School Transport Information Statement No. 17/2024

School bus service network reviews

### Individual kilometre-based school bus services and fares-based school bus services

#### Please be aware: The processes for network review and voluntary optimisation scheme payments described below do not apply to holders of cluster prescribed school service contracts (PSSC). If you hold a cluster PSSC you must follow the service change process detailed in schedule 2 of your contract. Service changes for cluster PSSCs may be led by either the service provider or by the Department of Transport and Main Roads (TMR).

The Queensland Government funds a significant number of school bus services under the School Transport Assistance Scheme (STAS) to assist students who do not have a school in their local area. These services are generally outside the highly populated centres and require dedicated buses for the task.

As these services are taxpayer funded there needs to be a series of checks and balances to ensure they are efficient and effective over time and only use the optimal number of buses for the travel required in each area.

A major element in managing these services is the school bus service network review. The reviews are designed to consider changes to demography and education delivery and whether the current network responds appropriately to the task.

In conducting a review of a school bus network:

1. A field evaluation of the services in an area will be undertaken which usually includes travel by TMR officers on bus services and initial consultation with service providers, conveyance committees (if any) and schools.
2. The following will be considered as part of the review:
   1. current school transport service arrangements (including routes and timetables)
   2. a survey of students actually travelling on each journey (which service providers will be requested to complete, generally over a two week period)
   3. recent and projected future student numbers
   4. background (history) of the current service arrangements
   5. bus size, age and current funding arrangements
   6. capacity and efficiency of all services in the area
   7. impact of amalgamating services on fleet size or allocation
   8. impact of any timetable changes on students, service providers and schools
   9. contract expiry date and type of contract
   10. impact of changes on Department of Education catchment areas
   11. road safety impacts
   12. other local issues.
3. After the initial evaluation has been completed, and if possible, network improvements have been identified, TMR will develop a proposed preferred network for the area with the assistance of the local bus service provider/s, taking into account the potential impact on each of the services reviewed.
4. Service providers, conveyance committees (if any), parents/guardians and schools will be informed of any proposed changes to the school bus network and given the opportunity to provide feedback.
5. If the network review had identified a service or contract for optimisation and certain criteria are met, the service provider can apply for a payment under the Voluntary Optimisation Scheme (VOS).
6. If TMR has identified that a school service is excess to requirements, and the service provider is unwilling to consider applying for a VOS payment, TMR may proceed with the termination of the contract as per the terms of the contract. Options include:
   1. termination of the contract without compensation;
   2. non-renewal of the contract;
   3. conditional approval of any future transfer of the contract; or
   4. non-approval of new bus purchase.
7. TMR will then approve the new school bus service network arrangements and VOS payment where applicable.
8. Following this, TMR will communicate the approved network arrangements to bus service providers, conveyance committees (if any), parents/guardians and schools.

### Voluntary optimisation scheme (VOS)

The VOS provides an opportunity for service providers to access a payment if a school bus service has been identified for termination or transition to a new contract type as the result of a review. This payment is subject to a range of specific criteria because it is outside of the contract regime.

The local knowledge and expertise of service providers is vital for the best review outcomes. The VOS payment is provided as an incentive for a service provider to support and participate in the review process.

To date, many service providers have taken advantage of the scheme. These service providers have used the scheme to consolidate services, and in some cases, to leave the industry.

Because circumstances can vary so much, it is not possible to define all possible scenarios for the availability of a VOS payment for the voluntary surrender of a provider’s service contract.

The core principles are:

* Service providers may request at any time (in writing) for a service or contract to be considered for voluntary optimisation.
* The service provider should actively support the review process and implementation of changes.
* VOS payments are not available for a service that would close because a new school is opening in the area.
* If there is an opportunity for a VOS payment for the surrender or transition of a contract identified through the review process, TMR will send correspondence to the service provider to advise it is eligible to apply for a VOS payment (all applications are subject to final approval).
* Kilometre-based service providers will be paid a maximum of one year’s income for the contract service, based on the daily payment rate as the date of approval of the VOS payment, multiplied by 200 days.
* For kilometre-based service providers there is a new reduction to the number of buses in a given area.
* Students are still able to be carried on other buses at a reasonable time, taking local circumstances into account.
* VOS payments for fares-based service providers will be determined using an annual payment difference formula, calculated by subtracting the service provider’s projected annual contract payments following the optimisation process from the annual contract payment pre-optimisation. In calculating this difference, TMR can take into consideration individual bus payment rates, the age of the fleet and the individual circumstances of the optimisation, including the impact on other school transport services the service provider delivers. Where there is no annual payment decrease, no VOS payment will be warranted.
* The timing of a service provider’s application for a VOS payment will impact the amount of payment due:
  + kilometre-based contract holders with less than 12 months remaining on the term of the contract on the day the service provider submits a VOS payment request or application will be paid at a reduced rate. The payment will be based on the number of school days remaining on the contract on the day of request or application by the service provider (max of 200 days) multiplied by the relevant daily payment rate.
  + fares-based contract holders with less than six (6) months remaining on the term of their contract on the day the service provider submits a VOS payment request or application will be paid at a reduced rate. The payment will be a pro-rata application of the annual payment difference, calculated by dividing the annual payment difference by 100 and then multiplying by the number of school days remaining on the contract on the day of request or application (max of 100 days). The six-month term threshold is reflective of the fact that may fares-based service providers have been placed on short-term contracts/extensions by TMR.
* If a service provider is required to purchase a new or less than five-year-old bus, contract payments for the service will change to the capital-based kilometric system when the vehicle is introduced onto the service.
* If a service provider is required to deliver kilometre-based services using buses funded under the fares-based model, TMR will determine the relevant contract payment rates depending on the individual nature of the fares-based optimisation. TMR will discuss the applicability of these contract payment arrangements with the service provider when determining the preferred network.

It should be noted that PSSCs contain provisions that allow TMR to terminate or vary a contract should a process of optimisation of school services be undertaken in the geographical region.

Under the provisions, TMR may optimise services by reducing the number of contracted services required in the area under review without compensation.

If a decision is made to terminate a contract through the optimisation process and the service provider disputes the decision, the service provider can make written representations about the proposed termination.

Any submissions made by the service provider will be fully considered by a senior TMR officer who has not been involved in the review process. If agreed to by the service provider, discussion can be facilitated with a relevant industry association.

A further offer of a VOS payment may still be made if the service provider is prepared to surrender the contract within 30 days of the issue of the notice of termination of contract.

#### Further information

Should you require more detailed information, please contact your local Translink Division of TMR or the STAS Network Planning team via email to STASNetworkPlanning@translink.com.au