

GRIEVANCE DEBATE – 21/7/10

SCHOOL BUS CONTRACTS

Mr PEDERICK: (Hammond) (15:25): Thank you, Madam Speaker, In light of the questions today to the Minister for Education re contracts for private contractors for school bus services, I would like to make some comments. I will let the minister note that we are being heavily briefed on this side of the house by private bus operators who believe they are being unfairly dealt with.

For some of these bus operators their contracts finished up in January this year. It is a bit like the way this government deals with the state budget—they just roll them over. To this day there are still bus operators who had contracts that should have been finalised in January, who should have had new contracts presented to them, who are still basically operating on word-of-mouth whims. There are other operators whose contracts will wind up at the end of this month, who do not know where they are going. They want to provide a good service to their community. Some of the people who have contacted me are based in and operate in my electorate, and some are based just outside my electorate. These people employ many people who work for their services supplying buses for the school bus runs in the community.

From what I have heard from these operators and from the briefings that we have had from the Bus and Coach Association it appears to me—and the minister does not seem to be around it—that the minister is correlating the costing of the 300 buses of the yellow fleet, approximately—the government fleet—with the costings of running the private fleet, in light of the fact that the private fleet at least are trying to upgrade their buses to fit in with having seatbelts and safer buses to cart our students. However, at the end of the day people are being denied contracts to be rolled over.

The minister admitted today that there are other people who are as keen as mustard to edge out smaller operators. I have operators working in my patch who may only have one or two runs. It is vital income, and sometimes it supplements some of the other work they do in the community, but it also supplements the local mechanic in the community, and it also helps pay for bus drivers who work for these companies.

It goes back to August 2006, when the Minister for Education announced through a media release that all future seat buses would be seatbelt equipped, air-conditioned and have increased rollover strength. At the time, school bus operators, through the Bus and Coach Association Incorporated, fully supported and applauded the minister for this initiative and offered its cooperation throughout the implementation process. However, after four years of following numerous attempts by the Bus and Coach Association to engage DECS in negotiations, the minister's announcement has not eventuated.

Far too often school bus contractors have been dismissed by DECS, with bureaucrats failing to comprehend the real implications of deferring school bus contracts for both the families of South Australian schoolchildren and the school bus contractor. After many years of dedicated service to DECS, school bus operators are left to ponder, as the promise of new buses is a future that many school bus operators may never achieve whilst their destiny remains in the hands of disinterested bureaucrats. It is just so sad that this is going on. It comes from a party that does not understand business and how people need to operate.

I will just finish up with the following comments. Some school bus contracts, as I stated, have expired, with a lot of contracts to follow. School buses are fast approaching their 25-year age limit and must be removed from service. The future of school bus contractors, their businesses and the economic benefits to regional communities stagnate while the children of South Australia are not the recipients of the new school buses promised almost four years ago. My biggest problem with this is that I believe DECS is just comparing the cost of new buses to the yellow fleet, and it just does not add up.

For further interest I have included other comments made the same day by my Opposition colleagues.

COUNTRY SCHOOL BUSES

Mr TRELOAR (Flinders) (15:35): I, too, would like to speak about the issue of country school buses. There was an announcement by the former education minister some four years ago that all future school buses would be fitted with seatbelts, air conditioning and

have increased rollover strength. This is a noble undertaking indeed, particularly with regard to air conditioning.

Students who reside in the electorate of Flinders travel many kilometres from school to home in the heat of the day under daylight saving conditions, the very hottest part of the day, so air conditioning, I would suggest, is paramount. Unfortunately, four years down the line, this announcement of the then minister remains a hollow promise. It is something that we hear all too often from this state government—hollow promises.

I would like to make the point today that school bus services are crucial to regional communities. In fact, in my own hometown of Cummins we have an area school which is serviced by some eight school buses, a mixture of both government and private buses, and they ferry students to and from outlying areas to the area school.

The manner in which the Department of Education and Children's Services has dealt with school bus operators—and the Bus and Coach Association, in particular—has, unfortunately, threatened these services. Evidently, there is a culture within DECS that is not conducive to negotiation with the industry, especially with respect to contract negotiations and the lack of consultation and engagement.

Currently, many school bus operators have no sense of certainty with respect to retaining their contracts. There are examples of businesses that have operated bus services for 40 years or more and they have no guarantee that they will be able to continue operating. This is simply unacceptable and, again, comes back to the reality that this government has failed and is continuing to fail regional communities.

School bus operators are in the situation where they have to continue to run older buses. The average age of the fleet in South Australia is roughly 22 years. That is significantly higher than all other states. In fact, the average age of school buses in all other states combined is about 14 years. The maximum allowable age for school buses is 25 years. The point I am making here is that to order a bus and take delivery takes some 18 months. So, school bus operators with a fleet of buses aged about 22 years need to know, with some security, their future.

School bus contractors view the four-year-old announcement of providing safer buses with much cynicism, and rightly so, because it has come to the point where it is very difficult to believe that anything will come to fruition four years after the 2006 announcement.

I would like to make a point about Australian made buses versus imported buses, because that is also noteworthy. Despite the fact that we make buses and coaches here in Adelaide, there has been a directive to utilise, buy and import overseas made buses. In fact, I have heard a story of a Korean-made bus that was running as a school bus coach and after some very few kilometres the back window fell out. Because they were unable to acquire parts for the Korean-made bus, the back window was secured in place with a rope—hardly an acceptable position.

It seems to me that it is farcical that reliable and committed operators, providing excellent service over many years in rural and regional areas, should have their livelihoods put at risk by throwing contracts open to a tender process. The minister should approach this in a sensible manner by allowing reliable contractors to operate with some certainty as to what their future holds. Evidently, there seems to be some inconsistencies between departments with respect to how they handle the tendering process.

In my opinion, by doing away with a nonsensical tendering process school bus operators can continue to provide a service to their communities—as they have done for many years and, hopefully, will do for many more years. If they are not able to do that, it would be yet another blow to rural communities. For what? No good reason.

COUNTRY SCHOOL BUSES

Mr GRIFFITHS (Goyder) (15:46): In continuing the theme of grieves from the opposition side, I also wish to talk about school buses operating in regional areas. In my case, I had a visit from three operators some two weeks ago. These three people have been in the industry and have been providing services to the school community for 112 years in total. One chap has been doing it for 50 years—he must have started very young, I must admit—another chap for 30 years and the other chap for 32 years. The common theme from my near 90-

minute discussion with them was a fear about the industry which they are a part of and which provides an important service across much of regional South Australia where the yellow bus fleet operated by DECS does not provide the school transport needed for students.

I am advised that approximately 300 or so buses are part of private fleets operated by small businesses, in the main. One chap who spoke to me has 14 people working for him. Some of those people are based at the depot and are only part-time, but he operates some seven buses. One other chap operates four buses, and another chap (I think) operates three. These people are dedicated to the community they serve. They approached me out of an absolute sense of frustration that the efforts of the Bus and Coach Association (of which they are members) to ensure that the government accepted the responsibility to put in place the processes it announced on 16 August 2006 about ensuring seat belts would be fitted to buses, as well as air conditioning, and rollover protection would be increased to ensure kids were provided with greater safety and comfort, and that they as small business operators had the time to plan for that have been ineffective.

One strong message I took from it was: yes, they will do everything they can to ensure that they have the opportunity to be successful when it goes to tender, but their greatest frustration is that, because they operate older fleets, they will need to purchase new buses. Their commitment is about ensuring Australian industry gets the opportunity to produce the buses. They told me that, because of the relatively small production levels in Australia for buses it would be some 18 months from an order being placed and the receipt of the bus, it is going to make it impossible for them. It forces them to look overseas for buses. The member for Flinders has already talked about the evidence provided to him of a Korean bus driving on one of the many roads in regional South Australia (which needs a hell of a lot of maintenance on it and which is quite rough) and the back window falling out.

These people really want to make sure that there is an opportunity for them and the other people who operate within the Bus and Coach Association to remain in business. That is the key thing. They are a small business. I know the Minister for Small Business is here and I am sure he is interested in this, because he wants to make sure that good South Australian businesses which have existed for years, which have invested heavily, which have good staff and which ensure that they provide good facilities for staff and, importantly, develop very good relationships with the school communities they serve, have the opportunity to remain.

The great fear of these operators is what will happen as a result of the government's inaction since making this announcement in August 2006. The fact is that some 65 of these contracts will expire by the end of this year and 100 contracts will expire in 2011. The operators tell me that the people who work within DECS need to be removed completely because they are not very good at managing the process. Indeed, as part of my investigation with the minister about this, I received a copy of a newsletter produced by DECS which was to be sent to bus and coach operators and school bus operators but which had not been forwarded to them, even though it was 12 months old. It absolutely defies belief that I was given the newsletter, but the operators were not. It is meant to be an update on how the process is going and, indeed, what operators need to do to ensure they are in a position to get successful contracts.

It just shows that there is a poor process of management here. The previous member for Adelaide, the Hon. Jane Lomax Smith, had responsibility for this portfolio for the majority of that four year period. She should have ensured, if she actually understood how important this was, that something was happening there—and it is not.

Now the new Minister for Education has responsibility to try and fix it. I am advised that he met with the Bus and Coach Association members in early June. All I can do is urge him to ensure that absolute haste takes place here so that this matter is fixed as soon as it possibly can be. Operators need to have confidence in knowing that they are going to be successful in their tender and will not be subjected to quotes at a much lower price from interstate competitors, who were only able to operate buses up to 12 years of age and, therefore, will have potentially 13 years of use in South Australia still and will try to undercut South Australian operators. We need to ensure that we have operating across all of South Australia small businesses that have a strong future. If we do not get this right, it is going to be a crisis.

Questions were asked of the minister on the same day. See below.

Question time

SCHOOL BUS CONTRACTS – 21/7/10

Mr WHETSTONE (Chaffey) (14:55): My question is to the Minister for Education. Why is DECS insisting that longstanding contracts for private school bus operators, now due for renewal, must be put out for general tender, when the chosen option for other transport contracts, such as the recent Adelaide metropolitan public transport contract, was selective tender?

Sixty-five private operating school bus contracts will expire this year, with up to 150 over the next year and a half. Despite numerous approaches to DECS by the Bus and Coach Association and a full submission provided to them by nationally recognised consultants in February 2009, private operators have had only delays and increasing hostility from the department and no way to properly plan for their business futures, employees or the cost effective services they provide for country and regional communities in South Australia.

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Education, Minister for Early Childhood Development) (14:57): I thank the honourable member for his question. It is a good question, but it proceeds from a bit of a false premise.

Mr Williams interjecting:

The Hon. J.W. WEATHERILL: Because you keep asking questions based on false premises.

Members interjecting:

The SPEAKER: Order!

The Hon. J.W. WEATHERILL: The question assumes that we have made a decision about the matter. Indeed, we have not made a decision about the matter. The very points that were made in the question and the points that are made by a particular section of the—

Mrs Redmond interjecting:

The Hon. J.W. WEATHERILL: And we may not. I have not made that decision yet. The points that have been made by the member for Chaffey are similar points that have been made by the members for Mount Gambier and Frome, who have chosen to make representations to me outside of this place. I have met with the relevant associations that represent the bus operators in question—I think even the member for MacKillop might have actually made representations to me as well—and they make the point that, in this process of renewal of bus contracts, that there should be some regard paid to the fact that existing operators have made significant investments, or may need to make further significant investments, and that is a cause of great concern to those particular operators.

I have certainly taken it into account. I am not a 'tender things out at all costs' sort of person. I believe that in some circumstances a selective tender process may be a more prudent way to go for a whole range of factors, but we need to also weigh up value for money. The truth is that there are some private bus operators amongst those who are represented by these associations that also have ambitions to grow their businesses. So, they actually want to take up extra operations. This is not a simple—

Members interjecting:

The Hon. J.W. WEATHERILL: No. There are some existing South Australian operators that want to add to their existing bus routes.

Members interjecting:

The Hon. J.W. WEATHERILL: No: existing private operators that want to add to their existing bus routes. So, implicit in your question, and your criticism of me for not taking a decision immediately to not go out to tender and simply roll over the existing contracts, is that we should deprive some of those existing contractors of the opportunity to grow their businesses. We need to take some care about that in any decision we make. I have asked the department to do a sensible, pragmatic thing, that is, to carry out a two-stage process. There are still some decisions that need to be taken in government, but I am prepared to tell the house my perspective on it.

I think it would be sensible to have a two-stage process where we might initially, through an expressions-of-interest process, see what appetite there is for these bus routes. It will be the case that, for many bus operators, they will be the only people seeking to offer themselves for certain isolated routes. For those people we could confirm pretty quickly that we should carry out a select tender process and negotiate with them for the rolling over of their existing contracts, because to do otherwise would not be sensible.

That would reduce the anxiety for those existing operators, and then we would be left, I suppose, with choices about what we did with the balance of the operators. We need to balance value for money. Also, we need to balance the fact that many of these bus operators have formed good relationships with local school communities. Many of them are not just transport operators: they are people who have built strong personal relationships with the students and, obviously, that is good for the safety of the students and the confidence of their parents. It is not a straightforward issue. I understand the anxieties, but I am working through this issue. I am conscious of the representations that have been made, and I am sure we will come to a sensible landing.

SCHOOL BUS CONTRACTS

Mr TRELOAR (Flinders) (15:10): My question is to the Minister for Education. With the expectation by DECS that school bus contracts currently expiring will be rolled over for a further period of up to two years, will the government be including realistic operating cost increases until new contracts are negotiated? Major deficiencies currently exist in the indexing system that are causing the erosion of school bus contract values. DECS would be aware of this but is refusing to rectify those deficiencies.

The Hon. J.W. WEATHERILL (Cheltenham—Minister for Education, Minister for Early Childhood Development) (15:10): I thank the honourable member for his question. It is a good question and I do not want, in my answer, to suggest that the concerns that he raises are not real ones. I have tried to give the house as much information as I can in circumstances where I am about to approach cabinet with a set of decisions about that. I have spoken to industry; I have spoken to a number of MPs, including the ones I mentioned as well as some members in the upper house, including the Hon. Robert Sneath, about these matters. I have all the points of view on board and I will take them into account. I am hopeful of making an early decision so we can settle this anxiety that I know exists amongst the private operators.