

## **BIC Column May 2012**

Our industry is at its best when we are unified on issues. The BIC has always said this and we will continue to make sure it happens.

The announcement of competitive tendering for metro contracts in NSW, moving away from the negotiated system, is a big blow to the incumbent operators in these areas, but also presents an opportunity to show the strength in industry unity.

Some of these bus companies have been servicing the community for decades. They not only know the lay of the land and how to move people in their communities, they are a vital part of the social fabric of their communities.

Governments have every right to determine how they procure bus services, but the BIC view, based on evidence is that performance based negotiated contracts deliver the best outcome for governments and communities.

If this move from the NSW Government is about increasing efficiency, the first step should have been to look at the operation of the State Transit Authority (STA) bus services.

The NSW Government's own reports have identified the inefficiencies of the government owned fleet as compared to the private contractor. The big efficiency and savings are to be gained by privatising STA.

There is a plethora of global evidence that confirms negotiating performance based contracts is the most effective method of procuring bus services, not tendering.

Negotiated performance based contracts are designed to achieve shared strategic outcomes, such as reduce congestion, reduce greenhouse gas emissions and increase social inclusion, whereas tendering typically just sees the appointment of a contractor with the cheapest price.

The best thing about negotiating performance based contracts is that it is transparent. All the costs are declared and fortunately, running a bus isn't rocket science. There's the capital cost the bus, labour, fuel and servicing.

If a tender is awarded to the lowest bidder who doesn't potentially cover off these cost imperatives, we see performance problems arise.

We cannot support this move from the NSW Government and BIC will work with BusNSW and other State Associations to inform Governments that negotiated performance based contracts are the way to go and that the nature of the bus business and how it is developed means that the competitive tendering mode for this industry does not work.

In national matters our Federal Parliament could do with some unity right now as the circus is in danger of becoming the main show.

In the third Godfather movie, Michael Corleone said "just when they thought I was out...they pulled me back in!"

Prime Minister Gillard must feel the same way about the political landscape at the moment. Just when it looks like the Government might get some breathing space to outline its achievements a new scandal breaks, or an old one rears its head again.

Despite all the negative media and criticism there have been significant achievements from the Government since 2007; one of particular importance to our industry is the development of a National Heavy Vehicle Regulator (NHVR).

I have previously outlined the work the BIC is doing with the NHVR through the Bus Industry Taskforce, but the announcement in late April of a two tonne increase to mass limits for 2 axle vehicles in Victoria highlights the opportunities a body like the NHVR presents for our industry. This was a big win for our industry and something the BIC has been lobbying for since our establishment, but it is only the start.

And don't worry; we have not forgotten 3 axle buses which in the BIC's view should also receive a similar mass increase.

When national agreement is achieved on how our industry is regulated we will see announcements like the 2 tonne increase delivered across all states and territories. This objective of achieving regulatory efficiency is the bailiwick of the NHVR and the BIC will continue to work with them to make sure it happens.

The BIC National Conference in October will feature a Q&A session with Richard Hancock, the Project Director of the NHVR, which should really clear up any confusion about the pathways to achieving a national set of laws for buses.

The Conference will run from Sunday 28 to Wednesday 31 October, registrations will open in July. Mark your diaries.