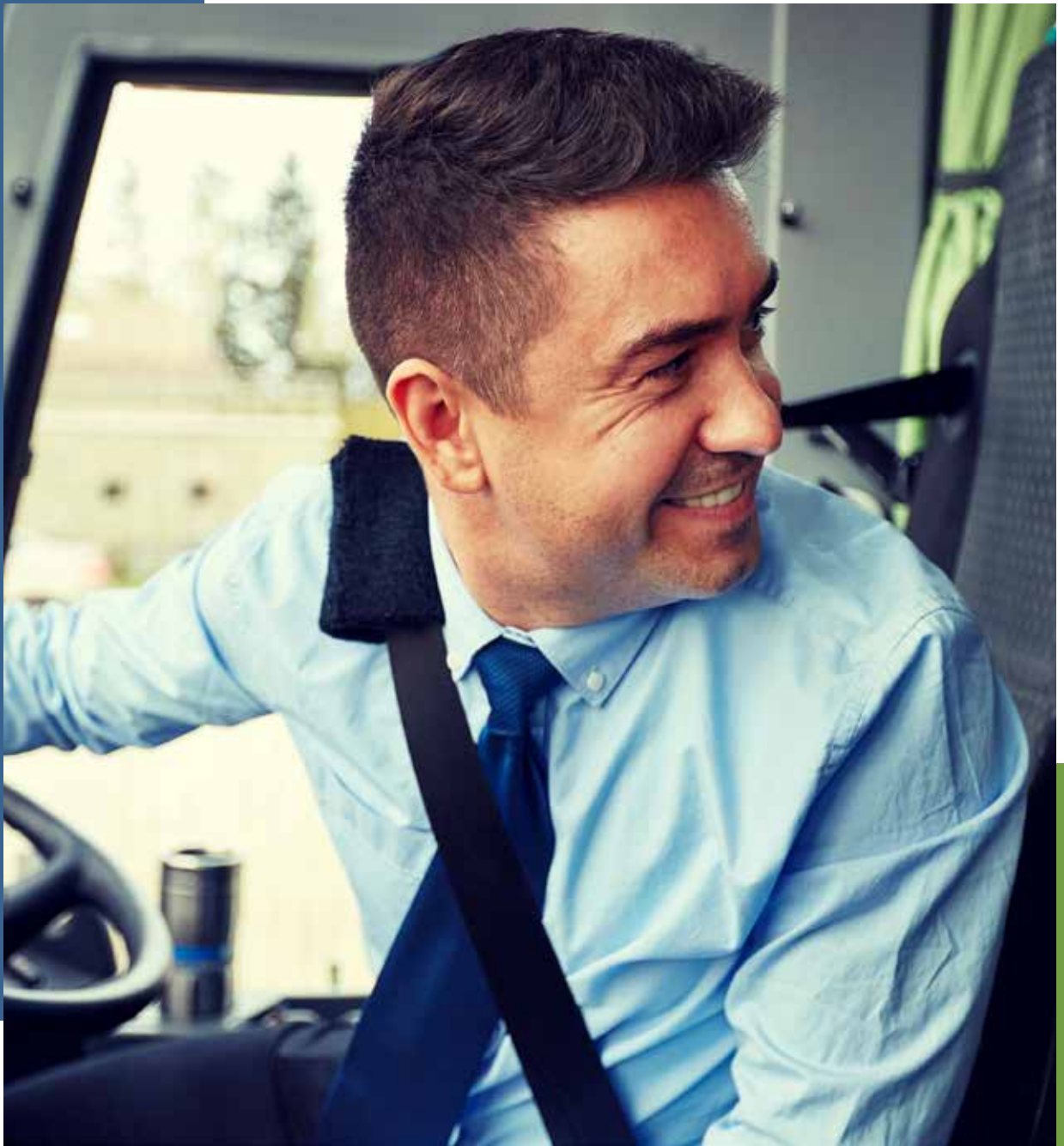


Annual Report

Bus SA
to 30 June 2019





Board

- President - Ben Romanowski (29/11/2016 – present)
- Vice President - Dean McGinty (29/11/2016 - present)

Board members

- Ashley Barnes
- Jared Kent
- Stephen Lucas
- Dean McGinty
- Ben Romanowski
- Maureen Sullivan (to 13 November 2018)
- Phillip Walker (to 13 November 2018)

Executive Director

- Lauran Huefner (04/10/2013 – present)

SA councillor to BIC and APTIA*

- Ben Romanowski (30/11/2016 – present)

Auditor

- Moore Stephens (formerly Hayes Knight)

*BIC (Bus Industry Confederation) and APTIA (Australian Passenger Transport Industrial Association)



President's report

There is huge opportunity for government to improve mobility for regional residents using existing assets, and at marginal cost to budget.

As they say, a change is good as a holiday, and the election of the Marshall Liberal Government held some promise for the bus industry. A different approach to how public transport services are delivered in SA could derive significant benefit for our community.

From a policy perspective, however, things didn't get off to a good start. In the first Lucas budget there was, in the detail, around \$45M in cuts to bus services over 3 years, focussed on low patronage routes. From a bus industry perspective, we will always support any initiative that prevents wastage and improves efficiency, but we do encourage reinvestment of that saving into areas where demand for mobility is high. In this instance that did not occur.

The Minister also announced the creation of the South Australian Public Transport Authority (SAPTA). At the time of writing, SAPTA was due to commence operation from 1 July 2019 and be chaired by Reece Waldock, formerly a senior public servant in the WA public transport network. We look forward to building effective links with them over the coming year.

Of significance in the Adelaide context was the announcement of the Adelaide Metro tenders. The announcement suggested that government was looking for companies willing to innovate and to provide better services for commuters through increased customer

focus and integrated networking, supported by a more flexible contract. We look forward to seeing the result and have reminded the Minister that the bus industry is more than willing to work with his department to deliver high quality services.

A new government always commissions reports – and this one is no different. The two main reports of interest this year were the SA Productivity Commission Procurement Review, and the Review of School Bus Services conducted through the Department of Treasury and Finance. Both will be referred to in detail in another section of this annual report. We do hope that the feedback we have provided will be incorporated into future government decisions.

There is huge opportunity in regional areas to improve mobility for country residents, utilising existing assets at marginal cost to budget. But will they find ways to do that? It may still be a bridge too far.

I'd like to take this opportunity to thank the Board for their efforts this year, especially retiring members Maureen Sullivan and Phillip Walker. Both have shown solid commitment to the Association for many years.

Ben Romanowski
President
July 2019



Executive Director's report

This year was one in which patience was key, with an understanding that working with government is a long-term commitment. As might be expected, it took much of the year to build a strong relationship with the new government as they settled into a role that they had not seen much of this century.

Moving People Pirie (MPP)

The MPP pilot finished strongly on 31 October. As reported in last year's Annual Report, the project was showing promise towards the end of 2018. Then in early 2019 we believe it was really beginning to show what is needed to move more people in the Port Pirie region.

For the full year to the end of October, MPP facilitated 1,730 trips for 33 active clients, with another 33 clients also seeking support. Of the clients, 82 per cent were aged over 60 with no access to regular independent means of getting to shops, appointments or social activities. In comparison with other similar attempts to build local transport, MPP performed well and was showing strong viability. Growth in the last 5 months of the program was significant and indicates we may have identified a product that works for the Port Pirie community.

MPP worked as a door-to-door, on-demand bus service for qualified customers. If assessed as unable to use other means to get about, customers could book their journey the day before. The fares were intentionally low and intended to meet operating costs. The cost of a coordinator to take bookings and assess customers could not be met out of fares, it was supported by a government grant.

MPP also assisted with the establishment of a trial service to take children to pre-school. This supported families struggling to get their kids to care because of mobility or other issues. It had not completed its trial before the end of the grant period.

Our final report on MPP made several recommendations, including establishing similar models across SA. The key learning from MPP was that the model can be implemented anywhere with the same

basic principles, but the blend of services would vary based on local community needs. Unfortunately, government chose not to continue support for this program. We will continue to advocate for improved regional mobility options via a local transport model.

Government reports

Since coming to office, the Marshall Government has initiated several reports. Bus SA contributed to two of these, The SA Productivity Commission investigation into procurement, and the Review of School Bus Services undertaken through the Department of Treasury and Finance.

To the Procurement Inquiry, we put forward examples of procurement failures as evidence of the outcome failing the procurement intentions. Examples include the school bus procurement from earlier this decade, and the appointment of Transfield as an Adelaide Metro contractor at a price well under true cost. We highlighted that this particular example is now an international case study of a procurement and tendering failure.

For school bus tendering, we made commentary about the process of agreeing to tender, hidden benchmarking, and requests to improve pricing even after an operator was deemed "successful". We also pointed out that such a process removes operators from the sector. In this instance it built considerable bad will between the private school bus operator sector and government, a highly undesirable scenario.

The School Bus Review, initiated by Minister Gardner and undertaken by Treasury and Finance, aimed to shed a different light on school bus operation. Our submission called directly for the privatisation of the yellow fleet, the administration of school bus contracts by the Department of Planning, Transport and Infrastructure, and consideration of a regional mobility network for all country residents using school buses as the backbone.

As at the end of the financial year the report was yet to be released. We suspect the Government will have a difficult task given the budget situation.



Membership and partnerships

There were few membership changes during 2018-19, although we have been able to build a strong suite of supplier partnerships. At the end of the year we held 3 gold, 5 silver and 9 bronze partners.

Our challenge, as ever, remains finding ways to be relevant to operators and suppliers. We will continue to try new ways to engage over 2020.

Communications

During 2018-19 we issued 6 Member Alerts about significant topics such as chain of responsibility, industrial relations, and government policies including the state budget.

In the Member Alerts we also explained our submissions to various government bodies (including those listed above), such as a Regional Development Australia investigation into public transport on the Fleurieu Peninsula, and suggestions about the new South Australian Public Transport Agency. We will continue to provide relevant updates in this format, and we will explore other opportunities during 2020.

On the social media front, we continued to post content for BusVic and the BIC whilst also sending to our own group. The primary medium used in 2018-19 has been Twitter where we have 221 followers. We posted 53 times and had 674 link clicks on information we'd posted. Our social media use will continue to evolve over the coming year.

Financials

The balance sheet remained strong in 2018-19 as a result of decisions made by the Board in relation to investments. The proceeds of the Enfield sale were invested in a balanced ASX200 share portfolio with a yield target that supports the Association's day to day activities. To this point this is performing well.

Other revenues have been relatively stable, but it has become apparent that we are not able to generate the income required to achieve sustainability. As result there will be a planned restructure of staffing early in 2020 to help us "balance the books".

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Bus Industry Confederation national conference, Cairns 2018

The Bus Industry Confederation Conference was run in conjunction with the Bus and Coach Association NZ. The theme was C21 Moving People. Topics included the economic outlook; removing the hype from PT futures; mobility as a service; demand responsive transport; public transport as an essential service; plus the usual industrial relations update.

Speakers included the Deputy Prime Minister, Michael McCormack and Shadow Transport Minister, Anthony Albanese. Cairns provided a great backdrop and a welcome warm climate for many of us, with social events at local sights such as the Tank Arts Centre and the Cruise Liner Terminal.

Bus SA Conference, May 2019

Despite falling on Federal Election Day, over 70 people attended the Bus SA 2019 Conference at the Adelaide Convention Centre and the Conference dinner at the Gallery on Waymouth. The Conference was opened by Kristine Peters who highlighted some of the aggregation opportunities in regional transport brought about by changes to demographics. Matthew Wilson of Pitcher Partners spoke about the “canvas” business planning model – a one page strategic planning model that helps identify and deal with unknowns and risks to your business.

Other highlights included the Shadow Transport, Minister Tom Koutsantonis recounting his childhood school bus trips, and the CEO of the Department of Planning Transport and Infrastructure on customer focussed modernisation of the Adelaide Metro network.

Brett Staker from the National Heavy Vehicle Regulator gave an update on new Chain of Responsibility laws, and there were presentations on regional transport opportunities by Chris Lowe and myself. David Tape from QBIC provided highlights about activities in Queensland.

The dinner was a low-key enjoyable affair, with fine food and wine at an excellent city location. We look forward to our next conference.

On this page you'll see a few photos from this year's conference.

2019-20 activities

The main activity for 2020 will be continuing to build a strong relationship with this Government, particularly the new South Australian Public Transport Authority (SAPTA). We must also continue to build links with the Opposition as they look to realign their policies with an eye to 2022.

Lauran Huefner



Bus SA partners 2019-20

Gold partners



Bronze partners



Silver partners



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Bus SA's 2025 Agenda

The Bus SA 2025 Agenda articulates specific policy positions that – we believe – members of parliament should take to improve the day-to-day lives of South Australians over the next 6 years. It sets out practical and achievable actions for the development and improvement of public transportation, that support existing government goals.

We believe our 2025 Agenda proposes great opportunities for all politicians, regardless of political persuasion.

We can, and must, do better. Through our work we aim to show parliament solutions to regional and metropolitan mobility, safety and procedural problems. Our proposals tackle structural, economic, social and productivity issues. They address the inherent challenges in delivering improved mobility for all South Australians. They are divided into 3 streams: City, Regional, Standards and safety.

An **on-demand trial** for morning and afternoon peak services could provide door-to-door connectivity to the existing trunk networks. Options could include small buses in specific suburbs bringing patrons to and from super stops or train stations. This has been trialled successfully overseas.

Regional

Investment in a regional mobility network

Regional residents have poor service access. We can and should do better.

Our 2016 research showed regional South Australians have limited options when travelling between regions or within their own region.

By benchmarking the investment made in other states, we conclude that \$70 per regional resident is an achievable target for SA. This investment should focus on network development and integration to provide services for a decent span of hours at a reasonable frequency.

Regional Accessibility Committees (RACs) across the state

Our 2016 research also found there is a need to coordinate mobility access for people in regional towns by providing practical ground level support.

We recommend a mobility solution for locals by locals, integrating all transport modes for travellers within specific geographic areas. RACs are cheap and efficient ways to help people move around.

City

Network optimisation plan

We support the development of a clearly identifiable public transport interchange in the heart of the city, including:

- Develop Currie and Grenfell streets (between Hindmarsh and Light squares) as a bus transit street.
- Redesign King William Street between Victoria Square and North Terrace to prioritise trams and buses.
- Improve pedestrian connections to and within the interchange.

First and last mile

The first and last mile problem is a tough one to resolve. Solving it could boost bus usage and improve community access.

A **bikes on buses** trial would allow Adelaide Metro buses to better integrate with other public transport modes (such as trains).

The general populace in our regional and rural areas – where there are less work opportunities, greater financial disparity and lower levels of public service provision - has every right to public transport that takes them to work, to school, to healthcare, or to do the shopping.

Privatise Department for Education (DE) yellow fleet

The current yellow fleet is and run by time-poor school principals and managers. The increased burden of the 2018 Chain of Responsibility (CoR) obligations make managing a school bus run even more onerous. Using skills and expertise available in the private sector to deliver professional school bus services would be of considerable benefit for Government and communities alike.

It is our view that the cost of complying with CoR laws would be much higher than engaging the private sector to either manage the existing fleet or deliver services outright.

Allow children inside 5km zone to travel on school buses

We believe that school transport policy should allow children within the 5km zone to travel on school buses. This should be cost neutral – making use of existing vacant/unused seats.

The School Card could be used as the determinant of who can travel inside the zone. There is no need for school buses to travel with empty seats – they should be used as a community resource.

Standards and safety

Establish Minister's Passenger Transport Forum

There is no forum for those in the business of moving people to directly and regularly engage with their Minister. We propose an annual forum that brings together taxi, chauffeured vehicle, community transport and bus organisations to raise specific issues.

Bus SA is willing to convene and administer this activity in collaboration with the government sector.

Operator accreditation regime

We promote operator accreditation in the form of a safety management system that covers business operation, vehicle maintenance and driver management.

Bus SA has long advocated for the establishment of an operator accreditation regime that sets minimum standards for bus operators, whether they are government contractors, private operators or in the community sector. It is our view that all bus passengers should expect the same level of safe operation, regardless of how their ride is funded.

With the new Chain of Responsibility Laws now in place, an operator accreditation regime is of greater importance than ever before.

With changes to the regulatory environment this program could be at minimal cost to government. Our industry has the expertise to lead the process and administer the regime.

Privatise bus inspections

Government has privatised heavy vehicle inspections, but the scheme excludes buses.

Bus SA calls for the opportunity to offer private bus inspections through a road safety inspection scheme along the same lines as the existing system in Victoria.

Again, our industry has the expertise to lead the process and administer the regime. It would lift standards and support our views on operator accreditation at no direct cost to government.

Bus Safety Week

A Bus Safety Week initiative would promote the good safety record of the bus industry and at the same time promote the 'shared responsibility' of bus safety. The initiative would focus on:

- shared roads (giving way to buses, school bus stop safety)
- the differences between accredited and registered operators
- correct safety behaviours on and around buses (respect for staff, wearing seat belts, the ramifications of anti-social behaviour).

Bus Safety Week could also be the flagship for a further program of school safety seminars whereby every public school could access an education program for students. This could occur every 2 -3 years. We believe would be a very worthwhile government investment.

The golden age of public transport and more personalised passenger services is approaching - not ending. The bus industry will be at the forefront of how we move people in the future.



BIC Chairman's report

Some people argue that the days of public transport and other bus type services are coming to an end as “disruptive technologies” bring new services to the market. Nothing could be further from the truth.

The golden age of public transport and more personalised passenger services is approaching - not ending. The bus industry will be at the forefront of how we move people in the future.

The bus industry will cover all aspects of mobility choice including the spine of public transport; on demand; first and last mile, and personal transport services.

These services have been delivered by the industry in one form or another for decades, the only difference today is what some people like to call disruptive technology. It is not disruptive – it's adaptive technology. Technology that is about adapting to change.

Modern phones and apps let us better connect and this industry is already a leader in how these transport services will be delivered.

If we look at the telco model of service offerings, providing transport services could be in the form of a subscription that allows customers to bundle a range of services to meet their individual mobility needs. This subscription would include public transport concessional arrangements and commercial arrangements. This is, in fact, already happening.

Bus operators will continue to be at the core of future transport – as the “enablers” – connecting the passengers and as the “providers” – transporting people on a mass transit scale through to providing personal transit options.

Future population growth projections will place enormous pressure on our cities and growing regions.

That is why future mobility can't be left to technology or commercial interests. All levels of government have a role to play.

As an industry we don't want just good public transport for our customers - we want great public transport services.

The federal government has a strategic and active role to play in public transport for our cities and regions of the future.

There are a few key messages that the BIC has been taking to federal government.

- Public transport infrastructure investment is a no brainer.
- Bus rapid transit and bus priority are measures that cost 4 to 10 times less than fixed infrastructure but hardly get a go at federal level.
- Infrastructure Australia has recently stated that major public transport projects must be more closely scrutinised and all modal options more fully assessed. This would be a good start.
- Federally funded roads should be conditional on integration with public transport and include bus priority measures.
- And some food for thought, if governments are serious about autonomous vehicles in the next 10-20 years, then autonomous buses will be the future.

The BIC has long advocated that the federal government has always needed to play a role in regional connectivity, accessibility and ensuring our villages, towns, regional centres and cities are connected by transport passenger services.

Living in regional Australia is no longer just about owning a car.

Regional passenger transport services provide the connectivity to access jobs and services, education, health and recreational activities. Connecting regional passenger transport services will help government address the population challenges our nation faces.

The whole notion of decentralisation as a pressure valve for our cities is all too often based on jobs. Jobs are an important attractor, but transport infrastructure and transport services need to be recognised as the glue that connects people to their community, their regional centre and city.

A good transportation system makes moving away from the big smoke to the country a much more attractive option.

This year, in collaboration with the Bus Australia Network, BIC released a 10-year plan for the sector aimed at doubling the number of passenger trips taken by coach, and boosting our regional tourism economic contribution.

This could be a massive regional economic driver if we get the transport infrastructure, the connectivity, the transport services and the promotion right.

The diversity and reach of the bus and coach industry and the various sectors that operate within it is something that “just happens” and this potentially places our industry in a “nothing much to see here” syndrome.

An important message from BIC to all governments and transport departments that we visit around the country is that bus and coach operators are part of the fabric of their communities. They operate in pretty much every community in Australia.

The BIC is always getting in the face of federal and state/territory governments on “how much there is to see here” in the bus and coach industry across our cities and regions.

- School bus operators who every day makes sure students get to school and special school service providers that work with children with disabilities that bring a unique skill set that is more than just about operating buses.
- Public transport operators providing services that could be termed as mass transit and at the same time providing social transit for people less well-off and without access to a car.
- Coach operations that provide day tours, long distance tours, charter services and services to get the school kids to the swimming carnival and the local footy team to the game.
- Coaches are in the mining industry. Moving miners to and from the mine for their shifts and transporting mining families into town for shopping and other services.
- A host of other specific and often niche bus service markets that provide transport, such as the buses on the tarmac at airports.

And don't think we stop our industry story at the bus operators. We are equally vocal about our bus manufacturing and supply sector. We are big on the federal government getting involved to provide incentives to get new low emission buses on the road. Incentives such as investment or depreciation based to deliver modern low emission bus and coach fleets on the road that encourages the uptake of new low emission buses – euro 6 diesel – hybrid, electric, be they hydrogen fuel cell or lithium batteries.

Buses are a perfect springboard for the federal government to invest in electric vehicles and electric fuel infrastructure with buses being the first “cab off the rank”.

Public transport in our cities and regions is predicted to become more important as our cities and regions grow.

The federal government has a vital role in leadership and strategic policy in public transport and increasingly it is becoming evident that the government has a direct role in helping state and local government ensure our cities and regions of the future are economic, liveable and sustainable.

Service delivery and better services are important, and the federal government can use its influence and money to see states focus on improved service delivery to increase patronage on buses and reduce the number of trips by car.

The BIC 2019 federal election primer addressed to all political parties prior to the last election, made a number of suggestions on how the federal government can influence service delivery improvement in return for state and territory and local government incentives. Incentives could be provided for example to states and territories for the purchase of new buses on the condition of increased passenger services, better branded bus services and timetable free bus services.

Frequency, span of hours and reliability are the three key drivers of public transport patronage.

These should be conditional benchmarks for state, territory and local governments who provide public transport services in return for federal funding and other incentives.

We are a diverse industry and we are an important contributor to our communities and the Australian economy, but the federal government is not taking advantage of what our industry can deliver and the good policy outcomes that can be achieved for the nation.

The opportunity is there for each political party to work with the bus industry. The BIC want to work with all levels of government and opposition, the greens and minor parties and encourage their part in providing solutions for transport, for our cities and for our regions. Let's get on with it and get the job done.

That is exactly what BIC will be doing in 2020 and beyond. I hope you will join us and be a part of making a difference to Australia's future, your kids future.

Wayne Patch



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