

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### **Inquiry into the Use of School Buses in Rural and Regional Victoria**

Melbourne—Wednesday, 25 August 2021

#### **MEMBERS**

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

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Mr Edward O'Donohue

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

Ms Harriet Shing

Ms Kaushaliya Vaghela

Ms Sheena Watt

**WITNESSES** (*via videoconference*)

Dr Jonathan Spear, Deputy Chief Executive,

Mr Llewellyn Reynders, Director, Research and Economics, and

Mr Peter Kartsidimas, Director, Networks and Planning, Infrastructure Victoria.

**The CHAIR:** I declare open the Economy and Infrastructure Committee public hearing for the Inquiry into the Use of School Buses in Rural and Regional Victoria. Please ensure that mobile phones are switched to silent and that any background noise is minimised.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders past, present and emerging. I wish to welcome any members of the public that are watching via the live broadcast.

My name is Enver Erdogan and I am Chair of the committee. I would like to introduce my fellow committee members present here today: Mr Lee Tarlamis, Mr Mark Gepp and Mr Rod Barton.

To witnesses appearing: all evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law; however, any comment repeated outside of the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

We welcome your opening comments but ask that they be kept to a maximum of 15 minutes to allow plenty of time for discussion. Could you please start by stating your name for Hansard and then begin your presentation. Over to you.

**Dr SPEAR:** Thank you very much, Chair. My name is Jonathan Spear. I am Deputy Chief Executive of Infrastructure Victoria. With me this morning is Llewellyn Reynders, who is Director, Research and Economics, with Infrastructure Victoria; and Peter Kartsidimas, who is Director, Networks and Planning, at Infrastructure Victoria. We are very pleased to have the opportunity to appear before the committee this morning. I will give some introductory comments and a bit of an update as to some of the context, and then Llewellyn will give you a summary of the submission that we have made to the committee.

What I did want to do is give an update because since we made our submission to the committee Infrastructure Victoria has presented to Parliament its final updates to the 30-year infrastructure strategy. As you are probably aware, Infrastructure Victoria is the state's independent infrastructure adviser. One of the key functions we undertake is preparing and then regularly updating a 30-year infrastructure strategy. We are really pleased to have recently completed that, and it is now available for all members of Parliament to take into consideration. Importantly one of the recommendations that we refer to in our submission has now been updated and finalised, and that is recommendation 83, which is around redesigning regional public transport to meet local needs. That is important context because what we have done is made a recommendation after extensive research and consultation with the community and stakeholders about regional public transport. Our recommendation is that there be a redesign of existing regional public transport services so that they are integrated, so that they are based on regional needs assessments and so that they are sustainably funded. One of the key opportunities we have identified is their potential to use technology to deliver innovative service models that will help improve regional public transport to meet local needs.

So there are important elements of that. There is a patchwork of transport services in the regions, of which school buses is one, and I think that is where the connection comes with what this inquiry is looking at. I would like to be clear that we have not looked specifically at school buses in the 30-year strategy; rather we have considered school buses as part of the range of public transport services that are relevant in the regions to meeting transport disadvantage. The other thing we have identified is the opportunity to have the Victorian government work collaboratively with local transport providers and communities to determine local transport needs and make sure that the services that are being delivered actually do meet those needs. We have called out

the opportunity for technology, particularly things like mobility as a service and on-demand services, to assist with delivering better quality services and making the best use of the public transport resources that are available in regional Victoria. So that is something perhaps we could talk more about, if you would like to, in discussion later on.

What I would like to now do is hand over to Llewellyn, who will give you a summary of the key elements of the submission that we have made to you.

**The CHAIR:** Thank you for that.

**Mr REYNDERS:** Thank you, Jonathan. My name is Llewellyn Reynders, and I am the Director of Research and Economics at Infrastructure Victoria. I just want to give you a brief overview of the key things in our submission. Transport is essential to the everyday lives of Victorians, who use it to access work, education, health care, shops and services and to participate fully in social, cultural and economic life. Transport movement in regional Victoria is heavily dominated by private vehicles. Compared to Melbourne, public transport services are limited, and this affects regional Victorians' access to jobs, education, shops and services and maintaining their social connections. A 2011 study showed that around 56 per cent of regional Victorians have difficulty accessing activities due to a lack of transport, and 13 per cent report that they experience this often or very often.

These difficulties are most stark for older people, younger people and people on low incomes. A lack of mobility is detrimental to the physical and psychological wellbeing of older people as it hinders their access to services that help maintain their wellbeing and prevents social connections being maintained and formed. Transport disadvantage for young regional Victorians can constrain their access to employment or higher education. Low-income households are five times more likely to experience transport disadvantage than households with a higher income.

Most public transport services in regional Victoria are infrequent or limited, if they exist at all. The diversity of Victoria's regions means there are different challenges to accessing transport in each region, subregion, town or rural area. Low population densities, larger distances and disparate travel patterns can make it difficult to sustain traditional public transport services.

Victoria's school bus program serves around 65 000 primary and secondary school services each day on 1500 routes across regional Victoria and costs upwards of \$300 million each year. School buses make 12 million trips and cover some 31.1 million kilometres, which is more than twice the distance covered by the regional public transport bus network. School buses represent the most used form of public transport access for young regional and rural Victorians. However, school buses only provide transport to and from school, and there are few transport options available to young people to use outside of school times or for young people who do not attend primary or secondary school.

The school bus program, as Jonathan mentioned, is one of a series of specialist transport services in regional Victoria that operate outside the public transport system. There are other specialist transport programs, including for people with disability, older people and patient transport services. However, all of these specialist programs operate independently from one another and generally only focus on a single cohort for a single purpose. This makes it very difficult for all of a community's transport resources to be coordinated to maximise and integrate a network of transport services that optimise the transport choices for a whole community.

As Jonathan mentioned, the regional public transport recommendation in Victoria's 30-year infrastructure strategy encourages the Victorian government to look at the transport needs of communities holistically and to work to design specific solutions for each place. That is probably enough from me, but I am very excited to answer your questions.

**The CHAIR:** Thank you very much for that, Llewellyn. It was a very comprehensive overview of some of the transport challenges and experiences in the regions and the country. I might pass over to committee members to ask some questions. I will give committee members 6 minutes each and more time if we get an opportunity to go back around. I might start off with Mr Barton. Mr Barton, would you like to ask the first questions?

**Mr BARTON:** Thank you, Chair. Thank you, gentlemen. Just in your considerations when you were doing your 30-year plan—and the idea of using school buses outside of school hours has been around for as long as I can remember; certainly some in BusVic have been advocating they have capacity and there are opportunities for smaller businesses, like if you have got a small 18-seat capacitor you might want to take it out to a 28-seater if there is a bit more service—did you have any consideration around growing the school bus availability?

**Dr SPEAR:** Thanks for your question, Mr Barton. I might make a start. Not specifically to that level of detail. Certainly issues like that and opportunities to better use the range of different existing public transport vehicles and services were raised quite a lot by regional Victorian stakeholders. I think, rather than it necessarily being around expanding from one bus size to another, the key message that we got was the number of services that exist that are not necessarily integrated with each other and the opportunity to, if you like, step back and refresh with a look at the community's public transport needs that are priorities and then the extent to which existing public transport vehicles and services could be used to meet those needs and then if not, which is to your point, if there is a need to expand services in some way that could be looked at as well. So really what we heard and what our recommendation is about is in the first instance making sure we make the best use of the vehicles and the services that are available to a community, which could include school buses, and then if those have been maximised and there is still a need not being met, there could be an expansion of service.

**Mr BARTON:** Thank you, Jonathan. Thank you, Chair.

**The CHAIR:** Thank you, Mr Barton. I might go to Mr Gepp and then Mr Tarlamis. I understand Mr Quilty will be joining us and Mrs McArthur was an apology. I just announce that to the committee.

**Mr GEPP:** Thank you. Thanks, gentlemen, for the presentation this morning. I am interested a little bit in the multi-use of assets—you know, available assets—particularly if there is a gap in the services, and how we meet that issue. You have talked about public transport disadvantage; both you and Jonathan have talked about the needs of communities. I just want to tease that out a little bit and say, well, if there is a gap, is it the school bus program that is the right vehicle—if I can use that terminology—to close that gap? I think in previous hearings we have talked about the non-school hours of sort of 9.30 till 3.00, when the asset might be dormant—is there capacity for it to be used then and whether or not you have explored that. In your submission you talk about funding for the school bus program basically being now predicated on the demand required, particularly out in the regions. So if it is calibrated now to that level of demand, then I assume that there probably will not be many gaps in the system that will enable us to fill empty seats—I am sure occasionally there will be. I am interested in exploring with you those sorts of concepts.

**Dr SPEAR:** Sure. Llewellyn, would you like to make a start on Mr Gepp's question?

**Mr REYNDERS:** Sure. Look, there are a few elements to this, the first being that it is interesting I guess to compare what we do in the metropolitan area and what we do in the regions. So in the metropolitan area normal education transport needs we kind of include as part of our demand profile for places, and we will design our public transports with that patronage in mind and calculate it to how we design our public transport networks. In the regions, because we have dedicated school buses, that patronage is not available to public transport, so public transport is not planned with those needs in mind, which is I guess part of that lack of integration that we talk about.

The second point I would make is that it is often put forward that the main problem here is the vehicles, but actually the cost of running a public transport service mostly is not in the cost of buying the bus, it is paying the driver, it is doing the maintenance and it is paying for the petrol. So even if you can access a vehicle, that does not fix the problem. You still need to find the resources to fund the whole service.

The third point I would make is that we have different standards for the quality of a school bus service versus a public transport service. Sometimes the same buses are used for both in some places, but quite often we are using an older bus that is no longer fit for purpose for the public transport system to run our school bus service. So they are not required to be accessible and they are not necessarily heated or cooled. So sometimes, due to the way we regulate public transport services, we cannot simply substitute a school bus into a public transport service.

The final point I would make is the possibility of using them as community transport services, which similarly does not necessarily have the same public transport regulations about the quality of the service but is another

way, and potentially a cost-effective way, to utilise those assets in a community. Jonathan, did you want to add to that?

**Dr SPEAR:** No, I think you have covered it. Thank you, Llewellyn.

**Mr GEPP:** Thanks for that. I have just a follow-up one. We have heard in past hearings that public transport in many places around the world, including here in Victoria and domestically in other parts of Australia, is moving to a more on-demand service. So rather than a strict timetable, they are moving to on demand. Schools do not operate that way. They tend to be a bit more flexible the older you get—years 10, 11 and 12—in terms of start and finish times, but it is pretty regulated. How would utilisation of capacity on the school bus program in that sort of tight timetable situation sit with the trend that is developing for those on-demand services in public transport?

**Dr SPEAR:** I will make a start on your question, Mr Gepp, and it might be that Peter would like to add to this. On-demand services tend to be better suited when there is not necessarily a highly predictable, relatively high volume level of demand at a certain time. So when we think about use of on-demand services generally it is not necessarily for a school community, because that has the advantage that we do know with reasonable regularity how many students are going to travel, at what time and on what routes. So when we think about on-demand services it tends to be for less predictable and lower volume demand in a community, which we think is quite well suited for regional public transport to meet needs but is probably less about meeting the school bus and school community needs. Peter, would you like to add anything to that?

**Mr KARTSIDIMAS:** Yes. On demand is very tricky. Every community is very different in terms of population, where they need to get to, time of day and so forth. So each on-demand service needs to be very carefully planned. Done properly, there can be some really significant benefits, but equally the costs can be quite high as well. So one of the challenges with on-demand services is what it ends up costing you per trip, and that is why when you design and plan these you need to be extremely careful. I believe there is definitely a role for this in regional Victoria. In my work in a previous life I worked with Mornington Peninsula, for argument's sake. That was something that the community at the time when the bus reviews were being done by the state government were very open to and actually were calling for. There are some success stories around the world, but equally there are a lot of failures in on-demand services as well. So all I would say is that, yes, it is a great idea and it should definitely be looked at for regional communities, but do your homework and make sure you cost that out properly, because the downside is also not great either.

**The CHAIR:** Thank you, Mr Gepp.

**Mr GEPP:** Thanks, Chair. Thank you, gentlemen.

**The CHAIR:** I might pass over to Mr Tarlami then go to Mr Quilty.

**Mr TARLAMIS:** Thank you, Chair. And thank you, Jonathan and Llewellyn. The line of questioning that my colleague Mr Gepp just embarked on was very similar to where I wanted to go with this as well, and it was that question around the cost of improving the existing public transport system versus expansion of the bus network to pick up and expand access for communities that are currently in need but are not being serviced. I guess part of the difficulty is one size will not fit all. So it may well be that in some areas you would be able to sort of expand the existing service, increase buses at a lower cost, to basically pick up some of that, but in more rural and regional areas it would be a lot more difficult and they would be much better suited to an on-demand service. I am just wondering, especially taking into consideration the things you have just outlined in terms of school buses being subject to the disability requirements of buses, that we would need to expand routes and things like that, whereas some of the bus networks will already have some wider routes accessing some of the major areas and stuff like that as well: has there been any work done around costings? I know it is difficult because not one size [Zoom dropout] existing services versus increasing the school bus network and bringing that up to a kind of standard that could take on non-school students and all the additional sorts of changes that would be required potentially.

**Dr SPEAR:** Yes. It is a good question, Mr Tarlami. I might start from the perspective of the way we have looked at the cost of providing public transport services more generally in regional Victoria. We have not done a specific costing of expansion of school bus services, but in our 30-year strategy what we point out is that regional Victoria has relatively low population density and relatively long travel distances. So what that does is

it makes regional public transport challenging and relatively expensive to operate, and Llewellyn was touching a bit on this before in terms of the different ways that planning is done for metropolitan versus regional public transport.

In the 2019–20 year the Victorian government spent around \$800 million operating regional public transport, and that is about a quarter of public transport operating spend but only around 6 per cent of actual trips taken. Of that regional expenditure around 20 per cent of it goes to local bus services, while those local buses are carrying around 40 per cent of regional passengers. So what that sort of tells us as a starting point is that there are opportunities to perhaps redirect the existing committed regional public transport funding to make sure that the modes and the service models are best meeting local needs before we consider more funding, and really that is our starting point when we look at those numbers. We think that there is clearly transport disadvantage in regional Victoria, and our submission goes into that, but that the answer is not necessarily in the first instance additional funding; the answer is to look at and assess the needs that each region has and the priorities there, look at the transport resources we have got there and make sure they are meeting those needs and then look at the technology opportunities where on-demand services might be useful. Having done that, if there are high-priority needs for groups that are particularly disadvantaged, like some of those we talked about in our submission, then additional funding for additional services may well be justified, but we think there are a couple of steps to make better use of what we have got ahead of that. Does that answer, at least partially, your question, Mr Tarlamis?

**Mr TARLAMIS:** Yes, and as part of that assessment the school buses could be used as a suite to complement, picking up some of those gaps as well and addressing those needs as part of that whole picture—yes, absolutely.

**Dr SPEAR:** They could, perhaps with the acknowledgement that there are some limitations to the school buses that Llewellyn was talking about, particularly the accessibility requirements not being met, which is important particularly for some of the more disadvantaged users of public transport.

**Mr TARLAMIS:** Yes, absolutely. Thank you.

**The CHAIR:** Thank you for that, Lee. I might pass over to Mr Quilty to ask a couple of questions.

**Mr QUILTY:** Thanks. Now, you said that the capital cost of the buses is not the most significant cost of providing it; it is the fuel and the drivers and so on. In your submission you talked about how they amalgamated bus routes, or cut bus sizes down, to maximise the number of students. Would there be a significant increase in cost if every time they got buses they had extra capacity on them, so instead of downsizing, upsizing buses going forward to allow 20, 25 or 50 per cent extra capacity on all routes?

**Dr SPEAR:** I am not sure if Llewellyn or Peter would like to add to this. We have not actually done such a costing, Mr Quilty, so I do not want to go making up numbers.

**Mr REYNDERS:** Yes, and just to say that obviously a bigger bus costs more, but as an overall component of the cost of the service it may be only a small component; I think that is the point I was making. So running a service with double the size of a bus does not necessarily mean it is double the cost.

**Mr KARTSIDIMAS:** What I would also add is it would give you more flexibility though, so if you were to operate them as school buses when you need to run them and then use them for the other purposes, it would make sense that the bus that you have got can fulfil both purposes. It is something that you should keep in mind, because if as part of the review of all the regional transport services you see there is a gap: ‘Hang on, we’ve got all the school buses. If we upgraded some of them to a particular standard, we could then use them as part of the public transport service in the off-peak times’, then you are using one bus for two purposes rather than having two separate buses. There would be some potential savings to be made.

**Mr QUILTY:** Excellent. Now, is there an opportunity for some kind of radical reform around the bus system if we, for example, voucherised students—so effectively stopped running the service as a government service, allocated a certain amount of money to each student and let private companies pick that up or parents pick that up and get the money to drive their kids to school, or the neighbours? Do you think there is any opportunity there for radical reform? Would it make things better?

**Dr SPEAR:** There may be, Mr Quilty. Again, it is not something we have looked at in any detail, so I do hesitate to pass judgement either positively or negatively on that. It is just not something we have looked at in detail.

At Infrastructure Victoria we have done some detailed work on the effect that public transport fare setting can have on the way in which the system is used. That work in its first instance has been primarily focused on metropolitan fare setting, but some of the conclusions probably are relevant to the regions. In particular what we have found is that you can get better utilisation of public transport services if you have cheaper off-peak fares. We have also called for buses to be cheaper relative to trains and trams all the time. We have done modelling on that that shows that that would both get much better utilisation of the bus network and be very progressive in terms of providing transport accessibility to people who are less well off. That conclusion would probably also be relevant in thinking about regional public transport and making the best use of regional public transport. But to answer your question directly, we have not done specific work on voucher-based approaches to that.

**Mr REYNDERS:** Can I just add that it is probably worthwhile looking at the UK experience where they did do a lot of deregulation of the bus system. One of the challenges, I guess, in this circumstance is that because of the requirement to provide a universal service and get every kid to school it can be really challenging to put that into a market environment, because there is the risk that providers might pick up the most valuable or the most cost-effective students but not provide the service beyond that. So I think that is certainly something that would need to be taken into consideration with that kind of approach.

**Mr QUILTY:** Right. Thank you.

**The CHAIR:** Thank you for that. Thank you, Llewellyn. I guess a couple of the questions I had about disability access and, I guess, the regulation have already been touched on by many of you, so I appreciate that input. I do have a question, and I am only asking this because it has been coming up in our submissions. Child safety has been a big concern of stakeholders. What measures could be put in place to ensure child safety?

**Dr SPEAR:** Look, we touched on that in our submission. Maybe, Llewellyn, you would like to describe our place in the submission on that?

**Mr REYNDERS:** Yes. Firstly, we do not pretend to be experts on child welfare, and I believe you are talking to some of those experts in later discussions. The question we did ask is not so much ‘Is there a risk?’ but ‘How do we get a handle on the evidence behind that risk and the extent of that risk?’, because we are very aware that in Australia we see some systems where adults travel on school buses and other systems where adults are prevented from travelling on school buses. But we do not necessarily see a lot of difference in child welfare outcomes from those two systems—at least not evidence that we have found or are aware of. Similarly, here in Victoria it is considered quite normal for children to catch a public transport bus with unknown adults to go to school, whereas in regional Victoria in particular we have a dedicated school bus system. But again, we do not necessarily have a lot of evidence of adverse child welfare outcomes from the metropolitan public transport system. So we would encourage the committee to consider those observations.

**The CHAIR:** Thank you for your input on that, Llewellyn. It was an issue that kept popping up. I might pass over to Mr Gepp, who has an additional question. If any other committee members have additional questions, just please let me know. We do have time. So we will have Mr Gepp and then Mr Barton to ask additional questions. Mr Gepp.

**Mr GEPP:** Thanks. Can I just start by saying as a member of the Victorian government I am not aware that anybody in the Victorian government is talking about the abolition of the school bus program. Mr Quilty may well be, but I am not aware that the government is actively considering that at all, so I make that point.

Can I just go to that point that you were just making then, Llewellyn, about child safety and what happens in our jurisdiction, because we have got a hybrid model: in regional Victoria it is the dedicated school bus service; in metropolitan Melbourne it is the public transport system—and you were encouraging us to take account of that. The difficulty is, I guess, that there would need to be a big body of research around that for us to be able to draw any meaningful conclusions, I think. But are you aware of other jurisdictions in the nation that have a school bus system, as opposed to the metropolitan system, where members of the public can actually access that system during the time that the kids are on it?

**Mr REYNDERS:** My understanding is that New South Wales and Queensland both have that system. We have included that information in our submission. Look, I can give you a little bit of personal experience as someone who grew up in regional New South Wales. For a period I caught the school bus—45 minutes into town to go to high school—and quite often adults would catch the bus, they paid a fare and they sat up the front. It was considered quite normal, and nobody paid them much attention. That is certainly the personal contribution I can make to the question.

**The CHAIR:** I might pass over to Mr Barton to ask a final question if committee members do not have any other questions. Mr Barton.

**Mr BARTON:** Thank you, Chair. Mr Gepp just asked exactly what I was going to ask: is there any evidence from New South Wales and Queensland about adverse safety? And I understand they have been running for a number of years in those two jurisdictions. But I will change my question now to about how we currently have 400 bus routes—public transport routes—and if we opened it up that would take it to 1600 bus routes, but we also note they are only used 191 days a year. As someone who operated vehicles—it is about bums on seats and amortising the cost over a much larger period. Would it be good for the bus operators to be operating all year rather than only half the year in terms of their running costs and amortising those costs and possibly being able to invest in more modern or better services that could integrate with the public transport mix?

**Dr SPEAR:** Yes, Mr Barton, potentially it would. I think this is part of the point of our recommendation in our 30-year strategy, which is to look at integrating all the different available services so you get a better quality service that meets the needs of each community, having assessed in some detail and consulted with that community about what its highest priority transport needs are. A part of that is the routes that you run, but part of it is the quality of the service. If, as part of that integration, operators are able to put on a better quality bus that is meeting disability access and some of those other issues that we have identified with school buses, then so long as that also meets the rest of the needs that have been identified, that could be a positive thing.

**Mr BARTON:** Yes. I will keep re-emphasising this for everybody: school buses are for school buses; that is our first priority. And safety is not negotiable on anything. Chair, can I have one little question more?

**The CHAIR:** Yes, sure.

**Mr BARTON:** You may not know this off the top of your head, but do we know how many kids actually jump on the public transport system in rural and regional Victoria?

**Dr SPEAR:** I do not know, off the top of my head, Mr Barton. I am not sure if, Llewellyn or Peter, you have got that data on hand. It is probably something best to ask the Department of Transport or the Department of Education to get precise numbers.

**Mr BARTON:** Yes. Thank you, very much. Thank you, gentlemen.

**Dr SPEAR:** Pleasure. Thank you.

**The CHAIR:** Thank you, Dr Spear, Llewellyn and Peter. That was a very informative presentation and public hearing, and that will assist the committee in our deliberations going forward. So on behalf of the committee, we wish to thank you all. The committee will now be entering a 30-minute morning tea break and will be back at 11.30 sharp. Thank you for your assistance.

**Dr SPEAR:** Thank you, Chair. It is a pleasure.

**Witnesses withdrew.**