



PARLIAMENT OF TASMANIA

**PARLIAMENTARY STANDING COMMITTEE OF
PUBLIC ACCOUNTS**

**REVIEW OF ISSUES RELATING
TO
SCHOOL BUS SAFETY**

Laid upon the Tables of both Houses of Parliament

*The Committee was appointed under the provisions of section 2 of the Public Accounts Committee
Act 1970 (No 54)*

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Hon A.W. Fletcher (Chair)
Hon C.L. Rattray
Hon J.S. Wilkinson

HOUSE OF ASSEMBLY

Ms L. Giddings
Mr M.T. Hidding
Mr G. Sturges

Tasmania Public Accounts Committee

Briefing - Bus Services In Tasmania

1. PUBLIC ACCOUNTS COMMITTEE

*The Public Accounts Committee Act 1970*¹, provides for the establishment of a joint committee, comprising three members from the Legislative Council and three from the House of Assembly.

The function of the Committee is as follows -

The Committee must inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to -

- (a) the management, administration or use of public sector finances; or
- (b) the accounts of any public authority or other organisation controlled by the State or in which the State has an interest.

The Committee may inquire into, consider and report to the Parliament on -

- (a) any matter arising in connection with public sector finances that the Committee considers appropriate; and
- (b) any matter referred to the Committee by the Auditor-General.

The current membership of the Public Accounts Committee (PAC) is -

Hon A W (Tony) Fletcher MLC	Ms L Giddings MHA
Hon C L Rattray MLC	Hon M T (Rene) Hidding MHA
Hon J S Wilkinson MLC	Mr G Sturges MHA

The Committee has the power to summon witnesses to appear before it to give evidence and to produce documents and, except where the Committee considers that there is good and sufficient reason to take it in private, all evidence is taken by the Committee in public.

2. INTRODUCTION

In correspondence received by the Public Accounts Committee on 23 October 2002 Mr *Hidding* requested the Public Accounts Committee -

“to inquire into all issues surrounding school bus transport in Tasmania”

Specifically Mr *Hidding* noted his concerns about:

¹ The Public Accounts Committee Act 1970, No.54 of 1970 and subsequent amendments in the Public Accounts Committee Amendment Act No 89 of 1997.

“the ability of private operators to upgrade vehicles to appropriate levels to provide for increased safety, including seatbelts”
“the whole system of funding school student transport in Tasmania”
 and
“any other matters”

Mr *Hidding* spoke to the Committee in support of his letter and elaborated on his concerns about the ageing bus fleet, the lack of standards and safety requirements.

The Committee notes that there have been numerous reports in recent years dealing with various aspects of school transport in Tasmania including the following:

- 1988 Legislative Council Select Committee; Interim Report School Bus Services
- 1990 Evers, N Report of the Task Force on Student Transport Charges
- 1992 Auditor-General, Special Report No. 2, Student transport
- 1992 Legislative Council Select Committee, School Bus Services Final Report
- 1993 A review of School Bus Safety in Tasmania
- 1994 Tasmanian School Bus Association Rationalisation and Modernisation Package
- 1997 A New Framework for Regulating the Provision of Regular Passenger Transport Services

The Committee wrote to the Minister for Infrastructure, the Hon Jim Cox on 28 October 2002 saying that prior to establishing a formal inquiry the Committee wished -

“to be informed by officers of his Department on the efficacy of current operations.”

On 13 November 2002 Mr Bob Rutherford, Deputy Secretary Regulation, Mr Bernard Carlington, Manager Passenger Transport Services, Mr Bert Elson, Manager Vehicle Operations, and Mr David Enright Manager, Passenger Transport Policy appeared before the Committee to give evidence.

3. SCHOOL BUS SAFETY ISSUES – A fine record.

3.1. School Bus Age Profile

In briefing the Committee Transport Department Officers indicated that whilst the average age of Tasmanian school buses ranged somewhere between 20 – 25 years, the rate of aging of the fleet had slowed in recent years. Furthermore it was emphasised, that although vehicle age is of concern to the Department, it was not seen as a compromise to safety, but rather an issue of amenity.

“Obviously the department takes extremely seriously the safety standards on school buses ... We believe that the procedures we have

in place ensure the ongoing safety of school buses ... we of course are aware of concerns about standards and the aging of the school bus fleet. Essentially we see these not as questions of safety but rather as questions of amenity.”²

The Committee was informed that road accident statistics support this position with most traffic accidents involving school children commuting to school occurring around school buses rather than onboard the bus.

“Statistics ... through the traffic accidents reports suggest ... that Tasmania’s school bus safety record has been extremely good. We’ve been very fortunate in that there has never been a fatality associated with travel on a school bus. There are some very real concerns about safety on and around school buses. The primary risk areas continue to be immediately before the children board the bus or immediately after they’ve gotten off.”³

Departmental Officers further advised the Committee that the industry and the Department have made concerted efforts over many years to address such problems.

“In trying to address those particular concerns and very real risk exposures, there have been things like the flashing lights on school buses, the warning signs advising drivers that they need to slow to 40 km in the vicinity of the school bus and the campaigns that the road safety officers launch in school areas trying to focus their efforts ... on those primary risk exposures where accidents do occur.”⁴

Noted:

- **The age of the school bus fleet is greater than desirable and impacts on the amenity of the service.**
- **The excellent safety record of Tasmania school bus services suggests that the age of the fleet does not have a bearing on safety issues.**

3.2 Contract Arrangements – A circumstance of history.

During the briefing the Committee was informed that the age profile of the school bus fleet is largely a function of historic factors.

Currently school bus services in Tasmania operate on 30-day contracts many of which were won through tender more than twenty years ago. In practice these contracts have operated for many years as open-ended contracts with operators regarding them as an entitlement to be used and traded.

² Transcript p. 1.

³ Transcript p. 2.

⁴ Transcript p. 2.

Under present arrangements school bus operators receive a remuneration that is an agreed rate based on a formula known as the ‘Travis Morgan Rate’. This rate reflects the contractor’s average operating costs and is derived from the average operating costs of a survey sample of contractors.

The Committee heard that:

“The industry [owners and operators] would certainly like to see a higher rate ... but it is very difficult when dealing with averages ... some people who, on the average application of their service, will do very nicely and others will be struggling but that has been the process that has evolved in preference to going out to tender.”

“... Because they were originally tendered it is difficult to change those rates without disadvantaging other tenderers who missed out, and it is very difficult in the absence of going back and testing the market ... to assess what is fair and reasonable. But in the absence of that sort of process, it is very difficult to make judgements as to whether a service is remunerative for any individual operator in the light of all their circumstances. So it is certainly the case that, as a whole the industry believes that the rates are too low but it is difficult to decide in which particular case that might apply.”⁵

The constraints of contract conditions and the limited flexibility in the remuneration rate has led to a decrease in investment and the aging of the school bus fleet as there is no incentive for the operator to invest in new infrastructure.

“...The burden that the industry and the department carry - is that the vast majority of these services were originally won through a tendering process. ... At the time ... standards were different, there were no requirements in terms of vehicle replacement ... the tenders simply came in and they were accepted.”⁶

The Committee was further informed that the review process to be undertaken in accordance with the provisions of the *Passenger Transport (Consequential Transitional) Act 1997*, *Passenger Transport Act 1997* and the *Passenger Transport Transitional Regulations 2000* will lead to a more certainty in the industry and provide appropriate incentives for future investment in new vehicles.¹

Noted:

- **Pending reforms will replace open-ended contractual arrangements with a performance-based system.**

3.3 Vehicle Standards – High standards demanded.

⁵ Transcript p. 4.

⁶ Transcript p. 4.

In response to questioning by the Committee on the relative safety of older buses the Committee was informed that school buses must conform to General Standards that apply throughout Australia.

*“[All vehicles] must meet the relevant Australian Design Rules at the time it is presented to the market, and ... the Vehicle Standard Regulations which are now consistent throughout Australia. The Vehicle Standards Regulations cover all the basic things like safety features – height of steps, width of aisles, the amount of headroom, ... The Australian Design Rules are the basic requirements for the safety features of the vehicle ... Australian Design Rules are added to, improved upon and updated from time to time, but one principle that has always applied in design rules is that they do not apply retrospectively.”*⁷

In respect to vehicle age the Departmental Officers indicated that setting an arbitrary age limit for school buses, ignores the fact some vehicles are engineered for a service life of 30 years whilst other smaller buses perhaps only have a working life of 15 years.

*“The problem you end up with ... in setting an age limit for buses [is that] you are imposing an age limit that may well be under the optimum age for some buses and over the optimum age of other buses, which is why we tend to [take]... a performance approach and say these are the standards, these are the check-lists, these are the things that the vehicle has to pass at inspection.”*⁸

The Committee was assured that the safety standards and roadworthiness of school buses was more than a matter of Design Rule specifications and that a whole range of systems are in place to ensure that faults are identified and addressed before they become a safety issue.

All school buses are inspected every six months by Transport Department inspectors all of whom are qualified mechanics. At least one inspection a year involves a sophisticated vehicle-testing unit that can identify loose or worn components and can test a vehicles braking system.

Roadworthiness and safety have also been enhanced with the introduction of accreditation for school bus operators. Operators have to maintain systems that ensure safety inspections are done on a daily basis and that records are kept which can later be audited. Under this system when a fault is found there will be a record of that fault and a record of its rectification, any delay in timely maintenance will be readily evident to the auditors.

The Committee heard that serious mechanical faults are rare, however when such faults are encountered the Department has the capacity to instigate appropriate remedial solutions. An example of this is the introduction of dual-circuit brake

⁷ Transcript p. 5.

⁸ Transcript p. 6.

systems on all buses irrespective of Design Standards compliance following some incidents resulting from brake failure.

Noted:

- **The measures in place to assess the roadworthiness and safety of school buses are of a high standard.**

4. FUTURE POLICY DIRECTIONS IN TASMANIA

The situation that currently exists has occurred over a number of years because there is no requirement in contracts for operators to use buses of a particular age to provide the specified service. Additionally there is no incentive under the averaging model to replace vehicles. The Committee was advised that:

“What we are proposing is that an amount be paid to cover the capital costs of the vehicle, assuming there would be a component available to cover the cost of purchasing the vehicle and the interest on that. That would be built into a contract to allow a certain amount to cover that. The operating cost which we are developing to cover the old Travis Morgan rate”... “In terms of the age of buses the idea is that there would be an amount which would be reasonable to purchase a second-hand vehicle” “there would be, in addition to the operating costs a component to cover the capital expenditure to purchase the vehicle and the interest that would be required”... “would also be an incentive through a profit methodology to encourage people to buy younger buses”. “ We are working to ensure that the figures that underlie those three components in order to make sure that the age of buses can be reduced over a period of time and that people have an incentive to buy younger buses”⁹

With the proclamation the *Passenger Transport Transitional Regulations 2000* all current bus services will be examined by the Commission and those determined to be core services (ie. essential services as defined in the legislation) will be offered interim contracts. The review process mandated by the legislation will provide a new model of remuneration, abandoning the average costs formula of the Travis Morgan rate, for industry agreed benchmarks for all items of expenditure. Once the review process is complete 5 + 5year performance based contracts will replace the interim contracts.

5. Conclusion

The age of the school bus fleet is greater than desirable and impacts on the amenity of the service.

The excellent safety record of Tasmanian school bus services suggests that the age of the fleet does not have a bearing on safety issues.

⁹ Transcript p. 13.

The measures in place to assess the roadworthiness and safety of school buses are of a high standard.

Pending reform will replace open-ended contractual arrangements with a performance-based system.

The Committee has noted the issues raised and has concluded to further review the situation at a future date, when the reforms flagged at this briefing are in place.

**Parliament House
Hobart
18 March 2003**

**The Hon. A.W. Fletcher MLC
CHAIRMAN**