, the recommendation was not to proceed with either compressed natural gas (CNG) or biodiesel.

This report is now dated and Metro is now re-evaluating the use of both biodiesel and CNG.

Metro understands that, since 2007, the additional capital cost of a CNG bus has reduced and Metro has been approached by TasGas to explore the option of purchasing CNG buses in the future.

Metro has received a proposal for the use of biodiesel in the bus fleet. There are a number of issues which need to be resolved before the proposal is taken to the Metro board for consideration.

When Metro next tenders for buses it will include request tenders for buses powered by alternative fuels.

5. Timeframe for lost/damaged Greencards to be replaced (DIER)

Applications for lost/damaged Greencards which are processed through DIER are normally replaced within 3 weeks (as long as the initial application is completed correctly).

6. An update in the development of bike racks on Metro buses (Metro)

Metro's application for the permits for racks on buses from DIER is underway.

If this application is successful, it will allow a trial to take place in January.

If the trial is successful, Metro will then consider its options.

7. "Family Friendly Travel" – the cost saving arising from the program ceasing and how many families have been affected (DIER)

The manner in which passenger trips are reported to DIER does not allow for an estimate of cost savings, with any certainty, to be determined.

Prior to the withdrawal of the third and subsequent free pass eligibility there were approximately (570) families where one or more children were holding a pass (approximately 900 children). —

At the time of considering the withdrawal, a conservative cost saving was estimated at \$100,000 per annum. (As a comparator – if all 900 students with an eligible free pass were travelling by bus morning and afternoon, on every day of each school year, the cost saving would be in the vicinity of \$300,000 per annum.)

Additional Information requested

1. The percentage of the Tasmanian population that uses public transport in Tasmania and the percentage that uses public transport in Greater Hobart (DIER)

The manner in which passenger trips are reported to DIER, along with the myriad of bus ticketing systems in the state, does not allow for an accurate estimate of the number of individual passengers using public transport – either on a daily basis, or over an extended period of time. It is not possible to determine – on a consistent and continuous basis - the percentage of the population that uses public transport.

The only information that can approximate an answer to this question is that obtained from 'snapshots' of travel behaviour. Of these, the most commonly used is the 'Journey to Work' measure from the national Census. In 2011, 3.1% of employed Tasmanians travelled to work by public transport. A higher proportion of people travelled by public transport to work in Greater Hobart, at 5.3% (ABS census 2011).

The journey to work often forms the 'backbone' of regular travel patterns for many people and usually occurs during peak travel times. However, it should be noted that the journey to work data only captures around 40% of total journeys.

The *Greater Hobart Household Travel Survey* undertaken in 2008/09 provides a detailed account of the population's typical trip making patterns. Similar to journey to work data, the survey shows that Greater Hobart has low public transport use, at 4.0 percent for all trip movements during weekdays. Public transport has a much lower mode share on weekends, at 1.0 percent in Greater Hobart.

While difficult to estimate with any great accuracy, the percentage of enrolled students (K to 12) that travel by public transport to school would be approximately 35% on any given day.

The taxi fleet is often considered to be an adjunct to the public transport system. DIER does not collect passenger numbers for taxis, other than for people who receive a subsidy for taxi usage under the Transport Access Scheme (TAS). In 2011-12, 512,600 such trips were the subject of claims to the TAS across the State.

2. The terms of the Bothwell contract for the delivery of bus services by O'Driscoll Coaches (DIER)

Contract number 2097 between the Transport Commission and O'Driscoll Coaches was awarded on 19 September 2011. The contract commenced on 22 December 2011 for an initial period of 5 years, with the Transport Commission having an option to extend for a further 2 years. The value of the contract is \$195,501pa, indexed on a monthly basis, as with all other bus contracts (utilising an agreed Bus Cost Model Index).

The contract requires the operator to provide a daily return General Access service between Bothwell and Hobart, on an agreed timetable, on each weekday (excluding public holidays). At present the agreed timetable is aligned with College start and finish times, and is open to all categories of passenger.

3. The formula to determine whether a bus service is viable and will therefore continue to be supported by Government (DIER)

In respect to viability, there are 2 broad categories of government funded bus services (excluding Metro Tasmania and MerseyLink Urban bus services).

The first category is made up of all 'Rural School Bus' (RSB) services which are provided free of charge to the user, and where the payment to the operator is based on a per annum contracted amount. As per published guidelines, an RSB carrying less than ten (10) full-time students on a regular basis will normally be withdrawn. The cancellation (withdrawal) of such a service would normally only take place at the end of a school year, in order to save undue disruption to students/parents, and only after consultation with those affected. Every attempt is made to ensure another service is made available to them, and/or financial assistance where applicable (through Conveyance Allowance).

The second category is made up of all 'Fare Paying' services, and these cover Student Only and General Access bus services. Operators of these services retain all fares collected, and attract a (top-up) payment for each concession passenger carried, including all students. As these services rely on sufficient patronage to ensure viability, it is usually the decision of the contracted operator to determine their viability/cessation of the service. Should an operator deem a service unviable, they are required under contract arrangements to advise the Transport Commission of their intention to cease the service, and in some cases terminate the contract. In certain cases, the Transport Commission may decide that provision of the service will be subsidised by Government to ensure viability/continuation. In the case of student only services, this would normally apply to those services which are the only one operating on the corridor/route. For General Access services, it would be those services which meet the 'Access Principles'. The Access Principles include a range of criteria which include – testing that the service provides access to high priority services and amenities, meets minimum population thresholds along the route, has minimum population at the outer terminus, and meets minimum standards for route design.

4. A copy of the consultant report that assessed the cost of gas versus diesel bus purchases for Metro. (Metro)

In 2007, Metro commissioned McCormick Rankin and Cagney to undertake a review of the use of alternative fuels in Metro buses.

At the time, the recommendation was not to proceed with either compressed natural gas (CNG) or biodiesel.

This report is now dated and Metro is now re-evaluating the use of both biodiesel and CNG.

Metro understands that, since 2007, the additional capital cost of a CNG bus has reduced and Metro has been approached by TasGas to explore the option of purchasing CNG buses in the future.

Metro has received a proposal for the use of biodiesel in the bus fleet. There are a number of issues which need to be resolved before the proposal is taken to the Metro board for consideration.

When Metro next tenders for buses it will include request tenders for buses powered by alternative fuels.

5. Timeframe for lost/damaged Greencards to be replaced (DIER)

Applications for lost/damaged Greencards which are processed through DIER are normally replaced within 3 weeks (as long as the initial application is completed correctly).

6. An update in the development of bike racks on Metro buses (Metro)

Metro's application for the permits for racks on buses from DIER is underway.

If this application is successful, it will allow a trial to take place in January.

If the trial is successful, Metro will then consider its options.

7. "Family Friendly Travel" – the cost saving arising from the program ceasing and how many families have been affected (DIER)

The manner in which passenger trips are reported to DIER does not allow for an estimate of cost savings, with any certainty, to be determined.

Prior to the withdrawal of the third and subsequent free pass eligibility there were approximately 570 families where one or more children were holding a pass (approximately 900 children).

At the time of considering the withdrawal, a conservative cost saving was estimated at \$100,000 per annum. (As a comparator – if all 900 students with an eligible free pass were travelling by bus morning and afternoon, on every day of each school year, the cost saving would be in the vicinity of \$300,000 per annum.)