SMARTA
smart rural transport areas

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AUSTRALIA
INSIGHT PAPER

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GEOGRAPHY

Australia comprises a land area of about 7.692 million km^2 and has a land mass almost as great as that of the United States of America, about 50% greater than Europe, and 32 times greater than the United Kingdom (Australian Government, 2019). Nearly 20% of Australia's land mass is classified as desert. The population is approximately 24 million and has the lowest population density in the world (2 people per km^2).

Australia has a federal form of government, with a national government for the Commonwealth of Australia and individual state governments (those of New South Wales, Victoria, Queensland, South Australia, Western Australia, and Tasmania). Each state has a constitution, and its government exercises a limited degree of sovereignty. There are also two internal territories: Northern Territory, established as a self-governing territory in 1978, and the Australian Capital Territory (including the city of Canberra), which attained self-governing status in 1988. The federal authorities govern the various external territories and claim the Australian Antarctic Territory, an area larger than Australia itself (Encyclopædia Britannica, 2019).

Figure 1: Varying geographic remoteness in Australia.

Source: https://aifs.gov.au/publications/families-regional-rural-and-remote-australia/figure1
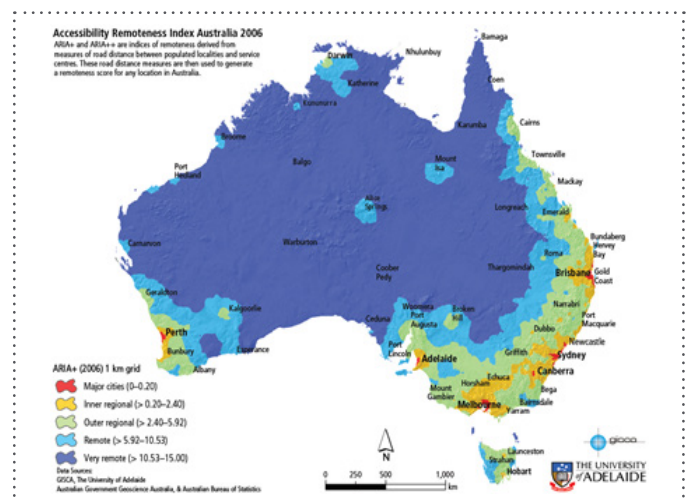
Approximately a third (31.5%) of the Australian population live in remote or rural areas of the country.

Whilst it varies between communities, remote and rural areas generally have slower population growth than metropolitan and urban centres, with some areas experiencing population declines.

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GEOGRAPHY

The term 'rural and remote' encompasses all areas outside Australia's major cities. Using the Australian Standard Geographical Classification System, these areas are classified as Inner regional, Outer regional, Remote or Very remote (see Figure 1).

Figure 1 shows areas of varying geographic remoteness in Australia. It is derived from the Accessibility Remoteness Index which is an index of remoteness based on measures of road distance between populated localities and service centres. These road distance measures are used to generate a remoteness score for any location in Australia, the most remote areas are shown in dark blue (score of >10.53-15.00). Degrees of remoteness are far removed from that experience in Europe. Hence in this Insight paper, where relevant, the focus is on New South Wales (NSW) where the score for outer regional areas is >2.40-5.92).

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NATIONAL POLICIES RELATING TO RURAL MOBILITY AND PUBLIC TRANSPORT

There are t*hree tiers of government* in Australia (Federal, State and Local); this is discussed further in the next section on **Institutional framework**. The priorities and differing accountabilities of separate jurisdictions in a federal system make the development of national policies difficult. For example, the National Transport Policy Framework (National Transport Commission, 2008) recognizes that stronger inter-governmental mechanisms for co-operation between Commonwealth, State/Territory and local governments are needed.

Priority areas identified at that time include strategies to connect remote and disadvantaged communities and increase accessibility to the transport network.

The National Transport Commission (NTC) was established in 2003 with ongoing responsibility to develop, monitor and maintain uniform or nationally consistent regulatory and operational reforms relating to road, rail and intermodal transport.

It performs the role of an expert adviser to the Transport and Infrastructure Council on national regulatory reform development, implementation and evaluation in the Australian land transport sector. Rural policy issues are largely focused on freight vehicle standards.

A relevant review of 30 years of Australian transport (Potterton, 2012) policy identifies six areas of focus: aviation and airports, the road network, road safety, road freight, rail freight and urban public transport.

The relationship between transport and disadvantage in Australia has been widely documented (see for example Rosier and McDonald (2011)). Rural and remote areas of Australia have low levels of public transport access. Some remote areas have relatively low levels of vehicle ownership. Public transport in rural and remote areas of Australia has been overlooked in the research and policy domains. This means there is something of a policy vacuum. One notable feature of the transport and rural health sector is the flying doctor service[1] .

1 - www.flyingdoctor.org.au

INSTITUTIONAL FRAMEWORK

There are three tiers of government in Australia and their broad responsibilities may be summarized as follows:

- Federal – Parliament. Responsible for income tax, revenue tax and Goods Sales Tax (GST)
- State – Parliaments (e.g. New South Wales). Revenue raising from duties, charges, taxes and Federal agreements
- Local – Councils. Revenue raising from businesses, residents, property owners and grants

Jurisdictional **responsibilities affecting transport** are split across the three tiers of government:

- Federal – environmental regulations, vehicle standards, workplace legislation. Responsibility for transport varies by functional, geographical scale and jurisdiction. In the current Parliament there is a Minister for Infrastructure, Transport and Regional Development.

including road, rail, ferry, light rail, point to point, regional air, cycling and walking.
- Roads and Maritime Services
- Sydney Trains – Metropolitan Sydney
- NSW Trains – Outer Metropolitan and Regional NSW (of direct interest to this Insight Paper)
- State Transit (Government owned) – operating buses in Inner Sydney

Other relevant bodies include the Office of Transport Safety Investigations, the Independent Pricing and Regulatory Tribunal (IPART)[1] whose responsibilities include public transport fare setting (highlighted in the next section on **Organisational frameworks)** as well as energy and water; and Infrastructure New South Wales.

IPART are currently looking at pricing policies for on-demand transport (see discussion in the **Organisational framework** section for further information about on-demand transport in regional NSW).

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- State – planning strategy and approvals, public transport network design, fare setting, road rules
- Local – parking restrictions, bus stop facilities, bicycle lanes

There are a number of **Government Transport Agencies** within each State. Taking NSW as an example, these comprise:

- Transport for New South Wales (TfNSW) with responsibility for strategy, planning, policy, regulation, funding allocation and other non-service delivery functions for all modes of transport in NSW

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1 - www.ipart.nsw.gov.au/Home

ORGANISATIONAL FRAMEWORK

Rural and regional bus services: The Key features of rural and regional bus services in NSW are shown in **Table 1**. A recent review by IPART (2017) explains that in rural and regional areas, the NSW Government contracts private bus operators to provide public bus services. TfNSW administers the contracts, which define the services the operators provide and the payments they receive. There are two types of services – 'dedicated school services' and 'regular passenger services'. Typically, operators provide dedicated school services only, or a combination of both dedicated school services and regular passenger services. IPART determines the maximum fares for the regular passenger services only.

In 2017, TfNSW negotiated new contracts with the bus operators already providing rural and regional services. It is noted that a competitive tender process was not used (in contrast to some Sydney metropolitan bus contracts).

Table 1: Key features of rural and regional bus services (2017)

Total costs - contracted	$414 million
School only costs - contracted	$211 million
School and regular passenger costs - contracted	$203 million
Contract total costs per passenger journey on regular passenger services (excluding school students) *	$24
Contract total costs per passenger journey on regular passenger services (including school students)	$16
Average distance per trip – regular passenger	3 km
Efficient cost recovery - school and regular passenger services a	6%
Efficient cost recovery – regular passenger services *	11–12%

* Based on large and medium operators that provide both school and regular passenger services.

Source: *IPART analysis of information provided by TfNSW April-July 2017. Published in IPART (2018)*

Patronage growth has been very modest in Rural and Regional NSW in recent years. Public transport mode share is in the region of 3-5%. Services generally operate on a hub and spoke pattern. There are growth opportunities around regional airports.

A study by AECOM (2017), cited in IPART (2017), examined the levels of utilisation across school only and school and passenger services. It estimated utilisation by comparing reported patronage to the seats available for a selection of routes. It found the reported patronage for school and passenger services is substantially lower:

- For school only services, 12% of all routes have average bus utilisation at less than 60% of capacity.
- For school and passenger services, 96% of routes providing regular passenger services have average bus utilisation at less than 60% of capacity, and 50% have average bus utilisation at less than 10%.

Schools transport: School transport service contracts were discussed above. TfNSW are responsible for choosing the location of school bus stops. Parents are responsible for getting their child to and from the bus stop safely. A rural and regional seatbelt accelerator programme has been introduced and includes retrofitting of older buses.

On-demand transport: The dispersed nature of regional NSW makes providing effective public transport services which are practically and economically difficult to become viable and remain sustainable. In response a DRT pilot service was introduced in May 2017 between Tottenham, Narromine and Dubbo[1], the first of its kind in regional NSW. The Western Regional Transport Pilot (WRTP) Stage 1 commenced 31 May 2017 with a weekly return service between Tottenham and Dubbo via Narromine. The journey from Tottenham to Dubbo is 145 km and is approximately a 2 hour drive each way. Additional pick up and drop off points can be arranged when making a booking. For example, pick up points en-route and drop off points such as Dubbo airport, train station or hospital can be accommodated. Fares have been set at $15 return for adults, $7.50 for children and $2.50 for eligible concession holders. LiveBetter, a community service organisation is the contracted operator. Prior to the commencement of the new transport service; no public transport options serviced the Tottenham community. Key learnings from the evaluation of Stage 1 of the WRTP (completed in December 2017) are included in a SMARTA Good Practice case. Currently there are 22 ODT services across Greater Sydney and NSW regional areas.

Community Transport (CT): The institutional framework for CT in Australia has developed in different ways in different States. In general there is no accepted definition but defining CT as not-for-profit, being based

1 - https://transportnsw.info/tottenham-dubbo-service

ORGANISATIONAL FRAMEWORK

on community need and consisting of targeted and flexible services would cover the type of service provided in each State. TfNSW oversee CT contracts and there are currently 84 providers with around 85-90,000 clients, 2.4M procured trips p.a. and ~2000 volunteers.

The block funding of CT is set to cease (see discussion in the **Financial framework section**) and this change provides a necessity for CT operators to reassess the way in which their services are provided. The proposed person-centred funding (PCF) change puts the eligible client in charge of the funds they receive to spend as they see fit, rather than the current regime where the subsidy is in the hands of the suppliers or CT organisation. This change strikes at the heart of the way in which CT is organised. Mulley et al. (2018) argue that Mobility as a Service (MaaS) provides an opportunity to bundle services in such a way that the eligible client can benefit from a collection of services, probably very similar to their current "consumption", whilst opening up the service to non-eligible passengers as well. For CT operators it

offers the opportunity to provide some cross-subsidy within their service provision, thus providing a wider variety of services than otherwise would be the case. CT in NSW is to be recognized under the Passenger Transport Act (see section on **Regulatory framework**).

Bus NSW is the trade association for the private bus industry in New South Wales. Their 700 members carry approximately 650,000 school children to and from school each day and passenger journeys in Wollongong, Blue Mountains, Central Coast and the Greater Sydney Metropolitan area total more than 100 million per annum. The members of BusNSW operate some 6,500 buses and have approximately 15,000 employees. Nationally the Bus Industry Confederation represents the interests of the bus and coach industry in Australia. Current issues of interest include: regional mobility and connectivity (e.g. High Speed Rail v faster bus and coach), public transport benchmarking and MaaS.

REGULATORY FRAMEWORK

This section is illustrated with reference to NSW.

TfNSW run the legislative framework. The objectives of the key Acts are summarized below:

- Transport Administration Act 1988
  o The objects of this Act with respect to the administration of the transport services provided to the people of New South Wales include the following: (a) to provide an efficient and accountable framework for the governance of the delivery of transport services; (b) to promote the integration of the transport system; (c) to enable effective planning and delivery of transport infrastructure and services; (d) to facilitate the mobilisation and prioritisation of key resources across the transport sector; (e) to co-ordinate the activities of those engaged in the delivery of transport services; and (f) to maintain independent regulatory arrangements for securing the safety of transport services.
- Passenger Transport Act 2014
  o The objects of this Act are as follows: (a) to facilitate the delivery of safe, reliable, efficient and integrated public passenger services that are responsive to customer needs; (b) to regulate certain public passenger services and the providers of those services; (c) to facilitate a flexible service procurement framework for public passenger services for the State that: (i) establishes clear lines

of accountability for operators of services, and (ii) provides mechanisms to improve access to public transport, and (iii) encourages innovation in service development, including the use of new technologies.

Bus contracts: TfNSW regulates public and private operators (see discussion in **Organisational framework** section).

Taxi, hire car and rideshare: The Point to Point Transport Act 2016 specifically affects taxis, hire cars and rideshare (in effect a response to Uber). Under new laws, there will be two categories of service providers: taxi service providers and booking service providers. Taxi service providers refer to taxi services caught at a taxi rank or hailed from the street. Fares are regulated by the government and must be metered. Taxis are also required to be fitted with security cameras. Booking service providers take bookings in advance through the phone, the internet or an app. This includes booked taxi services, traditional hire cars and rideshare services. All booking service providers, including booked taxis, are able to set their own fares based on the service they provide. However, they must provide the customer with an upfront fare estimate before a journey begins.

FINANCIAL FRAMEWORK

This section is illustrated with reference to NSW.

Rural and regional bus services: As described above in the section on Organisational framework IPART (the Independent Pricing and Regulatory Tribunal New South Wales) determines the maximum fare increases for buses, trains, light rail and ferry services for metropolitan, regional and some rural transport. TfNSW negotiates new contracts with the bus operators already providing rural and regional services. In the most recent round (2017) a competitive tender process was not used. The new contract system includes four types of contract – Large, Medium, Small and Very Small – based on the number of buses in the operator's contracted fleet. Each contract specifies the services the operator is to provide (including the routes and timetables) and the payments they will receive for this. They also allow the bus operator to keep any fare revenue it collects (in addition to its contract payments).

Community Transport: Nationally, until July 2015, funding for CT came from the Home and Community Care (HACC) program which was a nationwide scheme administered via the States and Territories. HACC was provided by the Commonwealth to the States and Territories by means of a block grant which was then provided to service providers. Service providers, upon signing the funding agreement were awarded funds, usually in the form of a block grant and in NSW, service providers are generally funded for direct transport services. Funding has been provided for external services defined by passengers,

e.g. attending a medical appointment or a shopping trip or internal services such as travel to activities run by the CT's own organisation, e.g. day care[1] .

1 July 2015 brought a change with a replacement of the HACC program by the Commonwealth Home Support Program (CHSP) although for CT this will not have an impact until mid-2018. The rationale underpinning the changes is to provide individualised funding through providing funding via the client rather than by block funding to service providers.

Currently, CT is funded by TfNSW to provide services under 3 Government programmes:
- Commonwealth Home Support Programme
- Commonwealth Home Care Programme
- National Disability Insurance Scheme

In the future, CHSP clients will receive an annual sum of funding for all their needs. They will need to allocate these funds between transport and other activities. It is possible – indeed likely – that an individual will try to source their mobility needs, as with their other needs, as economically as possible. Moreover, the current contributions from clients rarely cover the 15% the Commonwealth has signalled they want from CT provision. Overall, this will not be good news for CT operators who may find that they become the providers only of the high cost services since their services, when offered at a 'price' reflecting the unsubsidised cost will appear expensive (Mulley et al., 2018).

OTHER INFORMATION

There are early stage plans for Regional Autonomous Vehicle Trials in NSW. RFEOI closed 19th March 2018 (the scope includes regional and rural).

TfNSW journey planner[2] provides booking possibilities for rail services in regional NSW. Opal card (smart ticketing) cannot be used.

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1 - In 2013 this was estimated as $113,000,000 for the HACC program by a National Review and over $250m when non-transport elements of the HACC program were included (Verso Consulting 2014, p.11).
2 - https://transportnsw.info/trip#/

KEY STAKEHOLDERS AND MINISTRIES ADDRESSING RURAL AREAS

TITLE	ROLE
Bus Industry Confederation (BIC)	Represents the interests of the bus and coach industry across Australia.
Bus NSW	Trade association for the private bus industry in New South Wales.
Community Transport Organisation (CTO)	Trade association for community transport services in NSW and ACT.
Department of Infrastructure, Regional Development and Cities	Responsible for the design and implementation of the Australian Government's infrastructure, transport, local government and regional development policies and programs. Michael McCormack is the Minister for Infrastructure, Transport and Regional Development (as well as Deputy Prime Minister).
National Transport Commission (NTC)	Responsible for developing, monitoring and maintaining uniform or nationally consistent regulatory and operational reforms relating to road, rail and intermodal transport.
Transport for New South Wales	Responsible for strategy, planning, policy, regulation, funding allocation and other non-service delivery functions for all modes of transport in NSW including road, rail, ferry, light rail, point to point, regional air, cycling and walking and (from 2019) metro. Andrew Constance is the Minister for Transport and Roads and Paul Toole is the Minister for Regional Transport and Roads.

LINKS TO WEBSITES

- Bus Industry Confederation
  http://bic.asn.au
- Bus New South Wales
  www.busnsw.com.au
- Community Transport Organisation
  www.cto.org.au
- Department of Infrastructure, Regional Development and Cities
  www.australia.gov.au/directories/australia/infrastructure
- National Transport Commission
  https://infrastructure.gov.au/transport/australia/ntc/index.aspx
- Transport for New South Wales.
  www.transport.nsw.gov.au

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