

Annual Report to 30 June 2016



Welcome
to the Bus
and Coach
Association
SA Annual
Report 2016

Board

President

Dean McGinty
(16/12/2013 - present)

Vice President

Stephen Lucas
(16/12/2013 - 30/11/2015)
Ben Romanowski
(30/11/2015 – present)

Board Members

Don Benbow
(16/12/2013 – 30/11/2015)
Mark Dunlop
Stephen Lucas
Stephen Nesbitt
Dean McGinty
Ben Romanowski
Jim Scott
Peter Stone
Maureen Sullivan
Philip Walker

Executive Director

Lauran Huefner
(04/10/2013 – present)

SA Councillor to the Bus Industry Confederation (BIC) and the Australian Passenger Transport Industrial Association (APTIA)

Sam Lucas
(07/04/2014 – 30/11/2015)
Ben Romanowski
(30/11/2015 – present)

Auditor

Moore Stephens
(formerly Hayes Knight)



PRESIDENT'S REPORT

The 2016 year has been one in which we have continued to target the outcomes identified as part of Moving People SA. The Board believes we have made progress (albeit at the slow pace that change occurs) in the right direction, particularly as we are in the middle of the political cycle.

Over the course of the year the Government made no portfolio changes, although the Opposition did. Early in the 2016 calendar year Corey Wingard was shifted from Transport, and David Pisoni, Member for Unley, took up the role as the Shadow Transport Minister. David was previously Shadow Minister for Education, and is consequently familiar with School Bus issues. We look forward to working with David to help the Liberal Opposition develop worthwhile and effective bus policy for Adelaide and South Australia generally.

The capacity of the Association to deal with senior members of the Government has continued to grow, with strong links to a number of senior public servants, ministerial advisers, and directly to some Ministers. It is these types of relationships that will help our industry prosper over the long run.

I was also pleased to see the Association involved in various submissions over the course of the year, including Operation Moving

Traffic (for the Department of Planning, Transport and Infrastructure) and the National Remote and Regional Transport Strategy Consultation (through BIC). It is vitally important for industry bodies to provide policy commentary wherever possible to help shape a government's approach. Both of these particular topics fit closely with our work on planning and our work on regional mobility, and therefore we have much to say on both issues.

Our work in diversifying the Association's revenue base continues, through activities such as Bus SA supporting BusVic in the launch of 1 Day in 5, a social marketing initiative to encourage the use of public transport to get to work, as well as the ongoing social media management activities we undertake for BIC and BusVic. We have also received great support from the supplier sector and we thank them greatly for their endorsement of our work.

As ever, I want to reiterate that unity will help us to achieve the change that our industry greatly needs, especially when based around a set of quality policies. The reality of our environment is that the investment in transport in South Australia has not been strong enough for many years to allow industry to develop – we can't just wait for that to change, we must work with Government to encourage the right change to enable that development.

We need to show how our industry can offer significant benefits to communities, both socially and economically. This is a driving principle behind the regional work we are doing on Regional Accessibility Committees that will be described in greater detail below as part of the Executive Director's Report.

It is important to note the contribution of the Board over this time, providing input and guidance on the key topics that lead to the outcomes we are seeking. I thank the Board for their commitment, and particularly want to thank Don Benbow who retired from the Board during the year for his long standing support of the Association.

Dean McGinty
President
July 2016



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EXECUTIVE DIRECTOR'S REPORT

The 2016 year has required an ongoing focus on what is happening now, combined with our vision for what will come up in our future. Moving People SA remains as relevant today as it has in the past, highlighting the challenge the state faces with changing demographics, economies and communities.

Membership

Membership has proved to be a challenge over the course of this year. Despite some optimism at the end of the previous year that a number of operators would join the Association, this has not transpired.

We have had a number of members retire during the course of the year, and towards the end of the year the Association held individual discussion with members who were not financial, resulting in the resignation of some of those members as well as others re-committing to the Association. Our members acknowledge the vision we are promoting and the Board is ever grateful for the ongoing commitment these operators have to improving our industry.

Over the next year we will put extra focus on attracting operators to our Association and vision. This will be through a series of promotions, including sourcing additional benefits.

On a positive note, we have received overwhelming support from the supplier sector in 2016, with the Association now boasting 18 partnership agreements at the end of the year, including 4 Gold Partners. This has had significant impact on the Association's bottom line, and can also be seen as an endorsement of our work in building a sustainable industry in SA.

Policy

As reported in the 2015 Annual Report, Moving People SA was launched in 2013 at the Bus Industry Confederation National Conference in Adelaide, and was a useful document in the lead up to the 2014 State Election.

The original recommendations were further refined in early 2015 to 6 simple and direct outcomes that Bus SA believes will greatly add value to South Australians:

1. Establish Regional Access Committees
2. Privatised operation of DECD owned buses (yellow fleet)
3. Establish a Ministerial Passenger Transport Forum
4. Support the 20 Minute Neighbourhood Policy and apply it in the SA context
5. Establish Tour SA By Coach strategy
6. Introduce Bus Safety Standards in SA

Progress towards these goals is as follows:

- Bus SA has commenced preliminary research to support 3 potential pilot sites for Regional Access Committees. The 3 sites are the Riverland, Mount Gambier and Port Pirie. This research has been supported by the Bus Industry Confederation and is being undertaken by Prof John Stanley (BIC Research Fellow) from the University of Sydney and Dr Janet Stanley of the Melbourne Sustainable Society Institute. The report will be provided to Ministers Mullighan, Close and Brock by the end of November 2016, and we are hopeful that pilot projects may be underway in 2017.
- The School Transport Policy review, amended by Minister Susan Close, indicated that DECD should seek opportunities to use the school bus fleet for better use in regional communities. This supports the position articulated previously by the Minister that DECD does not want to operate buses.
- The Land Tourism Forum (discussed at length elsewhere in this Report), was the first step towards a Tour SA By Coach strategy. We will continue to grow this initiative and build the



As mentioned in last year's Report, we must continue to clearly articulate our position in a consistent fashion, and provide ongoing back-up material and evidence that supports our positions.

relevant relationships to promote the tourism sector of our industry.

- Early in the year I wrote to Minister Mullighan about Bus Safety in SA but this has not progressed as we would like. At the Bus SA Conference in May, Minister Mullighan indicated that he was of the opinion that such a step would be anti-competitive and not good for the industry. However, as indicated at that conference we will continue to provide the Minister with backing evidence as to why this is important to our work. On visits to members I often receive feedback that the introduction of operator standards is viewed as a very positive thing for our industry.

As mentioned in last year's report, we must continue to clearly articulate our position in a consistent fashion, and provide ongoing back-up material and evidence that supports our positions.

Communications

Over the course of 2016 Bus SA upgraded its Member Alert to a more regular, monthly information piece that highlights local and relevant national issues. It is distributed to over 90 email addresses, and has been generally well received.

Bus SA is also very active on Twitter, Facebook and LinkedIn, posting

regular articles and materials of interest to our followers, with a primary focus on Government, public servants and advisers. This is part of the work we undertake for the Bus Industry Confederation and BusVic.

Operation Moving Traffic

Bus SA made a submission to the Operation Moving Traffic initiative of Minister Mullighan. This focused on the issues of good planning, the introduction of BRT lite (bus lanes, priority lights and branding), as well as proposing demand responsive last mile solutions to deliver passengers to proposed super stops. We are pleased that some language (such as BRT Lite) has been picked up by the Government.

Financials

The 2016 final result shows the effect of the work we have been doing to diversify the Association's revenue stream whilst controlling expenses. We achieved a net result similar to 2015, with a surplus of around 6%. Although this will be hard to improve on in future years, we will continue to find ways to operate efficiently.

Of greatest risk in the medium term is the tenancy of Enfield. The current tenant is secure until 2018, however they are seeking a co-tenant at this time. Their ongoing tenancy is, they have advised us, contingent on the

Turnbull Government continuing to fund the work that they currently do. We will continue to liaise closely with them to ensure that we are aware of any decision as early as possible.

Bus Industry Confederation National Conference, November 2015

The BIC Conference in Singapore highlighted the mechanisms available to governments when they choose to implement policies that encourage people to travel by public transport. Of particular interest was variable road pricing – increasing tolls where and when congestion is growing – and variable public transport pricing.

These tools are very effective in cutting congestion and keeping Singapore moving. Although perhaps a step too far for Adelaide, these concepts should be considered by Governments if they really want to tackle car movement and congestion in Australian cities.

We were very pleased to have South Australian politicians, Vickie Chapman and Corey Wingard, attend the Conference, along with Michael Deegan of DPTI.

Bus SA thanks ABCUA for providing another Achiever Award. This year's winner, Simon Johnson, General Manager of Townsends Bus Travel was a grateful and worthy recipient.

and Tourism Forum, May 2016

This Forum was held for the first time in 2016, and was attended by around 20 bus operators, tourism destinations and policy makers.

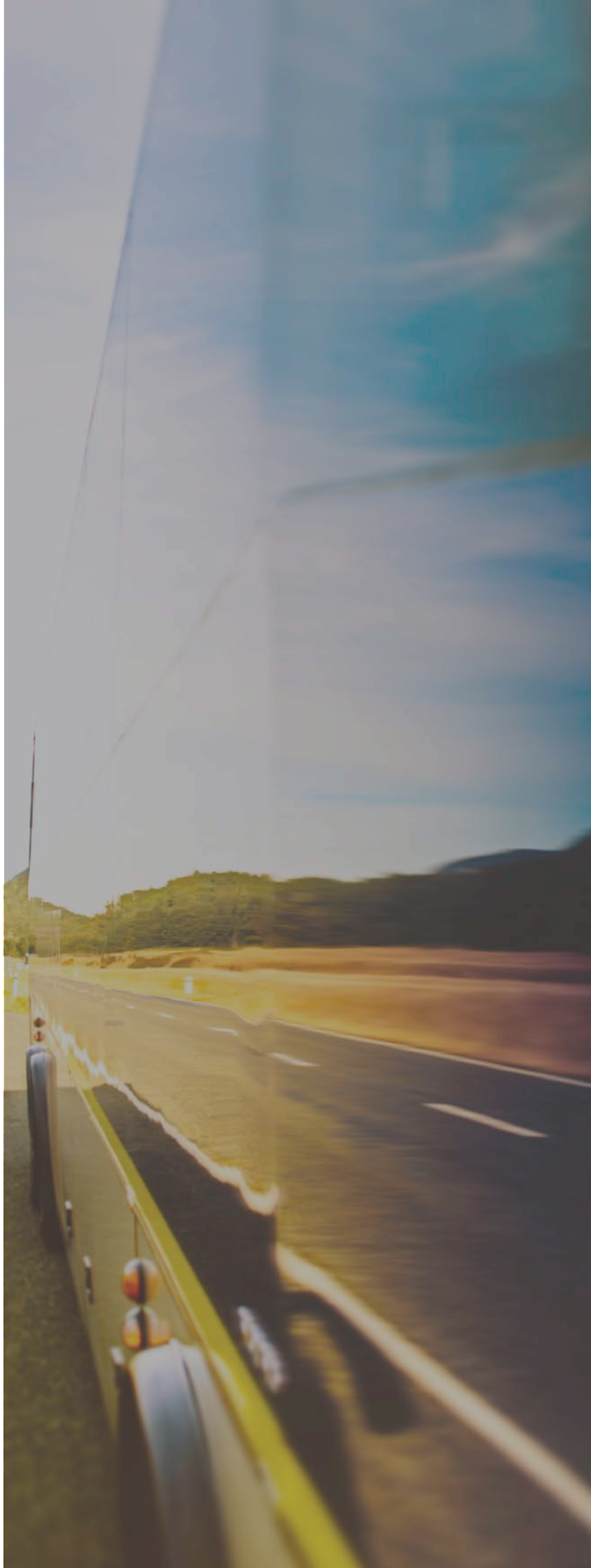
The Forum was designed to provide information about tourism and build relationships between the various operating areas of the tourism sector. Presentations were provided by Heather Pascoe-Smith of Expanding Horizons, Skana Gallery of LGA (SA), Naomi Tyson of Adelaide City Council and Marc Leopold from the SATC.

Presentations covered tourism market types and expectations, the LGA vision for tourism in SA regions, the work Adelaide City Council is doing on understanding the tourist experience, and the way SATC can support a tourism business.

Our thanks to Shaun de Bruyn and his team at the South Australian Tourism Industry Council for their support of this event. This activity was considered a promising first step and will continue in 2017.

Bus SA State Conference, May 2016

The 2016 State Conference reinforced the work started by last year's event, and followed a similar format (again at Crowne Plaza Adelaide), although we did add a Gold





Photos courtesy of ABC Magazine

Partners Wine Tour of Magill Estate on Friday night. This event was very well received and will be repeated in some form in 2017.

We were very pleased that Minister for Transport, Stephen Mullighan MP, was available to provide an opening address. The Minister spoke about the investment being made in SA by the Government and noted the importance of the bus industry to keeping SA moving. The Minister also expressed his interest in the work we plan to do with the Government on Regional Access Committees, which was scheduled to commence just after the Conference, as reported above in the Policy Section of this Report.

David Pisoni, MP, Shadow Minister for Transport, also addressed the Conference, indicating that the Liberals are developing their policies and that there are opportunities for engagement around this. We thank David also for attending the dinner held that night.

Other presenters included Ross Treadwell from DECD, Paul Gelston from DPTI, along with our professional advisers, Ian MacDonald from APTIA, Maria Capati from Piper Alderman and Matt Wilson from Pitcher Partners.

The Executive Directors session involved a discussion of policy

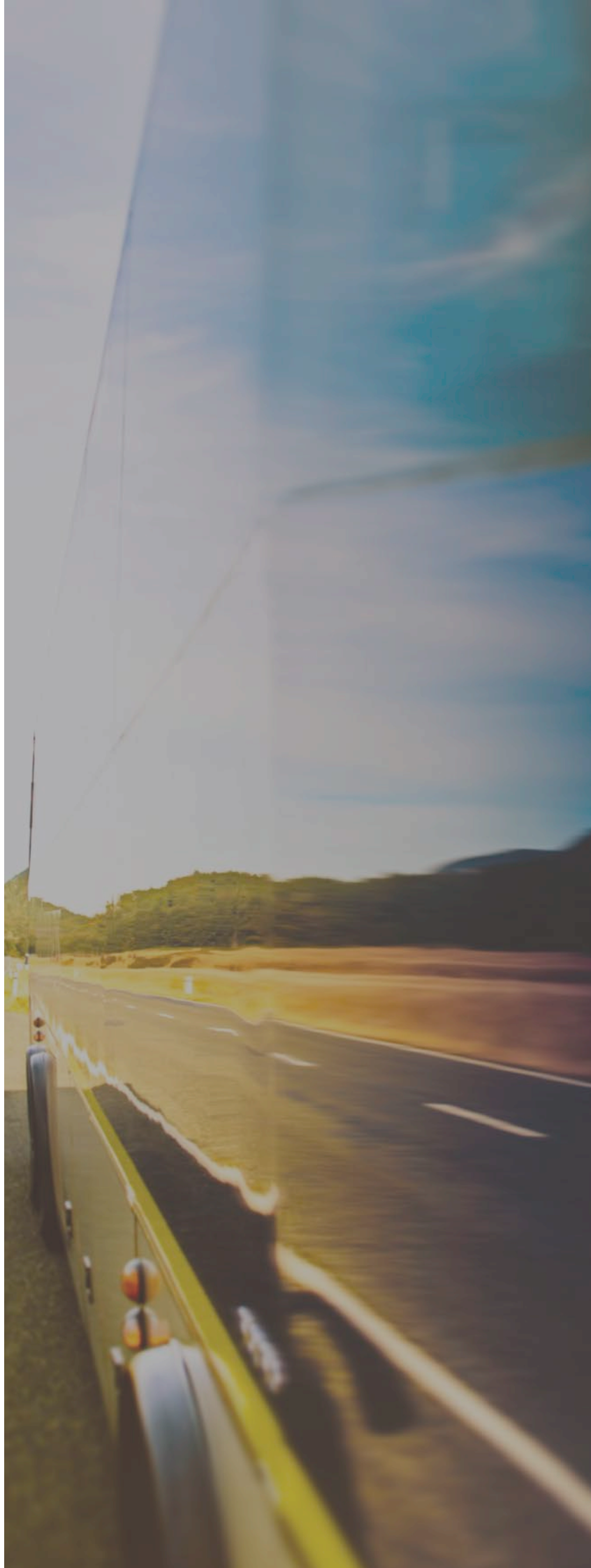
similarities and differences across Australia. This was particularly useful as it highlighted the challenges in delivering effective regulatory environments across Australia. It also highlighted the future risks for industry posed by Federal Government policies such as My Aged Care and the NDIS, which are client directed care focused – which puts block funding for services (such as Victoria's Special School Services). The focus on regional opportunities was also highlighted.

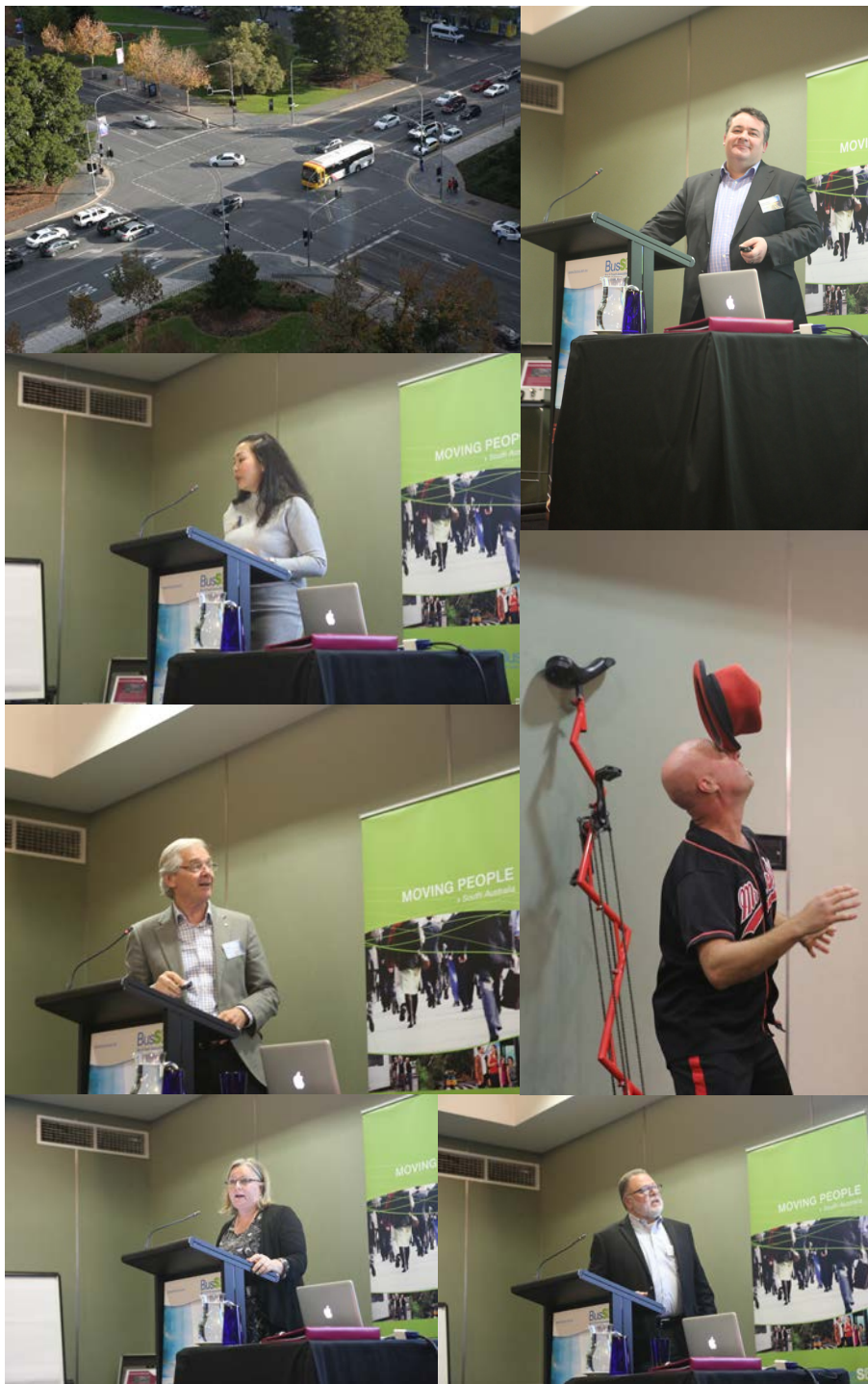
Research and policy papers were presented by:

- Helen Feist, who discussed her research on seniors use of public transport;
- John Stanley on the challenges faced by regional communities around mobility options, and
- Joffre Swait presented his findings on how transport choices are made.

The dinner was well received again, with presentation by Stephen Schonberg of Pitcher Partners and a live show from juggler/beer drinker/unicyclist extraordinaire, Mr Spin.

My thanks to Celina Annich for her work on delivering this, her first Bus SA Conference, and we look forward to doing it all again in mid 2017.





Photos courtesy of ABC Magazine

National

Bus SA members continue to benefit from our strong bond with other bus industry associations who are part of the Bus Australia Network, and particularly the Bus Industry Confederation Policy Work. For the national view on the industry, we include a report from BIC Chairman Wayne Patch in this document.

Key events attended

Over the course of the year, Bus SA represented you at a number of activities and events, including:

- BusVic Maintenance Conference and Expo, Melbourne, July 2015
- BIC Conference, Singapore, November 2015
- QBIC Conference, Gold Coast, March 2016

Future activities 2016/2017

One of the main activities for the coming year started at the end of 2015/2016 is the research we are undertaking in regional areas to support a possible trial of Regional Accessibility Committees. This policy, focused on by locals for locals, and supported by the efficient use of existing transport resources, is supported broadly in principle, but needs an opportunity to prove itself.

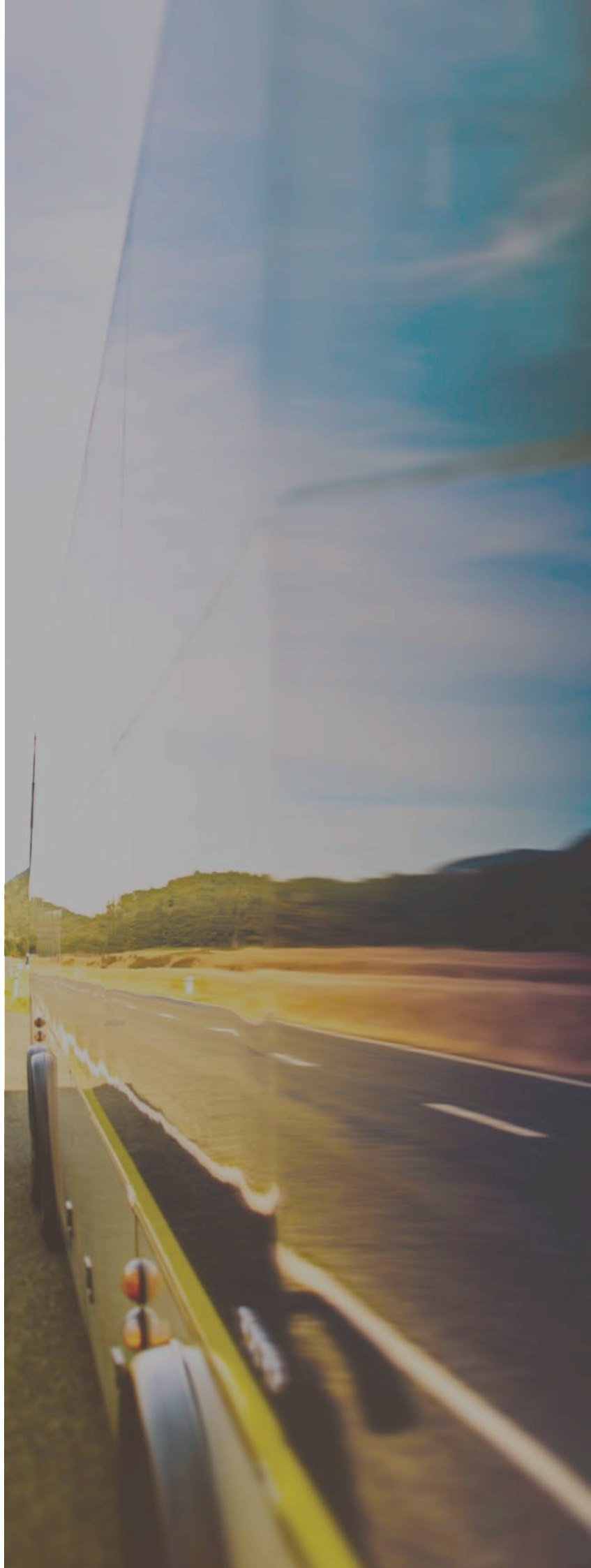
We will also work on developing our policy suite to include broader

positions under the BIC policy banners, including planning, contracting and tourism.

Such policies highlight the true value of bus services to the South Australian community and economy, and it is important for us to understand that as the economy evolves, so should we.

I would like to thank the people who support our activities over the course of the year, including our President, Dean McGinty and Deputy, Ben Romanowski, the Board and Celina Annich. I look forward to continuing to chart a course towards a sustainable bus industry during 2017.

Lauran Huefner
Executive Director
July 2016





BIC REPORT

WAYNE PATCH

2015/16 has seen some big swings in the way Australia does things and I think it is important to recognize the role that we have played as an Industry in reshaping the way our Governments think about moving people in our cities and regions.

We are seeing unprecedented investment into public transport infrastructure in most States and Territories. Unprecedented in the history of the nation. Just think about Sydney Metro, Badgery's Creek rail link and public transport integration in Western Sydney, the Northern Beaches BRT, Brisbane Cross City Tunnel, Perth Bus Ports and modal integration projects with rail and ferry, Melbourne metro tunnel, ACT light rail and bus network expansion. And there is more.

The 2016 federal election saw Prime Minister Turnbull and Leader of the Opposition Bill Shorten compete for the Western Sydney and the cities and public transport policy agenda and votes. The final fortnight of the Federal Election campaign saw a stream of announcements from both sides about what they are going to do about cities and improved public transport and transport infrastructure. Do you remember when public transport was a dirty word when it came to the federal government?

The 2016 Federal Election has brought a strong focus to the future liveability of our cities and suburbs, addressing congestion, transport accessibility and connectivity in our regions. This can only increase the pressures on state and territory governments to also invest more in public transport and bus

services. This, in my view is a reflection of the hard work that BIC has been doing over the last decade.

At the same time let's not forget the challenges we face as an industry from a changing transport market as ride sourcing and technology see the landscape of personal mobility changing dramatically in front of our very eyes.

The encroachment of Uber and other ride sourcing services may, could, will have an impact on existing public transport services and how they are provided. We are already seeing State Governments talking about taxis and ride sourcing services having a future role in delivering what is termed, "first and last mile" trips to connect people to trunk public transport services and late night services using the existing smart card public transport ticketing system.

Do you think that UBER and taxi industry changes are the end or start of reform in the passenger transport market? Change in the 21 Century is fast, furious and unstoppable it would seem. The bus industry needs to be alert, agile and prepared for change. Since its first Australian launch in Sydney in late 2012, Uber has captured over 1 million subscribers to their Uber app with 5% of Australians travelling Uber at least once in any 3 month period.

My point is, change has been fast and governments and Industry have been generally slow to keep up with the pace driven by a rapacious customer driven revolution. By the time Governments and businesses have reacted to either

put in place regulation or new business models to compete, customer demand and acceptance has spoken and new markets are in place. New products like UBER have changed the nature of the passenger transport market almost overnight it seems.

What are the challenges for our Industry? Let me explain by looking at current high level government and Industry discussions taking place across Australia. All Transport and Infrastructure Ministers met in Melbourne in August and signed off on an agreed National Policy Framework for a Land Transport Technology Action Plan 2016 – 2019. The objective of the action plan is to see emerging transport technologies improve transport safety, efficiency, sustainability and accessibility. A big focus is about future autonomous vehicles and how they will operate. The Action Plan clearly realises that the whole way people will travel in the future will be turned upside down. This includes how public transport will operate.

Recent discussions at a National Summit on the "Scope of Automated Vehicles" held in Brisbane in August and a Discussion Paper titled "Preparing for our automated and driverless future" highlights again the discussion taking place about future public transport.

Here are a few quotes:

"Driverless cars will need less space. The design of roads will change. Congestion should be significantly reduced."

"The most important feature of a driverless car may be that it should

remove the need to own a car. This provides the opportunities for fleets of driverless cars to be operated by a small number of major operators." [Who is this operator? - could this be a bus operator with a diversified fleet of vehicles?]

"When they are not on the road these driverless cars can be stored in low cost distribution centres." [Could this be a transformed bus depot?]

"Fleets of driverless cars will test the value of existing public transport."

Driverless vehicles will also take their passengers point to point, delivering them directly to where they want to go. No other public transport does this. This is a potential game changer.

Whilst this discussion is going on, the National Transport Commission is developing a paper on the future regulation of driverless vehicles.

So the passenger transport task is on the move and we as an Industry need to be, more than ever, through our Industry representation efforts led by BIC to be at the forefront of the discussions and debate. The types of bus business you have today may well be very different in a few years. There are threats, but as many opportunities. Industry just has to be ready. 2017 and beyond should be exciting times for the Australian bus and coach Industry.

Wayne Patch
Chairman
Bus Industry Confederation

We acknowledge our Partners for 2015/2016

Gold Partners



DAIMLER TRUCKS ADELAIDE



Silver Partners



Bronze Partners

