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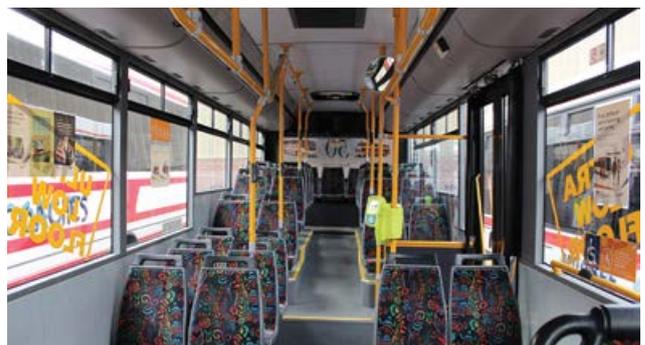


Bus Refranchising in Melbourne

In April 2018 the Victorian Government announced that it had begun overhauling the contracts for Melbourne's bus network to improve services and put passengers first.

More specifically, it had signed new contracts with three metropolitan bus operators, which make up around two thirds of the services to be recontracted. Ventura, CDC Victoria and Donric have partnered with the Government on the new performance-based contracts which will drive better services for passengers.¹

In this piece GTA considers the significance of this development and poses some questions on how Melbourne's buses can deliver best value for the community into the future.



¹Minister for Transport Media Release 2 April 2018 <<https://www.premier.vic.gov.au/new-melbourne-bus-contracts-put-passengers-first/>>

Background:

Over the past few years, patronage on Melbourne's bus services has been declining. This is in the face of a steady increase in demand for travel as Melbourne's population grows and we see strong growth in overall public transport patronage.

Various reasons have been identified for this decline in performance, including poor route design, road congestion impacting reliability and speed, poor connectivity to other modes, and inadequate service levels, particularly in outer metropolitan areas. This has spurred reviews into the adequacy of Melbourne's bus contracts, which have been criticised for not containing strong performance standards or ensuring customer demand is being serviced appropriately.²



Melbourne's bus service contracts and re-franchising process

“ What is bus refranchising and what does it mean for service providers? ”

The Victorian Government's approach to the provision of bus services is via contracts with various bus companies to operate public services across the state. Almost all contracts are due to expire shortly, with the exception of Transdev's, which was negotiated in 2013 and expires in 2020.

Consequently, the Government has been renegotiating these contracts, which set out the obligations of the Government and the operators to deliver a bus service that meets the needs of existing and potential patrons.

The Refranchising process

In Victoria, refranchising is being approached through negotiation with existing operators rather than through an open tender. This re-negotiation process is designed to provide an opportunity for both parties to introduce changes to the existing contracts and achieve mutually acceptable commercial arrangements.

Metro Melbourne Annual Bus Patronage
(million)



² <https://www.audit.vic.gov.au/report/melbournes-new-bus-contracts>

What changes are on the table?

- State buyout of existing providers' bus fleets and depots
- Performance-based service contracts that are client-centric
- Service design and delivery that reflects passenger needs
- Ending the exclusivity clause in bus contracting

Other considerations

Beyond these changes, the biggest question is how the new contracts will improve bus services for customers. Does this include the greater use of social media to communicate with passengers? What about the provision for improved Wi-Fi? How will service changes impact on a range of user groups? How will the new contracts adequately support future growth in Melbourne?

It is important that the scope of the new ten-year contracts addresses how we might deliver mobility services differently, including Mobility-as-a-Service.³ There are examples of such models currently being piloted around the world.

As new technologies and technology-enabled practices emerge, the key question here is what role could buses play in Melbourne, particularly for those living in outer metropolitan areas?

For Melbourne's outer suburbs, local bus services could be increased in terms of frequency and span of hours, with improved, more direct route designs and time-tabling to connect with rail stations. Alternatively the services could be redesigned to incorporate alternative delivery models where they would be the most efficient at meeting local needs. This could include first and last mile services, or services like TeleBus/GisBus.

What Melbourne needs now

To truly fulfill the Victorian government's goal of modernising the delivery of bus services in Melbourne, it is essential that customer needs, rather than those of the operators, are put at the heart of the bus service delivery network. Buses should be seen to support the aim of reducing road congestion.

It is important that there also be few barriers to the deployment of new, more flexible arrangements for how we meet people's daily travel needs. This applies particularly in those parts of Melbourne with a poor level of transport choice, such as outer metropolitan areas. In this respect, the focus in those outer areas should be on mobility rather than simply on buses as a solution. We need to accept that the role buses play in helping meet mobility goals may well evolve over time.

Given Melbourne's continuing rapid growth, it will be increasingly important in the future to leverage best-practice planning and innovation to effectively meet the changing needs of the community.



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³ For more on Mobility-as-a-Service, please see our earlier Transport Matters document.