

6 Meeting Needs in Regional Towns

6.1 Types of services

Town services

The delivery of core passenger services within regional towns focuses primarily on the needs of school students. Bus services are provided in a number of towns in Tasmania to students living within the built up areas of those towns.

Student only services are currently provided in Scottsdale, Smithton, Ulverstone, Rosebery, Queenstown, Strahan, Bothwell, Margate, New Norfolk, Huonville, George Town, Wynyard, Penguin and Beaconsfield.

No population centre outside Hobart, Launceston, Devonport and Burnie has a regular, dedicated general access service within the centre. Wynyard and Ulverstone have limited town services provided by Metro. These services are incorporated into its urban service contract obligations. A limited town service is also provided in New Norfolk as an extension of Hobart Coaches' urban fringe service between New Norfolk and Hobart. In each case, the town service is incidental to the primary purpose of those services which is to provide the urban fringe links described earlier.

In the past Ulverstone has supported a limited local general access service, but that has not operated for several years.

Inter-town services

There are currently no dedicated inter-town core passenger services in regional Tasmania. Local connections are provided through a mixture of other service providers including community transport, taxi services and authorised regular passenger transport services that operate in conjunction with mail services, and other local freight contracts. Links between many towns are provided by urban fringe and long distance bus services. The potential provision of local services between regional towns, or from rural areas into regional towns is discussed in section 5.

6.2 Principal operators

The regional town services in Tasmania are operated as part of a larger passenger transport task. They are provided as an adjunct to the Metro system, as extensions to general access services on urban fringe routes or the delivery of existing free to user school bus services.

There are only a small number of stand-alone operations.

6.3 Contractual arrangements

The majority of town services are provided under Interim Service Contracts, as fare paying student services. The same performance and service standards apply to these services as to other fare-paying student only services.

Under the Contract the operator is obliged to collect fares. This does not appear to be uniformly observed, given the low level of fare, relative to the revenue obtained from top-up payments and the administrative burden of collecting the fare.

Operators are entitled to top-up payments on every passenger carried. Universally, the top-up is significantly greater than the fare revenue collected.

6.4 Cost of provision

The student only services operate as private fare paying services with operators charging students a fare of 30 cents and then receiving a top-up payment from the Government. Payments from the Government amount to nearly \$490,000 per annum (Table 6.1). Fare revenue is estimated at only \$70,000. The provision of these services is a purely commercial decision by operators based on the level of gross revenue they receive from fares plus the top-up payments.

The level of concession travel on these bus services is 55%, well above the average of 39.5% for all private fare paying services.

Across the State, the Review has estimated that these services provide around 465,000 student trips and just over 500 adult trips each year.

Table 6.1: Distribution of Student Travel on Regional Town Bus Services – 2005/06

Town (Population Census**)	2001 Funding to Private Fare Paying Services	Annual Adult Trips	Annual Student Fare Paying Trips	Annual Student Free Trips
Southern Tasmania				
Huonville (1,691)	\$10,390			10,390
Margate (972)	\$1,799		3,733	1,396
New Norfolk (4,997)	\$32,770		12,495	15,865
Sorell (3,593)	\$3,499		4,154	827
Northern Tasmania				
Beaconsfield (1,024)	\$7,997		1,867	4,464
Scottsdale (1,932)	\$17,615		11,336	3,461
George Town (4,124)	\$20,145		10,163	6,104
NW Coast				
Queenstown (2,334)	\$38,401		27,041	14,409
Rosebery (1,109)	\$25,315		12,562	11,099
Smithton (3,112)	\$14,456		11,531	7,617
Wynyard (4,624)	\$10,242		4,130	8,751
Ulverstone (9,495)*	\$262,237	558	83,209	144,445
Penguin (2,918)	\$42,013		29,248	24,982
Total	\$486,879	558	211,469	253,810

* The general access services are provided as part of the contracted routes in the relevant area.

** At the time of writing population data for all UC/Ls from the 2006 Census was not available.

6.5 Bus and non-bus infrastructure

As the majority of regional services are provided as an adjunct to another contracted service, the cost of providing these service is generally the cost associated with the marginal operating kilometres. In the case of existing general access services, it is highly likely that the majority of passengers on the local leg would be for travel on the transit corridor. It is unlikely that any of those services would be sustained as services in their own right. Buses providing the general access services are of a comparable standard to urban and urban fringe general access services.

Student only services are mostly provided using buses that are already funded through a free to user school bus contract. In a small number of instances, the service is provided as a stand-alone service, requiring a dedicated bus for the purpose. These dedicated vehicles are of comparable standard to the vehicles used on free to user school bus services.

6.6 Issues for resolution

- ❖ Are regional town services core passenger services?
- ❖ How are these services to be funded into the future?
- ❖ What concessions should be available on these services?

6.7 Meeting core needs

Student only

No student only fare paying service in a regional town meets either the existing guidelines or the guidelines proposed in the previous section for a free to user rural school bus service.

These services have developed in the same way as many services in urban fringe areas, in response to a demand fuelled by a heavily subsidised fare.

There are currently no guidelines associated with the provision of these services.

The routes have been selected by operators to maximise the appeal of the route to parents, and to minimise the walking distance for students. The circuitous nature of the routes would not have been approved if the route had been developed based on the standards applying to existing free to user services.

If these services were determined not to be core services, the Government funding support for the services would be withdrawn. The removal of support would provide a saving of approximately \$490,000 per annum that could be reallocated to other parts of the core passenger services system.

The removal of support for these services would affect the provision of services to school children in some 14 towns across Tasmania. In most instances, these children are living within two kilometres of the school being serviced by these buses and would have to walk or be driven by their parents if the subsidy for the services was withdrawn completely. In many instances there is a lack of

pedestrian facilities within these communities and small children could be required to cross major roads where there are no controlled crossings.

In rural and regional areas, any child currently living within five kilometres of their school has no right to a free to user school bus. Students living greater than three kilometres from a school have guaranteed access to a bus, where one is provided.

The fare paying town service, therefore, fills an important gap in passenger transport infrastructure by providing students, living within a five kilometre radius of school, access to a bus service in their own right.

The provision of these services may not be the highest priority for the Government, and that is reflected in the level of contribution the student is expected to make to the cost of operating the service. It does not necessarily exclude the provision of the service altogether.

These services also assist to alleviate the effects of an anomaly that occurs in regional towns because of the passage of free to user school buses. Where there is a free seat, or standing space, on a free to user school bus, a child within a regional town may board that bus. The student is not counted as part of the load for that service, but enjoys a convenience by virtue of the location of their home being near to a free to user bus route.

Fare paying services provide bus access for students who live a distant from free to user bus routes, or are unable to board a free to user service because of loadings.

As these services can be considered to be meeting an essential travel need, in the form of transport to and from school, and in most cases do so using bus infrastructure that is funded through the provision of other core services, it is recommended that funding be continued for these services. However, the funding should reflect the operational situation, whether a dedicated bus is used, or a bus already funded on another service.

Priority should be given to using an existing rural school bus to provide these regional town services.

Recommendation 6.1: It is recommended that the existing student only regional town bus services continue to be supported as core passenger services.

Recommendation 6.2: It is recommended that where student only services are provided within a regional town, that the service is provided using an existing rural school bus, unless that is not operationally possible.

General access

There are no existing criteria by which an application for Government funding of a general access bus service operating within a regional town could be assessed.

The Access Principles are principally concerned with the delivery of services between towns along a route that provides access to a major urban centre.

Population size and demand will continue to place the upper limit on the expansion of these services. Where a service does provide access to essential services in a regional centre, it is reasonable to consider that some level of Government support would be provided for that service.

The Review considers that the most appropriate form of support for these services is through the provision of top-up funding.

It is considered highly unlikely that any centres other than, perhaps, Ulverstone, would have a population sufficiently large to be able to sustain a regular, general access service.

Current operators of general access services may continue to provide local extensions to services based on commercial viability of those extensions as part of the overall service. However, it is notable that recent changes to Metro's services in Ulverstone have reduced the level of service locally in Ulverstone in order to provide an improved, direct service between Burnie and Ulverstone.

The criteria against which a proposal for a new general access service within a regional town might be assessed include:

- ❖ Population;
- ❖ Population density;
- ❖ Population needs (income, unemployment, aged, no car ownership, etc)
- ❖ Distance of starting point of route/s from central business area (minimum 3 kilometres); and
- ❖ Business case including projected patronage figures.

Recommendation 6.3: It is recommended that support for the provision of general access services within regional towns be continued through the instrument of top-up funding.

Recommendation 6.4: It is recommended that support be provided by the Government only where a proposed service is demonstrated to meet essential travel needs.

6.8 Funding for local services

Fares

The Review has identified two models for supporting student only services operating within regional towns. These are:

- ❖ provide all regional town services as free to the user services, funded under the BCM; and
- ❖ provide all regional town services as fare paying services subject to the same student fare regime as applies to urban fringe services.

The conversion of the existing regional town services to free to user rural school bus service contracts, would see them funded using the BCM. There would be no fare charged and children would travel free.

There are between 25 and 30 buses offering these services across Tasmania. On the basis that each of the runs is around 12 to 15 kilometres the cost of providing these services under the BCM would be in the order of \$700,000 per annum; a 40% increase on the current cost.

These services do not meet the criteria being proposed for a rural school bus service. An extension of the rural school bus service guidelines to accommodate these services would limit the utility of those standards in regulating the extension of the Government funded services in rural areas.

It is therefore not considered appropriate that these services be converted to free to user rural school bus services.

Maintaining these services as fare paying services where top-ups are paid is considered to be the most appropriate means of supporting these services. The Review has given consideration to the level of fare applied to these services. Present fare levels are very low. As highlighted above the Review has received anecdotal evidence that, on some of these services, limited effort is made by operators to make students pay the fare.

As the top-up payment represents the majority of their income, operators are suffering limited financial disadvantage by forgoing the fare.

The effect of the low fare and high top-up has the potential to encourage operators to over service regional towns. Additionally, the Review has identified no reason why students using these services should pay a fare that is lower than on other fare paying services. As already identified, students in urban areas who catch a Metro or Merseylink bus pay a fare of \$1.20. In previous sections the Review recommends increasing the student fare to 90 cents over the next 3 years on urban fringe services. As such the Review considers that the same fare regime should apply on services within regional towns as applies on other fare paying services.

Recommendation 6.5: It is recommended that the student fare on bus services provided within regional towns across Tasmania is increased consistent with the fare changes proposed for urban fringe communities.

Recommendation 6.6: It is recommended that the top-up arrangements to apply to these services be the same as are proposed to apply to urban fringe student only services.

The effect of these recommendations could be an increase fare revenue by up to \$125,000. The proposed increase in fare levels, would provide greater encouragement to operators to collect the fare. There is also likely to be a reduction in demand for these services over the short to medium term as, in many situations, students who are now travelling a very short distance on the bus may prefer to walk.

Adult fares

Where these services are used by adults there will be a need to establish an appropriate adult fare level. It is the Review's consideration that the level of these fares be based on a commercial fare, with no Government subsidy available to reduce the cost for non-concession passengers. For adult concession passengers using these services the same top-up arrangements as are proposed to apply to urban fringe services would be appropriate.

Student concession fares

Currently, students who use fare paying student services are eligible for free travel based on the same concession entitlements that apply to other free to user services.

As the majority of these services operate wholly within town boundaries, few, if any, students using these services would live greater than three kilometres from the school they attend. The Review therefore needed to consider whether students making use of a fare paying service should be eligible for free travel.

To fail to provide free travel on these services would be to deny some students the same access to bus services as those students with greater financial resources. However, if, as expected, the introduction of a higher fare reduced demand for these services, the maintenance of free travel for some students would sustain an artificially high demand. Students eligible for free travel would not be required to make the same reassessment of their need to use the service as those who are required to pay the higher student fare.

On balance, it is considered that access to free travel should continue. To remove the provision of free travel from these services would place students who are eligible for free travel using these bus services at a disadvantage compared to other students using other bus services.

Recommendation 6.7: It is recommended that students meeting the identified concession criteria be eligible for free travel on bus services operating within regional towns.

Adult concession fares

The same concession categories as are recommended for urban fringe services would apply to any local general access service.

Top-up payments

The average top-up varies between town services. It is considered that, given the short distance of these routes, and the demand based development of these services, a consistent top-up should be available to the operators of each service. Two levels of top-up must be applied. The first, where a bus funded under another core passenger services contract is used, the second where a stand alone bus is used.

In determining the top-up allowance, the payment should reflect the distance which children travel. Under such an arrangement the operator would receive a lower level of top-up for children living closest to school. It is considered that three distinct top-up levels be provided. The first level would be for children living up to one kilometre from the school, the second for children living between one and two kilometres from the school and the third for children living more than two kilometres from the school. In each case the distances would be based on the most direct route to school or perhaps a circle around the school. This would avoid operators creating circuitous routes in an attempt to maximise the distance travelled.

Alternatively, a single rate based on the assumption that the vehicle is already funded could be applied.

Recommendation 6.8: It is recommended that a distance based top-up payment be provided to operators of regional town services and that, in determining the top-up payment the assumption be made that the bus being used is an existing rural school bus.

6.9 New services and route design

No new regional town services have been approved in the last 10 to 15 years. It is unlikely that many additional communities could support a fare paying student service. However, additional services may be sought in some of the larger regional centres that already have a service.

Because of the number of free to user services operating into the major regional towns, many students already have access to a free to user service. However, where free to user services fill up outside the town boundary, there may be demand for a local service.

The route a new service follows can be largely a matter for the operator to determine, subject to approval by the Transport Commission. The operator is unlikely to be able to compete with a free to user service operator (who, at any rate, should not be including the number of students picked up or dropped off within the town boundary).

The maximum top-up payment will determine the outer distance the operator is prepared to travel to collect passengers, and may see the redesign of more direct routes on existing services.

Any new service would be required to charge the maximum fare rate from its inception, as there would be no need for transitional provisions on those services.

Recommendation 6.9: It is recommended that new town services be based on the commercial sustainability of the service, taking into account the level of fare revenue plus top-up payments.

Recommendation 6.10: It is recommended that the fare on any new service be set at the proposed fare level for these services and that no transitional arrangements apply in relation to the introduction of the fare.

Recommendation 6.11: It is recommended that any new regional town service be awarded through a tender process.