



# 2025-26 Federal Pre-Budget Submission

January 2025



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## About Us

**The Bus Industry Confederation (BIC) is the national peak body for the Australian Bus and Coach Industry. We represent bus and coach operators, body, chassis and complete bus manufacturers and suppliers, parts and service providers, professional services, and state bus associations on issues of national importance.**

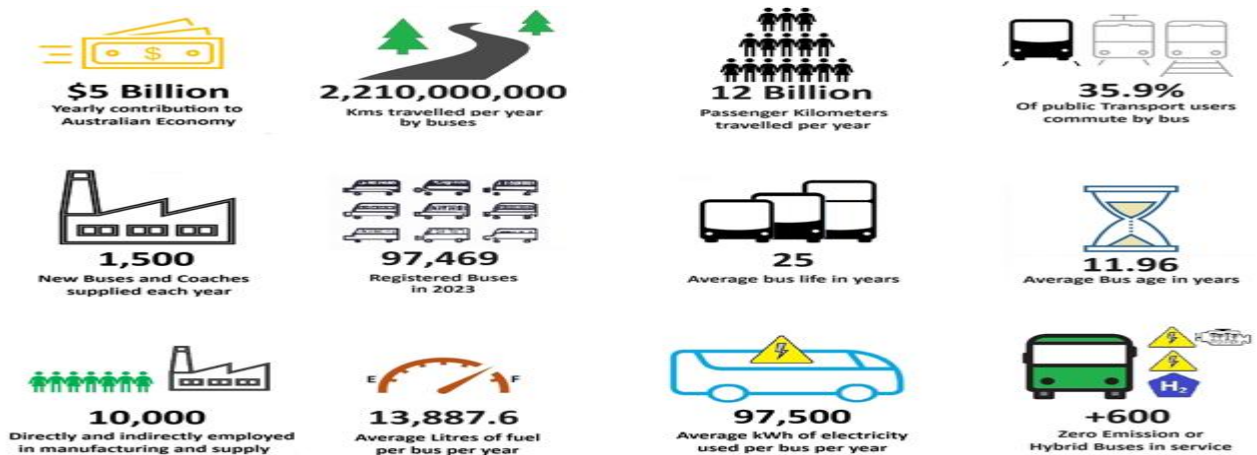
Our membership is becoming increasingly diverse as key energy and infrastructure partners join as we transition the fleet to low and zero emissions. The BIC advocates on behalf of our members to federal, state and territory governments and associated bodies, to ensure the safe and efficient carriage of passengers, along with safe and sustainable operations and supply chains that support the industry.

The bus and coach industry is undergoing a major transition on multiple fronts: Over several decades, the operational side of the industry has consolidated with a fundamental shift from generational family-based bus companies in our cities to national and multinational businesses contracted to state governments, especially in metropolitan areas. This change, along with the adoption of zero emissions policies by state governments, has resulted in a rapid shift towards low and zero emissions buses.

## About Buses

Buses serve both as mass transit during peak hours, delivering societal benefits like reduced congestion, lower pollution, and enhanced productivity, as well as providing critical social mobility through frequent local routes. These benefits extend to improved public health, lower crime rates, and better overall social outcomes, resulting in reduced costs for health and legal systems.

Buses provide a cost-effective role in moving people from and to their destinations every day, whether its dense urban outer urban, regional or interstate. For example, in outer suburban areas, where other mass transit options are scarce, buses are vital in addressing poverty, disadvantage, and the financial strain of car ownership. They offer essential mobility to communities facing isolation, poor services, and socio-economic challenges.



## Executive Summary

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The BIC welcomes this opportunity to provide its submission for the 2025-26 federal budget, outlining four recommendations against the five key focus areas:

1. Transition to Sustainable Transportation
2. Achieving Low and Zero Emission Goals
3. Promoting Local Manufacturing and Supply Chains
4. Building a Sustainable Workforce
5. Further enhancing bus safety

Bus travel continues to be the cornerstone of Australia's prosperity, delivering both economic and social value by connecting people to essential opportunities such as employment, education, and recreation. Despite its critical role, bus transport remains an often-overlooked component of public transit.

Buses are the backbone of the transportation system, providing services to areas that rail, light rail, and metro cannot reach. They are also the fastest, most cost-effective way to improve surface transport networks, with service enhancements that can be rolled out in months rather than years.

We welcome the continued support by the Federal Government for the bus and coach industry as we embark on another phase of growth and development. This ongoing commitment is crucial in ensuring the sustainability of our sector, which plays a vital role in connecting communities and providing affordable, reliable transportation options for millions of Australians. With the government's backing, we are better equipped to invest in modernising our fleets, improving safety standards, and enhancing the passenger experience.

## Key Recommendations

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- 1. Mode Shift for a Greener, More Efficient Future - improve transportation for the public.**
- 2. Transition to Low and Zero Emissions - adoption of the *Bus Industry Policy Position Paper – Driving Towards Zero Emissions***
- 3. Bus manufacturing and supply in crisis - implementation of a *National Local Content Policy*, preserving of our sovereign capability to manufacture in Australia**
- 4. Workforce – recruitment and retention – upskilling the bus workforce, ensuring efficient transition to emerging technologies and practices and retention of workers.**

## Mode Shift for a Greener, More Efficient Future

### Recommendation 1

The Australian Government should incentivise State governments to improve and expand transportation for the public by improving bus service frequency, network optimisation, sustained fleet modernisation, extended operating hours, better passenger safety, and promoting the changes through public relations campaigns.

The transport sector is currently the third largest source of greenhouse gas emission in Australia, and without further action is projected to increase to be Australia's highest emitting sector by 2030. Emissions from light vehicles (passenger cars, motorcycles and light commercial vehicles) are the single biggest source of emissions in the transport sector at around 60% of the sector's emissions<sup>1</sup>. Even if we could electrify every fossil fuelled light vehicle Australia will not achieve the rapid emissions reduction in transport needed this decade.

Governments are focussed with decarbonising private vehicles rather than mode shift, perpetuating the notion that cars are supreme, despite their negative externalities such as congestion and impacts on health. As the Climate Council so eloquently stated in their report Next Stop Suburbia:

***At the moment, our car-centric transport system leaves too many Aussies with little choice in how to get around. For decades, governments have prioritised the use of private cars in transport planning and investment. Too often, this means people have no other way to get around. This is driving harmful climate pollution while also making our streets more congested, dangerous and polluted. Australian families are paying more than they should for petrol and maintenance costs, particularly in the outer suburbs of our biggest cities where people often have to drive further and more often. We can change this by stepping up the availability, frequency and reliability of shared and active transport. Greater uptake of electric vehicles is important, but by itself this won't reduce climate pollution at the speed we need, nor deliver other benefits in improved safety and less traffic. Using shared and active transport for more trips, more often isn't possible for many people because they don't have access to transport that meets their needs<sup>2</sup>***

Referring to bus transport in his country, Enrique Peñalosa, the former mayor of Bogotá, Colombia, said

***"An advanced city is not one where even the poor use cars, but rather one where even the rich use public transport."***<sup>3</sup>

<sup>1</sup> Australian Government (2024) Transport and Infrastructure Net Zero Consultation Roadmap

<sup>2</sup> Climate Council (July 2024) Next Stop Suburbia: Making Shared Transport Work for Everyone in Aussie Cities - <https://www.climatecouncil.org.au/resources/next-stop-suburbia>

<sup>3</sup> Enrique Peñalosa: Why buses represent democracy in action: TED.com: Free Download, Borrow, and Streaming: Internet Archive

The cost of providing bus services is 70 to 80 percent less than rail services. Total cost per passenger carried for buses is \$6.2 compared to \$16.59 for rail and \$21.50 for metro.

Despite this disparity across the country, there has been underfunding of bus priority infrastructure which is a national issue. Redressing this underfunding could provide faster journey times, attract more people to public transport and get cars off the road. It also allows governments to get more outcome for their investment.

To address the pressing challenges of emissions, congestion, and the need for better cities, we must fundamentally shift our transportation system from a car-dominated approach to one that prioritises public and active transport. This transformation will not only reduce emissions and alleviate congestion but also foster social inclusion, improve productivity, and contribute to the creation of better, more accessible cities.

The Federal Government can play a significant role by setting **broader goals and policies and encourage more investment** in bus transport to ensure that they are a more attractive alternative to the car for most people – i.e., **the mode of choice**. This means:

- Make buses more frequent.
- Make buses faster and more reliable.
- Make buses more convenient.
- Make buses more comfortable.

**Increase Bus Services Frequency:** To encourage more people to use public transport, we must increase the frequency of bus services, particularly in outer and growth-area suburbs where current options are limited.

**Optimise Bus Networks:** The introduction of Bus Rapid Transit (BRT) and fast, direct routes can significantly reduce travel times and improve accessibility, especially for communities that rely heavily on public transport.

**Enhance Bus Efficiency:** Buses should be given on-road priority to avoid delays caused by traffic congestion. Additionally, the integration of smarter technology can help optimise routes, improve service reliability, and ensure more efficient travel for passengers.

**Extend Operating Hours:** Public transport should be made available at times that match passenger demand. This includes extending bus operating hours to better serve commuters who travel during off-peak hours, ensuring that the timetable is seamlessly integrated across modes of transport.

**Modernise the Fleet:** The comfort of passengers is critical in promoting public transport. Investing in modern, clean, and comfortable buses will improve the overall experience, attract more riders, and make public transport a safer more attractive option.

**Improve Safety:** Commit to a permanent Bus Safety Working Group to address safety matters at a technical and policy level. This includes modernisation of fleets, driver drowsiness detection systems, technology to protect bus drivers from the rise in physical assaults or encouraging passengers to wear seatbelts through awareness campaigns<sup>4</sup>. These all provide a role in providing a safer passenger experience.

**Attractive Public Relations Campaigns:** Giving bus transport a distinct identity through sleek and intelligent PR campaigns will help shift public perception and encourage greater adoption of public transit. An attractive and modernized image can play a crucial role in changing attitudes toward bus travel.

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<sup>4</sup> <https://bic.asn.au/wp-content/uploads/doc/BIC0164.pdf>

## Transition to Low and Zero Emissions

### Recommendation 2

Adopt the recommendations outlined in the *BIC Bus Industry Policy Position Paper – Driving Towards Zero-Emissions*

The bus industry is uniquely positioned to lead the transition to zero-emission technologies within the heavy vehicle sector, with its highly scheduled nature making it an excellent testing ground for the capabilities and cost-effectiveness of a range of low- and zero-emissions technologies.

As early adopters of technologies, the bus industry is the ideal industry for demonstrating the viability of battery electric and hydrogen fuel cell electric (together ‘electric’) buses, low carbon liquid fuels (LCLFs), Euro 7 and later diesel, and hybrid diesel.

If Australia is to transition our economy to cleaner energy – across all industries – there a number of major challenges that need to be addressed. These are outlined in the policy paper and include:

Supply	Reliable Infrastructure	Supply Chain and Manufacturing
Rapid growth in renewable energy, batteries, and new generation technologies means that the electricity system in Australia will look dramatically different in the years ahead. Australia must produce enough green energy to transition all sectors of the economy without compromising grid reliability or dramatically increasing energy prices.	Australia needs to efficiently ‘pipe’ our green energy to where it is needed, including to bus depots. This requires smart investment in transmission and distribution infrastructure, to power low- and zero-emissions vehicles, buildings, and factories.	Key industries need support along the supply chain and for manufacturing to ensure the availability of a range of low- and zero-emissions technologies. Lead times are currently long, and costs too high, for the production, delivery and installation of zero-emissions vehicles and infrastructure.
Nationally Harmonised Policy	Workforce Development and Upskilling	Community Engagement
Unified policy frameworks across federal, state & territory governments will ensure the energy transition can be efficient, safe, and technically successful. For example, Australia needs a national local content policy that respects all aspects of the supply chain to allow for a unified playing field for both local manufacturers and importers.	Training and education institutions and industry must partner to upskill our workforce in both zero-emissions vehicles and infrastructure, in order to meet the demands of our greener future. We must make the right investments in vocational training programs and apprenticeships.	Proactive community engagement is required to build ‘social license’ for the energy transition. We need the buy-in of all Australians, particularly those from local communities who would be home to clean energy projects.

The key recommendations to address these challenges are as follows:

- Federal, State and Territory governments should partner through National Cabinet to build a **harmonised national framework** based on seven pillars:
  1. Generate more renewable energy.
  2. Build the infrastructure needed to charge and fuel zero-emissions heavy vehicles.
  3. Support the zero-emissions heavy vehicle supply chain and manufacturing.
  4. Provide targeted financial support for the heavy vehicle industry.
  5. Ensure nationally recognised and harmonised workforce training and credentials.
  6. Introduce nationally harmonised local content policy that is fair to both manufacturers and importers.
  7. Foster social license for the transition in the Australian community.

This could be achieved by matching dollar for dollar on what State and Territory Governments spend on zero emission bus infrastructure (i.e., depots), similar to infrastructure funding in Perth

- The Australian Government should **fund a new Office of National Heavy Vehicle Industry Coordination** to facilitate the development and implementation of a **National Heavy Vehicle Transition Plan**.
  - Include a national heavy vehicle manufacturing plan and long-term procurement roadmap which clearly identifies the timing and scale of procurement by state and territory governments.
- The Australian Government could tie future federal grants that are negotiated with the states and territories to commitments that those jurisdictions will implement this unified national framework.
- Australia should utilise all technologies that can lower carbon emissions to help Australia meet its emissions targets.
  - We should start by prioritising the replacement of all vehicles that are below Euro 5, rather than mandating a blanket rollout of zero-emissions buses.

## Bus manufacturing and supply in crisis

### Recommendation 3

Implement a national local content policy that all jurisdictions must follow, ensuring preservation of our sovereign capability to manufacture in Australia

From 2008 to 2023, an average of 1,400 buses and coaches were delivered annually in Australia. During this time, the proportion of buses manufactured in Australia has significantly decreased, dropping from 100% to less than 65%.

Currently, only buses for public transport routes are still being manufactured in Australia, while the production of coaches, long-distance buses, and charter vehicles has largely shifted overseas. If this trend continues in the route bus sector, Australian bus manufacturing could come to an end. Should the local manufacturing and supply sector cease operations, Australia's economy would face an annual loss of \$5 billion with another \$1.5 billion in supplies and services to keep buses operational.



For over 60 years, Australia has had a strong manufacturing sector in the heavy vehicle truck, trailer and bus sectors. The decline in local manufacturing and supply leaves the government at risk of being no longer in control of a critical sector to support a strong economy especially in times of need or crisis.

While the loss of local manufacturing and supply chain jobs is widely recognised, there are other significant losses that are much harder to recover if domestic manufacturing ceases in Australia. In addition to production jobs, essential specialist skills, machinery, and facilities necessary for vehicle production would also disappear—and they cannot be replaced. These losses have profound economic, social, and security implications.

**Some important facts to note:**

- *In October 2017, the last Aussie built car rolled off the production line in Adelaide. Without urgent government intervention, 2027 could be the last year that buses and coaches are manufactured or assembled on Australian soil.*
- *The bus and coach supply chain in Australia employs 10,000 people and contributes \$5 billion to the economy annually.*
- *External factors adversely impacting the industry today include hyperinflation, cost escalations of material, wages, sea freight, and supply chain uncertainty.*
- *Contract restraints limit price adjustments well below CPI and PPI and do not consider the external factors affecting the industry above.*
- *Suppliers run the very real risk of running at irreversible financial losses or are already incurring significant financial losses despite having full order books.*
- *Since 2021, six bus manufacturers and chassis suppliers have exited the Australian market, including Australia's second largest bus body builder entering voluntary administration with the remaining body builders, one third is experiencing financial hardship despite full order books.*
- *Over the past 20 years we have gone from 100% of buses and coaches being manufactured in Australia, to 87% in 2013 to just 64% in 2024.*

In light of these challenges, it is crucial for Australia Government agree on a **national local content definition and policy** that supports Australian jobs in all areas of the supply chain without the increased costs, constrained investment and inefficiency resulting in narrowly defined definitions.

The National Local Content Policy should be consistently applied across all Australian jurisdictions to prevent fragmentation, with federal, state, and local governments working together to establish clear requirements for businesses. The policy should incentivise local procurement through government mandates, tax incentives, and subsidies to encourage sourcing from local suppliers, stimulating demand for Australian-made products.

Clear, measurable standards for local content must be established, including criteria like domestic production levels and labour value-add. The policy should also support small and medium enterprises (SMEs), which are crucial for innovation and supply chains, by providing funding, training, and infrastructure. Workforce development is essential, with initiatives focused on skills training, apprenticeships, and advanced manufacturing education to maintain a skilled workforce.

There are some challenges to implementation which include cost competitiveness, as locally produced goods may be more expensive than imports, and the need to balance

local content requirements with global trade obligations. There may also be supply chain limitations, which the policy could address through flexibility and gradual implementation of local content requirements, as well as international collaboration to build local supply chains.

Despite these challenges, this policy would protect Australia's sovereign manufacturing capability, preserve high-value jobs, and build resilience against future global economic uncertainties.

To ensure a seamless and efficient transition, we propose the following other key initiatives that will benefit the bus and coach sector, foster industry growth, and enhance the resilience of supply chains across the nation.

**Development of a Bus and Coach Procurement Strategy:** This strategy would support industry productivity and create skilled jobs by facilitating opportunities for the bus supplier industry. It would focus on streamlining procurement processes, enhancing competition, and creating long-term value for Australian manufacturers and suppliers.

**Appointment of a Bus Industry Advocate:** The appointment of an advocate to promote the bus industry's interests is critical. This role would focus on expanding industry access to export markets, driving business growth, and advocating for policies that support the growth and sustainability of the sector.

**Continued support for a Bus and Coach Supply Chain under the National**

**Reconstruction Fund:** It is essential to prioritize the bus and coach supply chain under the National Reconstruction Fund. Timely access to this fund will support local businesses involved in the production and delivery of buses, whether through manufacturing, component supply, or Complete Built Units (CBUs). This initiative will foster industry innovation, ensure continued supply, and promote local employment.

**De-risking Industry Procurement Practices:** Current state government procurement practices (e.g., the TfNSW Supplier Panel Deed of Supply) is too onerous for OEM's & local body builders to meet the compliance requirements for the limited number of vehicles sales – so onerous that Mercedes Benz cited this as one of the reasons it has “paused” sales of buses & coaches in Australia. An annual national bus replacement schedule, showing the volumes to be replaced at specific periods and harmonising the annual volume, would be benefit the supply chain allowing them to prepare the necessary infrastructure and train personnel with a long-term view.

## Workforce – recruitment and retention

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### Recommendation 4

Upskilling the existing workforce, recognising the professionalism of workers in the bus and coach industry, ensuring a more efficient transition to emerging technologies and practices, while reducing costs and address challenges associated with recruiting, retaining, and training an entirely new workforce (*refer to the BIC Riding on the Same Bus – Policy Manifesto*)

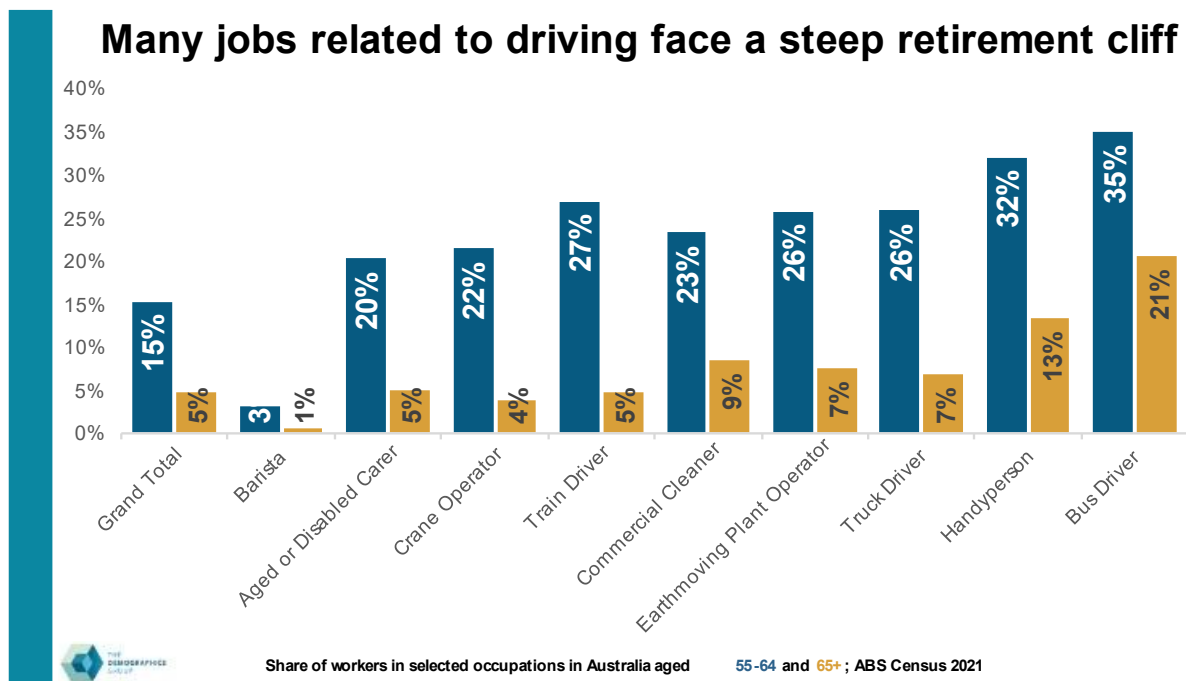
The Bus and Coach industry as a public passenger transport provider plays a key role in enabling economic growth and the resilience of Australian communities. It supports mobility and job creation through its operations and infrastructure, connects individuals

to job centres and provides companies with critical access to workers, skills, and customers.

However, Australia is currently experiencing a shortage of bus and coach drivers and mechanics impacting on the effective delivery of passenger transport as an essential service.

*According to the Australian Government (Jobs and Skills Australia) statistics, the total number of bus and coach drivers across the country has reduced from 49,300 in 2022 to only 38,000 in February 2024. In addition, the average age of the bus industry's workforce is 58 years compared to an Australia average of 39 years across all industries. The bus and coach industry also experiences poor gender diversity with 12% female participation.<sup>5</sup>*

The table below shows a notable decline in retirements across many sectors, with a particularly sharp decrease among bus drivers.<sup>6</sup>



Upskilling the workforce in the bus industry is crucial as it adapts to increasing demand for efficient, sustainable, and technologically advanced transport solutions. Key strategies include:

<sup>5</sup> Australian Government – Jobs and Skills Australia Bus and Coach Drivers <https://www.jobsandskills.gov.au/data/occupation-and-industry-profiles/occupations/7312-bus-and-coach-drivers>

<sup>6</sup> Share of workers in selected occupations in Australia aged 55-64 and 65+; ABS Census 2021

1. **Training for Advanced Technologies:** Focus on electric and hybrid bus technologies, as well as autonomous and smart buses, to equip workers with the necessary skills for maintenance, repair, and operation.
2. **Sustainability and Green Practices:** Provide training on eco-friendly vehicle design, energy efficiency, and emissions compliance, aligning with stricter environmental regulations.
3. **Digital Skills and Data Analytics:** Upskill workers in fleet management software, predictive maintenance, and data analytics to improve operational efficiency and reduce downtime.
4. **Leadership and Safety:** Develop leadership skills and ensure ongoing safety and compliance training, particularly as new technologies emerge.
5. **Collaboration with Educational Institutions:** Partner with vocational education providers and promote apprenticeships and industry certifications to ensure relevant skills development.
6. **Ongoing Learning:** Encourage continuous learning through workplace training, mentorship, and flexible online courses to keep workers up to date with industry advancements.

Investing in these strategies will ensure the bus industry remains competitive, sustainable, and well-equipped to meet future challenges in Australia's transport sector.

In addition, recognising workers in the bus and coach industry, in particular bus drivers face a distinct set of challenges and responsibilities that demand advanced skills over and above those of other heavy vehicle drivers. This would more accurately represent and support the appropriate recognition and compensation for their contributions within the transportation sector. It may also facilitate and address the significant skill shortage in the sector.

The Australian Public Transport Industrial Association (APTIA), the industrial relations arm of BIC, along with external consultants, conducted a thorough research study across the country, meeting with bus operators, large and small, coach operators, university transport experts, transport regulators, government owned transport utilities and trade unions.

This research study was developed in response to the ongoing recruitment and retention challenges faced by bus operators nationwide, spanning all market segments. These issues not only affect the ability of bus and coach operators to reliably deliver essential services, but also have widespread economic, social, and environmental impacts across Australia.

It identified the bus industry has a negative image and culture due to:

- Repeated adverse media commentary regarding incidents/accidents involving buses, cancellation of services, on board violence and anti-social behaviour.
- A shared societal belief within Australians that driving a bus was not a rewarding job due to stress, long hours and abusive behaviour of passengers.
- The shared unfavourable experiences of drivers who consistently report challenging work conditions, constant workplace stress and feelings of low job satisfaction.

The research also found that the ongoing recruitment and retention crisis in the bus industry is largely due to poor contract design, flawed procurement processes, and ineffective contract management.

A key recommendation was to **implement a tripartite framework** in all states and jurisdictions, involving Government, Operators, and Worker representatives. This framework aims to ensure that transport service contracts are designed, managed, and reviewed with a sustainable approach, delivering effective public transport solutions. It would improve outcomes for drivers, operators, and passengers, and ensure that Government Services' On-Time Running KPIs are realistic.

Additionally, the framework would address psychosocial hazards for bus drivers under Work Health and Safety regulations, stop the practice of awarding contracts based solely on price, and encourage operators to compete with fair remuneration and a balanced risk-reward ratio to foster investment in workplace culture.

## Attachments

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- Bus Industry Policy Position Paper – Driving Towards Zero-Emissions (published June 2024)
- Riding on the Same Bus – Policy Manifesto (published July 2024)
- Bus Safety Initiatives Paper (published August 2023)

## Contact

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