

Premier's Economic and Social Recovery Advisory Council

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Proposal for an Express Shuttle Bus Service/Park & Ride Facility

Dear PESRAC

Thank you to the Council members, the Premier and Tasmanian Government for your work to find a path out of the social and economic havoc from COVID-19's smash into Tasmanian life. In several ways we are better off than most states and countries; yet as your Interim Report shows, Tasmania is heavily burdened nonetheless...

There are many good ideas emerging from this PESRAC process; we consider this to be one of them.

This proposal is focused on providing a significant win-win-win solution for Kingborough residents especially; but also for Hobart residents and potentially for Tasmanians in general.

The proposal is for an Express Shuttle Bus Service from a large park & ride facility in Kingston to the Hobart CBD operated by Metro Tasmania (or a private provider). The benefits flowing to Kingborough, Hobart and Tasmanian residents in general include:

- Design, engineering and construction jobs for the large park & ride facility
- Long term employment for nine people (bus drivers, cleaners and administration personnel)
- Reduced Southern Outlet congestion and shorter travel times in peak hours
- Reduced CBD congestion and pressure on CBD parking
- Reduced fossil fuel use every day due to less cars on the highway.
- Lower travel costs for Kingborough-Hobart commuters
- Reduced risk of vehicle crashes on the Southern Outlet and consequently reduced burden on the Tasmanian community from fewer car crash victims
- A prototype shuttle bus service will demonstrate the benefits (or not) of such services to other towns in Tasmania (e.g. Sorrell & Cambridge to Hobart CBD; Granton & Claremont to Hobart CBD; Mowbray to Launceston CBD)

BACKGROUND

The municipality of Kingborough is home to approximately 40,000 people (around 8% of our state's population). With a population growth rate of 1.2% per annum over the last five years, Kingborough is one of the fastest growing municipalities in Tasmania. The Kingston and Blackmans Bay urban area alone has about 55% of Kingborough's total population and with the further development of Spring Farm and Huntingfield there is an expected increase in excess of 1000 new properties. Commuters from further afield such as Tinderbox, Margate, Snug and Conningham are also regularly affected by congestion on the Kingston bypass road.

Due to geographical constraints of the municipality, there is only one major road, the Southern Outlet, which takes commuters to and from Hobart. The situation now exists whereby congestion along the Southern Outlet during peak times can delay travel times by 100%. The inconvenience to commuters only grows as the pressure on the Southern Outlet increases with the inevitable population growth in Kingborough.

A similar case may be able to be made for other congestion hotspots in the state such as the Sorrell/Cambridge corridor (given the increasing need to take vehicle pressure off the causeway and Tasman Bridge at peak hours); and the North Eastern suburbs of Launceston*.

PUBLIC TRANSPORT

Kingborough's public transport is served by Metro and Tassielink, who ply their routes along the Southern Outlet. Current services include minimal Park and Ride facilities, expensive fares, slow routes and infrequent services. Currently just 5% of the commuter journeys between Kingborough and Hobart are by public transport. Hence the preferred option continues to be private vehicle; with many being single passenger trips. This is leading to increasing congestion and delays of the Southern Outlet.

Large Park and Ride facilities have not previously been considered because of the lack of public transport support. This is a classic chicken & egg dilemma: without a substantial Park and Ride station the bus service is not viable; without a bus service to justify an increased Park and Ride facility, you don't build one.

OPPORTUNITY

Frequent – Low-Cost – Electric – Profitable

There is an ideal opportunity to impact the congestion issues along the Southern Outlet with the development of a Park and Ride facility and the introduction of peak-hour shuttle bus services. By taking hundreds of vehicles off the road during. Two 4-hour peak periods each business day, the initiative will reduce crashes on the Southern Outlet and the consequent community costs; improve amenity and reduce the carbon

footprint. In addition the solution provides employment during the design, construction and operational phases. Successfully introducing Tasmanian commuters to frequent, low-cost, reliable Express Shuttle services will open up further public transport innovations around the State for Metro Tasmania as it pivots to its post COVID-19 “work from home” downturn.

The concept for the shuttle bus service is based on Park and Ride models proven in Europe. Large carparking areas are developed on the outskirts of towns with fast and frequent shuttle buses taking passengers directly from the car park to the centre of the town. The culture of Park and Ride in Europe is mature and using such services has now become second nature for the locals because of its convenience and reliability. In the absence of rail or tram networks serving Hobart CBD in the short-medium term, this shuttle bus/park & ride facility is what Tasmanian commuters into our capital city have been calling for since the Tasmania Together process.

A better known privately-run Australian equivalent model that has become highly successful and accepted by travellers is the SkyBus business that services Australia’s capital city airports.

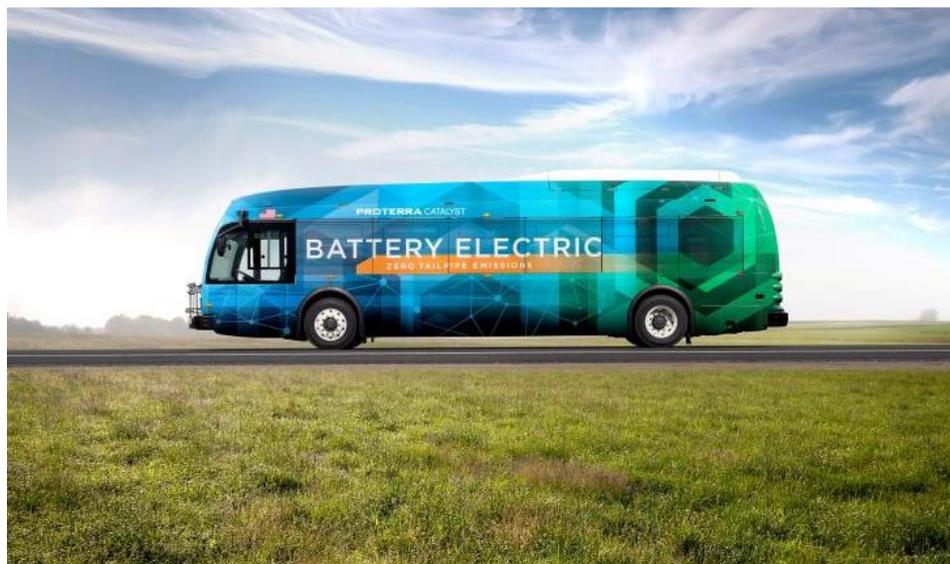


A European style Park and Ride facility on the outskirts of a city.

VISION

An important plank in the Economic and Social Recovery of our state is building 21st Century infrastructure and solving key social issues simultaneously; all without bankrupting the state. We are recommending an Express Shuttle model be developed. With Kingston-Hobart services as the proving ground. Once successful it will demonstrate the viability of this innovative form of public transport in Tasmania. The concept is that a fleet of six buses, licenced to carry 60 passengers departing from Kingborough every 10 minutes between 6am and 10am in the morning. A total of 26 trips would carry an estimated 950* commuters (and up to a maximum capacity of 1560 Express Shuttle/park & ride

commuters) in the morning. A further 26 trips from Hobart to Kingborough. will run between 3pm and 7pm in the afternoon.



3 hybrid and 3 diesel buses are calculated into the financials attached.

MARKET

The target market is commuters travelling from Kingston to inner Hobart for the purposes of work. According to the *City Of Hobart Transport Strategy 2018-30 Consultation Paper 2: Private Transport*, which was conducted in 2017, there are over 6500 journeys to work from Kingborough to inner Hobart on any workday.

This proposition may be best developed by Metro Tasmania as a Tasmanian Government initiative. Metro has all the requisite skills and experience to make such a service viable. If Metro do not take on this proposal, the modelling shows that if a large park & ride facility is built, it is viable for a private bus company to run profit-based operations – the attached spreadsheet lays out the budgeting modelling for such an endeavour (based on 3 hybrid and 3 diesel buses being purchased).

TICKETING

Financials have been at this stage modelled on fares costing the commuter \$9 for a return trip which is considerably less expensive, when compared to the costs of driving and paying for carparking. Further pricing is recommended once a detailed brief is under way.

ELECTRIC BUSES

A fleet of six buses could be purchased or provided with perhaps half the fleet being hybrid electric. The Volvo B5L Hybrid bus is powered by a Volvo D5K Euro 6 engine, combined with a parallel hybrid electric motor. The diesel engine produces 240hp with the electric motor boosting to an additional 110kW of performance. Both the

driver and passengers will enjoy a quieter ride as the bus is propelled entirely electrically from start and up to 15-20 km/h. At higher speeds, the bus will be powered by the hybrid system. The Volvo hybrid bus makes great use of the energy generated during engine braking, as it is stored in the bus's batteries and used to power the vehicle's electric motor and various auxiliary systems.

In addition to noise reduction, the new hybrid vehicles, will be able to save up to 40% on fuel and emit up to 40% less climate-impacting carbon dioxide, and cut harmful nitrogen oxides and particulate emission by as much as half, compared to regular diesel buses. The hybrid buses are bodied by Australian bodybuilder Bustech and feature full low floors for easy accessibility for all and optimal passenger flow. Each vehicle is equipped with 42 seats, wheelchair access and is licenced to carry 60 passengers.

EXAMPLE TIMETABLE

Bus #	Depart Kingston	Arrive Hobart	# passengers
1	6	6.2	5
2	6.1	6.3	5
3	6.2	6.5	5
4	6.3	6.5	10
5	6.4	7	10
1	6.5	7.1	10
2	7	7.2	15
3	7.1	7.3	15
4	7.2	7.4	40
5	7.3	7.5	40
1	7.4	8	70
2	7.5	8.1	70
3	8	8.2	70
4	8.1	8.3	70
5	8.2	8.4	70
1 & 6	8.3	8.5	140
2	8.4	9	60
3	8.5	9.1	50
4	9	9.2	40
5	9.1	9.3	35
1	9.2	9.4	20
2	9.3	9.5	20
3	9.4	10	20
4	9.5	10.1	20
5	10	10.2	20
			950

Example morning timetable. Afternoon timetable beginning from 3pm until 7pm

5TH LANE PROPOSAL

The Southern Outlet between Kingston and Hobart carries one of the highest daily traffic volumes on our State road network. The Tasmanian Government is developing a suite of projects in this key corridor, including building a transit lane to accommodate improved public transport and emergency services, with bus priority measures on Macquarie and Davey Streets. The development of both these initiatives would give buses a clear path along the Southern Outlet and along Macquarie Street, cutting down the time of the journey.

INCENTIVES FOR THE COMMUNITY

The community will benefit from the service through financial savings. Current costs to a commuter consist of approximately \$3 a day in petrol to travel the 14kms each way to and from Hobart along the Southern Outlet and \$13 a day for early bird all day parking in Hobart. In total the community are paying around \$80 a week to drive to work. By taking the Shuttle bus there is a saving of \$35 a week or \$1680 a year taking into account four weeks of holidays per year. This does not include other expenses associated with running a car. By taking the Shuttle bus, commuters can save money, cut down on the emissions created by their journey, and reduce time spent in traffic congestion. This proposal will also reduce the likelihood of car crashes and the associated personal and community costs of such crashes.

EMPLOYMENT

The proposed service will provide employment to nine people, consisting of six bus drivers, two cleaners and one administrative staff member. Wages for these roles have been estimated at \$546,000.

In addition there are short term jobs in design, engineering, construction, marketing and administration during the first phase of the project: design, construct & launch .

TARGET MARKET

A park & ride facility of this scale is targeting those who don't already live close to an existing bus stop. Whilst we know that only 5% of 6500+ commuters are currently using public transport there is an indication that most are not living near a bus stop, and that the frequency of the service, time of the journey, or timing of the departures are not meeting commuter's needs. A large park & ride with appealing facilities such as takeaway coffee, public toilets, well lit and free Wi-Fi, along with a fast and frequent service would accommodate the significant increase in public transport usage.

EXISTING OPERATORS

Metro and Tassielink currently service this area. This submission proposes that Metro extend/flex their services to provide this first public Express Shuttle bus service for Tasmania. This makes most sense for the state since Metro Tasmania operates from Kingborough and this service may complement and/or compete the current mix of routes and travel stops/times.

In order for a separate company to operate along the same contracted route as Metro and Tassielink an application to the Transport Commission will be required. The Department for State Growth has suggested that subsidies could be offered however, at this stage a viable business case has been established without factoring in any potential additional funding.

Existing operators such as Metro and Tassielink would also benefit from the park & ride facility and timetabling could be negotiated so that all parties interests were accommodated.

FINANCIALS

The following financials are conservative estimates, based on approximately 60% utilisation of the service. For every 1% the operator exceeds this utilisation rate, a significant profit will be achieved above the calculated base rate of 5% return to the operator. Hence marketing of the many benefits of this initiative has been factored into the basic budget below.

Initial start up costs		Notes
Professional Advisors		Outsourced (contracted in)
Legal - start-up	\$2,000	
Legal - investor agreements	\$3,000	For investigation
Accounting	\$1,937	See "workings" sheet
Brand Development		
Marketing		
Website Development	\$50,000	
Graphic design fees		
Licences and Registrations		
Accreditation, licenses and permits	\$1,000	- administration - vehicle management - driver administration - auditing

Professional association fees	\$500	
Plant and Equipment (Capital)		
Vehicles	\$2,700,000	3 @ \$600K + 3 @ \$300K
Registration	\$36,000	Six @ \$6K
Vehicle servicing	\$9,000	One month pre-opening @ \$1500 per month * 6 vehicles * 1 month
Computer equipment	\$2,000	
Printer/Photocopier	\$1,000	
Two-way radio (vehicle communication)	\$2,400	Six @ \$400
Mobile phones/landline	\$2,000	
Office furniture	\$500	
Security system	\$12,000	Six @ \$2K
Ticketing (POS) system	\$60,000	
Business Premises (depot/office)		
Legal fees for lease preparation	\$1,000	
Lease bond	\$12,500	Based on three months
Two Month's rent	\$8,333	Based on 3,000m2
Signage	\$1,000	
Security	\$2,000	
Internet/Telephone connection	\$500	
Utilities connection (power, gas, water, etc.)	\$1,000	
Contents insurance	\$1,000	
Operations (pre-opening)		
Policy & procedure development	\$1,000	as per Transport.Tas
Office supplies	\$100	
Pre-opening advertising and promotion	\$2,000	
Pre-opening wages and salaries	\$61,508	Based on one month of P&L Forecast
Uniforms	\$1,000	
Training	\$1,000	
Post-opening running costs*	\$131,898	Based on one months of P&L Forecast
Insurances		
Vehicles	\$88,800	First year See "workings" sheet
Public liability	\$5,000	
Workers compensation	\$23,184	See "workings" sheet

Business interruption	\$3,536	See "workings" sheet
Total establishment costs	\$3,229,697	
Source of funds		
Investors	\$3,230,000	See "workings" sheet
Total funds available	\$3,230,000	
Balance (a positive figure means you have sufficient funds to cover your costs, a negative figure means you need to seek additional funding)	\$303	

P&L Forecast

	PA GST Inclusive	PA GST Exclusive	Notes
Sales			
Peak-hour commuter services	\$2,223,000	\$2,020,909	See "workings" sheet
Total Sales	\$2,223,000	\$2,020,909	
	PA		
Expenses			
Professional			Outsourced (contracted in)
Legal	\$5,000	\$4,545	
Accounting	\$5,900	\$5,364	See "workings" sheet
Marketing	\$5,000	\$4,545	
Website hosting & maintenance	\$2,000	\$1,818	
Vehicles			
Registration	\$36,000	\$32,727	Six @ \$6K
Insurance	\$88,800	\$80,727	Six @ \$14.8K
Vehicle servicing	\$108,000	\$98,182	\$1500 per month * 6 vehicles * 12 months

Depreciation	\$337,500	\$306,818	See "workings" sheet
Security	\$2,880	\$2,618	Six @ \$40 per month
Fire extinguishers	\$2,400	\$2,182	Six @ \$400 per year
Fuel	\$133,079	\$120,981	See "workings" sheet
Fuel tax rebate	(\$34,338)	(\$34,338)	See "workings" sheet
Tyres	\$28,800	\$26,182	Six per bus changed twice per year @ \$400 per tyre
Two-way radio (vehicle communication) maintenance	\$1,000	\$909	-
Ticketing (POS) system maintenance	\$1,000	\$909	Assumed as outsourced
Business Premises (depot/office)			
Rent	\$50,000	\$50,000	Based on 3,000m2 inc GST
Security system	\$1,000	\$909	
Utilities (power, gas, water, etc.)	\$2,000	\$1,818	
Contents insurance	\$1,000	\$909	
Business interruption	\$3,536	\$3,215	See "workings" sheet
Operational			
Accreditation, licenses and permits	\$500	\$455	- administration - vehicle management - driver administration
Professional association fees	\$500	\$455	
Wages and salaries (including superannuation)	\$738,100	\$738,100	See "workings" sheet (no GST)
Internet & telephone	\$1,000	\$909	
Bank fees & charges	\$500	\$455	
Office supplies	\$200	\$182	
Community contribution	\$24,700	\$24,700	See "workings" sheet (no GST)
Ticketing machines	\$4,000	\$3,636	
Contingency*	\$1,000	\$909	
Insurances (other than mentioned above)			
Public liability	\$5,000	\$4,545	See "workings" sheet
Workers compensation	\$23,184	\$21,076	See "workings" sheet
Business interruption	\$3,536	\$3,215	See "workings" sheet
Total Expenses	\$1,582,777	\$1,509,658	
Profit (or loss) before interest and taxes (PBIT)	\$640,223	\$511,251	

Less:

Company tax @ 27.5%	\$176,061	\$140,594
	\$464,161	\$370,657
-		
Funds available for distribution	\$464,161	\$370,657
Investor dividend/ROI	\$323,000	\$323,000
Operator profit share	\$51,218	\$40,900
Net profit (or loss) after taxes and distribution	\$89,944	\$6,757

Based on Small Business Rate

See "workings" sheet Return based on 10% of PBIT(?)

Workings Sheet

Start-Up Costs

Investors	Number	Investment	Total
	1	\$3,230,000	\$3,230,000

Legal - start-up

Company formation			\$1,650
ASIC fees			\$287
			<u>\$1,937</u>

Insurances

	Number	PA Cost	
Vehicles	6	\$14,800	\$88,800
Public liability			\$5,000

Workers compensation

\$23,184

Business interruption

\$3,536

Quote (\$12,093) was based upon \$350K wages bill per year. Estimate scaled up to represent new wages bill estimate below.

P&L Forecast

Sales	Return Trips/Day	Unit Cost	Total PA	Notes
Peak-hour commuter services	950	\$9.00	\$2,223,000	Based on "Stage I" timetable and 260 working days/year
* four-hour commuter period morning and afternoon				06:00 - 10:00 morning 16:00 - 20:00 afternoon
* bus leaves every 10 minutes	26			Total of 24 trips for morning and 24 for afternoon
* number of buses	6			
* total trips per day	52			Morning and afternoon total
Off-peak community services				Stage II
Accounting			Total PA	
ASIC			\$400	
EOY reporting			\$3,300	
BAS (quarterly)	4	\$550	\$2,200	
			<u>\$5,900</u>	
Wages and salaries (including superannuation)	Number	PA Cost	Total PA	Based on 260 working days per year
General Manager	1	\$70,000	\$70,000	
Office manager	1	\$55,000	\$55,000	
Cleaners (part-time)	2	\$39,000	\$78,000	3 hours per day @ \$25 per hour 10 hours per day @ \$30 per hour, includes:
Drivers (part-time)	6	\$78,000	\$468,000	* 2 X 4-hour timetable * 2 hours for inspections, re-fuelling & washing
			<u>\$671,000</u>	
Superannuton @ 10%			\$67,100	
Total Wages and salary cost			<u>\$738,100</u>	
Fuel				
Kingston/city return KM	31			Google Maps + 10%
# return trips per bus per day	52			Total of 24 trips each for morning and afternoon
total KMs per day	1,612			KMs X trips

total KMs per year	419,120			Based on 260 working days per year
litres per 100KM travelled	28			
litres consumed per year	117,354			
allow 30% less due to hybrid	82,148	\$1.62	\$133,079	Fuel cost PA
Fuel tax rebate				
less rebate	82,148	\$0.418	(\$34,338)	
Community contribution				
# passengers (fares) per day	950			Based on "Stage I" timetable and 260 working days/year
# passengers (fares) per year	247,000	\$0.10	\$24,700	
Investor return/dividend	Number	Investment	Total PA	
Number of investors	1			
Investment each		\$3,230,000		
Anticipated PA ROI (%)		10%	\$323,000	Investor return PA
Operator profit share				
Return to operator		5%		