

PRE-BUDGET SUBMISSION 2022-23

Bus Industry Confederation



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Bus Industry Confederation

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Executive Summary

The Bus Industry Confederation (BIC) is an organisation uniting bus and coach operators, bus and coach chassis suppliers and manufacturers, bus and coach body manufacturers and associated suppliers and professional services. Its vision is to enhance the sustainability and liveability of Australia's cities and regions by *moving people* using bus and coach transportation. We aim to do this by representing the collective interests of our members and to assist them in promoting the safety, efficiency and effectiveness of bus and coach transport in Australia.

The bus and coach industry, like many others in Australia has been and continues to be impacted significantly by the pandemic. The impact was felt particularly keenly by the long-distance tour and charter (LDT) operators. Research undertaken by BIC in 2020 revealed that 50% of all LDT operators may not survive the pandemic. It is critical that the LDT sector doesn't fail. It is an integral part of the country's tourism industry and as such contributes directly and indirectly up to \$2 Billion to the Australian economy each year. It also plays a significant role in connecting people in regional, rural, and remote Australia with our capital cities and larger towns.

The employment impacts of the pandemic have been dramatic in many sectors including the bus and coach industry which was already experiencing a skills shortage prior to the outbreak of Covid-19. The bus and coach industry directly employs more than 85,000 people in a range of jobs including drivers, mechanics, engineers, skilled production workers and transport professionals in various specialised fields such as planning and service delivery. The skills shortage is particularly evident in roles related to zero emissions technology, middle management, and drivers. A lack of drivers makes the task of moving people as they travel to work, learn, and play a significant challenge which will impact communities across the country.




The sector is leading the transition to zero emissions vehicles. Transition of the bus and coach fleet is occurring significantly faster than the truck fleet driven in part by the state and territory governments who are announcing the introduction of zero emissions buses (ZEBs) into the public transport fleets. The speed of adoption of ZEB technology has been significantly faster than government's ability to develop an appropriate policy and regulatory framework to ensure the safe design, configuration, operation, and maintenance of these heavy vehicles whose primary function is to move people.

In the absence of a national zero emission heavy vehicle policy and regulatory framework Australia runs the very real risk of having unsafe zero emissions heavy vehicles operating on our roads and sitting in depots located in suburban areas.

An interim measure to allow the governments time to catch up with industry and to address the potentially fatal consequences of an incident involving zero emissions heavy vehicles is the development of industry codes of practice and guidelines. This is a key recommendation of the BIC pre-budget submission. All recommendations are summarised in below.




Recommendations

Zero Emission Buses


-  Fund the development of industry led codes of practice, advisories, and guidelines to ensure the safe design, configuration, operation and maintenance of buses and other heavy vehicles.
-  Develop a Zero Emissions Buses (ZEBs) Roadmap in conjunction with the state and territory governments and industry to provide certainty to the bus and coach industry who will need to invest significantly to facilitate the smooth transition to ZEBs.
-  Accelerate the move to zero emission heavy vehicles through the development of a dynamic heavy vehicle recharging map accessible via the internet and apps, investment in public charging infrastructure to support en-route zero emission heavy vehicle recharging and provide incentive payments to reduce the cost of installing charging infrastructure at depots.

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Workforce

-  Allow pensioners to keep more of their age pension when they earn income by materially raising the fortnightly income threshold and increasing the work bonus, with this measure applying to both existing and new pensioners.
-  Until June 2023, allow those already in receipt of the aged pension as of 1 January 2022 to earn at a significantly higher rate to unlock the potential for hours not otherwise worked.
-  Take leadership in transitioning the heavy vehicle fleet to zero emissions and develop an appropriate qualification framework and incentives for new technology apprenticeships and traineeships in the heavy vehicle industry.

Tourism and connecting people

-  Fund a marketing campaign highlighting regional tourism and focussing on touring or travelling by coach.

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Moving People

Buses and coaches represent the most important mode of public transport in Australia. Every day, far more Australians are transported by bus and coach on the nation's road network than are moved by rail, even in our largest capital cities. Buses and coaches provide an alternative travel choice to the car for people's daily commute and other travel purposes which in turn addresses the challenges of congestion and its economic and health impacts in our urban and regional centres. Buses and coaches also provide a vital lifeline for individuals and communities, promoting social inclusion and access to education, healthcare, employment, and social opportunities.

-  Pre-Covid (2018-19) bus was the most-used form of public transport, with bus journeys making up 54% of all public transport journeys.
-  Buses emit just 2 million tons (or 2%) of enhanced greenhouse gases per annum. Compared to 4 million tonnes for trains and 44 million tonnes for cars.
-  One full bus can take more than 50 cars off the road.
-  There are just over 86,000 buses and coaches in Australia according to the ABS. They each travel 24,600 kilometres per annum on average.
-  Over 60 percent of large buses and coaches are built locally on either imported chassis or as a monocoque.
-  \$5 billion is contributed to the Australian economy each year from the manufacture of buses and coaches.
-  There can be up to 40 manufacturing and parts supply companies (local and international) that contribute to the final assembly of a single bus or coach.
-  Close to \$1.5 billion is contributed to the Australian economy each year in supplies and services to keep the buses operational and in service.
-  The bus and coach industry in Australia directly employs more than 85,000 people in a range of jobs including drivers, mechanics, engineers, skilled production workers and transport professionals in various specialised fields such as planning and service delivery.

Bus Industry Confederation Budget Priorities



Supporting the transition to Zero Emissions Buses and Trucks

In October 2021 the Government announced that it would act in a practical, responsible way to deliver net zero emissions by 2050 while preserving Australian jobs and generating new opportunities for industries and regional Australia. Supporting the transition to Zero Emissions Buses (ZEBs) provides this opportunity.

In 2020, 18 per cent of Australia's greenhouse gas emissions came from the transport sector. While the best way to cut transport emissions is to switch to zero-emissions in the light vehicle fleet it is also more complex than switching to ZEBs. The Grattan Institute¹ have reported that the light vehicle fleet will take more than 20 years to replace and consequently any new petrol and diesel cars sold in the 2030s could still be in use after 2050.

Transition of the bus and coach fleet is already underway driven in part by the state and territory governments who are announcing the introduction of ZEBs into the public transport fleets- fleets typically operated under contract by the private sector. The level of ambition varies somewhat from the announcement of trials in some jurisdictions to the electrification of the entire bus fleet of 8000 by 2030 in NSW. Non contracted private sector operators are also transitioning their fleets to ZEBs – either battery electric or hydrogen fuel cell.

The transition to ZEBs brings opportunities and challenges. Many of these are outside of the control of the bus operator or manufacturers such as the capacity of the energy grid to support heavy vehicle charging in and away from depots. Others, if the right levers are applied would allow for innovation, job creation and increased onshore manufacturing. Without a full picture of the scale and speed of the transition the opportunities may be missed or as is currently the case we will have ZEBs on the road without appropriate policy frameworks such as Australian Design Rules and training programs to ensure the safe manufacture, operation, and maintenance of ZEBs and other heavy vehicles.

A Zero Emissions Buses Roadmap is critical to identify the challenges, maximise opportunities and outcomes, ensure a smooth transition to ZEBs and create Australian jobs and stimulate innovation. This roadmap will include a 10-year national bus procurement plan detailing the forward procurement intentions of each state and territory government. This will provide certainty to operators, bus and chassis manufacturers, bus body builders and auxiliary equipment suppliers (including energy providers) who will need to invest significantly in infrastructure, training, and recruitment of appropriately skilled workers to facilitate the transition to ZEBs.

Associated with the roadmap could be a heavy vehicle recharging map available online, and through Android and iPhone maps that captures electric recharging stations and hydrogen refuelling locations that are accessible to heavy vehicles (buses, coaches, trucks, agricultural and mining vehicles). This dynamic map would be a valuable resource for companies that have transitioned or are considering transitioning to a zero emissions heavy vehicle for trip planning as it would provide certainty about access to charging facilities and reduce heavy vehicle drivers' anxiety about range.

Other recommended initiatives to facilitate the transition include investment in public charging infrastructure to support en-route zero emission heavy vehicle recharging and the provision of incentive payments to reduce the cost of installing charging infrastructure at depots.

A significant challenge relates to the speed of adoption of ZEBs without an robust policy and regulatory framework in place. With zero emission buses and coaches now on roads in rural, regional, and metropolitan Australia the Bus Industry Confederation is concerned about the lack of standards, regulation, guidance, and policies related to the manufacturing, operation, refueling, servicing and emergency management of these buses.

¹ Wood, T., Reeve, A., and Ha, J. (2021). *Towards net zero: Practical policies to reduce transport emissions*. Grattan Institute.

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For example, there are currently no formal qualifications for mechanics who will be servicing ZEBs despite these vehicles having high voltage power systems and in the case of hydrogen, extremely high-pressure storage tanks and distribution systems. Similarly, there is no training for first responders in an accident or consistency of warning signs.

No Australian Design Rules exist that specifically address the unique characteristics of ZEBs, or zero emission trucks (ZETs) and they are currently not listed on the Australian Design Rule Development Program.

Australia runs the very real risk of having unsafe zero emissions heavy vehicles operating on our roads and sitting in depots located in suburban areas. Further we run the risk of a repeat of the rail gauge fiasco whereby each of the colonies of Australia adopted their own gauges in the 19th century making border crossings all but impossible. In this case charging infrastructure may be different in each jurisdiction and long-distance buses, coaches and trucks may face recharging issues.

With the speed of adoption of ZEB technology significantly faster than government's ability to develop an appropriate policy and regulatory framework we are now at a point where a regulatory response would be too slow to provide the guidance needed to industry particularly as the current ADR development program focusses on the safe vehicle section of the National Road Safety Strategy. The policy and regulatory framework must be broader than design rules covering a range of issues including training and skills development, infrastructure (charging and other), safety and emergency management for example.


An interim solution would be the development of industry codes of practices, advisories and guidelines. We note that the National Heavy Vehicle Regulator supports the development, promotion, and adoption of codes of practice targeting sector specific risks.² We also note that there are a range of overseas standards and codes that can be adapted and adopted to suit the Australian market.

National advisories related to ZEBs would assist manufacturers and suppliers, operators, and infrastructure providers, first responders and all levels of government. Industry developed and supported national advisories and guidelines such as the BIC fire mitigation advisory³ and the BIC Bus Fire Evacuation protocol⁴ have been used effectively in the past to deal with emerging issues at a national level. The advisories have been prepared by the BIC and promulgated by the Australian Government to the states and local governments and act as a precursor to regulation in many instances. These advisories are also widely adopted by the heavy vehicle freight sector.

The BIC is in the position to rapidly commence work on developing ZEB guidelines and advisories. We have already established a ZEB committee involving representatives from bus operators and manufacturers, charging infrastructure and energy source experts, academics, and education providers. Supporting the committee is an industry reference group that helps the committee identify issues and priorities and will help to ensure ownership and adoption of the guidelines and advisories. We can augment these governance arrangements to incorporate trucks particularly as most manufacturers and suppliers work across both parts of the heavy vehicle sector.

Heavy freight vehicles peak industry bodies have indicated that they are seeking bus industry leadership in this area given our status as early adopters. In the past they have adopted and adapted bus industry guidelines and codes of practice.

Recommendations

-  Develop a Zero Emissions Buses (ZEBs) Roadmap in conjunction with the state and territory governments and industry. This will provide certainty to operators, bus and chassis manufacturers, bus body builders and auxiliary equipment suppliers (including energy providers) who will need to invest



² National Heavy Vehicle Regulator (2021) The Heavy Vehicle Safety Strategy Action Plan 2021-22

³ <https://movingpeople.com.au/published-september-2014-fire-mitigation-advisory-industry-advisory/>

⁴ <https://movingpeople.com.au/published-march-2019-bus-fire-evacuation-protocol/>

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significantly in infrastructure, training, and recruitment of appropriately skilled workers to facilitate the smooth transition to ZEBs. This roadmap will also be a useful tool for the heavy freight vehicle sector.

-  Accelerate the move to zero emission heavy vehicles through the development of a dynamic heavy vehicle recharging map accessible via the internet and apps, investment in public charging infrastructure to support en-route zero emission heavy vehicle recharging and provide incentive payments to reduce the cost of installing charging infrastructure at depots.
-  Fund the development of industry led codes of practice, advisories, and guidelines to ensure the safe design, configuration, operation and maintenance of buses, coaches and other heavy vehicles as a matter of urgency before any critical incidents related to these new technologies occurs. These resources would be an interim measure to address the lack of a national policy and regulatory framework related to new technologies already in operation.

Building a skilled and resilient workforce – moving people into the future

Across the nation there are skill shortages impacting many sectors and regions. The bus and coach industry are not immune to this and was in fact experiencing skill shortages prior to the pandemic. Some bus and coach companies are reporting a loss of up to 50% of their staff, particularly middle managers, and drivers, as they have left the industry for other work, or taken up the opportunity to retire. This has significant implications for our ability to move people en masse as Australians return to school, work and to pursue tourism opportunities.

The skill shortage is being compounded by the transition to Zero Emissions Buses (ZEBs) where a new suite of skills is required to manufacture, operate, and maintain battery electric and hydrogen fuel cell buses.

Based on various industry surveys undertaken by the Bus Industry Confederation in 2018 and 2020, the bus and coach industry in Australia directly employs more than 85,000 people in a range of jobs including drivers, mechanics, engineers, skilled production workers and transport professionals in various specialised fields such as planning and service delivery.

Bus and coach drivers constitute the frontline staff of the industry and are its most valuable assets, being greater in number than all other roles in the industry combined. The BIC estimates that drivers make up approximately 80% of the labour force in a bus and coach operation, noting that drivers can often take on other roles in an organisation (e.g., cleaning, etc). There is a very high turnover of drivers compared with other occupations and this may be attributable to the stresses involved in the job including irregular working hours, pressures on the road and long periods of time sitting idle. Alternatively, it may be because many drivers enter the profession as part of their transition to retirement embarking upon their 2nd, 3rd, or greater and final careers.

Bus and coach drivers are aged 56 years on average, 82% are above 45 and just 7% are less than 35 years old. The sector is experiencing and will continue to experience a 'silver tsunami' of impending retirements which will place even greater pressure on bus operators.

It would be desirable to retain current older workers and entice healthy retirees back into the workforce to assist in the important role of moving people. This could be achieved through raising the aged pensions Work Bonus Threshold. At present the threshold is the equivalent of only one day a week at the minimum wage before their pension is reduced at an effective marginal tax rate of at least 50 per cent. Raising the threshold will encourage greater participation, bringing more workers into the jobs market, and address the critical skills shortages.

The transition to zero emissions buses and coaches outstrips the Governments development of a policy and regulatory framework that incorporates training and skills development. For example, there are currently no formal qualifications for mechanics who will be servicing ZEBs despite these vehicles having high voltage power systems and in the case of hydrogen, extremely high pressure storage tanks and distribution systems. Similarly, there is no training for first responders in an accident or harmonisation in terms of warning signs.




Stop gap measures are being put in place to address this lack of training. For example, the ACT and NSW Governments have both developed some form off training such as micro credentials or units of competency, but these have not full qualifications. Some private operators are also developing their own training modules. Modelling conducted by the Victorian Automotive Chamber of Commerce (VACC) shows Australia will need about 7300 Electric Vehicle (EV) technicians by 2030 to maintain the growing fleet of small vehicles. Additional training and workers will be needed to maintain the heavy vehicle fleet.

It is not simply a matter of retraining existing mechanics as zero emissions vehicles have fewer moving parts than an internal combustion engine. EV technicians require skills that are closer to an IT professional

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or software engineer than a traditional mechanic, including coding and reprogramming vehicle software and diagnosing and repairing high voltage rechargeable energy storage systems. It is imperative that the Australian Government take leadership in this area and develop an appropriate qualification framework and incentives for new technology apprenticeships and traineeships in the heavy vehicle industry.

Recommendations

-  Allow pensioners to keep more of their age pension when they earn income by materially raising the fortnightly income threshold and increasing the work bonus, with this measure applying to both existing and new pensioners.
-  Until June 2023, allow those already in receipt of the aged pension as of 1 January 2022 to earn at a significantly higher rate to unlock the potential for hours not otherwise worked. This figure needs to reflect the opportunity to bring pensioners back into the workforce for 2 to 3 days per week.
-  Take leadership in transitioning the heavy vehicle fleet to zero emissions and develop an appropriate qualification framework and incentive for new technology apprenticeships and traineeships in the heavy vehicle industry.

Rebuilding the long-distance, tour and charter sector

As many sectors have rebounded strongly from the pandemic and in particular lockdowns some sectors or subsectors within them are continuing to struggle. This has been the case for the long-distance tour and charter sector (LDTC).


The LDTC sector services a wide range of passengers including international tourists and backpackers travelling for leisure or to access holiday work, the emerging “baby boomer” market touring from leisure or travelling to see family and friends, school students on educational and sporting excursions, business groups attending conferences and events and people traveling via inter-city express routes. This sector was significantly impacted by the pandemic and the international and state border closures. Research undertaken by BIC in 2020 revealed that 50% of all LDTC operators may not survive the pandemic.

The sector is an integral part of the nation’s tourism industry and as such contributes directly and indirectly up to \$2 Billion to the Australian economy each year. It also plays a significant role in connecting people in regional, rural, and remote Australia with our capital cities for commercial and recreational facilities, education and to access medical treatment and appointments with a broad range of professional and other services not readily available in regional Australia.

The Government provided significant financial support to airlines during the pandemic through the Tourism Aviation Network Support (TANS) program that offered over 800,000 half-price tickets to the identified regions to reduce the costs for tourists flying to key tourism regions hit hard during COVID-19. Similar support was not offered to coach companies and airlines flouted their discount fares by claiming to be “cheaper than a Greyhound”. This inequitable policy has had significant implications for the financial viability of some coach operators and in the longer-term community connectivity.

In view of the importance of the long-distance tour and charter sector to tourism and regional connectivity we seek government funding for the development and implementation of a marketing strategy for coach travel focussing initially on the domestic market and then on the international market. In addition to helping coach companies rebuild, it will spread the economic benefits of tourism to non-mainstream regional destinations and other commercial tourism operators. It will allow travellers to discover new experiences and hidden gems. The strategy’s aim would be to promote connectivity between city and regional tourism, perhaps via the slogan, “Travel across it – Not over it”. The campaign could be stand alone or part of a wider regional tourism campaign undertaken by Tourism Australia.

Recommendation

-  Fund a marketing campaign highlighting regional tourism and focusing on touring or travelling by coach.