

Bus Industry Confederation

COVID-19 Rescue Package for the Long Distance, Tour, Charter and Express
Coach Sectors

Bus Industry Confederation



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Bus Australia Network



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About the Bus Industry Confederation

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.

Our Moving People Objectives

Encourage investment in public transport infrastructure and services.

- Promote policies and actions that are environmentally responsible.
- Promote the development of a viable and improved bus and coach industry in Australia.
- Foster and promote a viable Australian bus manufacturing industry.
- Protect the business interests of operators, manufacturers and suppliers.
- Promote public understanding of the contribution made by the bus and coach industry to Australia's economy, society and environment.
- Ensure the accessibility and mobility needs of Australians are met, regardless of where they live or their circumstances.
- Promote the use of public transport as a viable alternative to the car.
- Coordinate and make more effective existing Federal, State and Local Government policies and programs that relate to passenger transport.
- Ensure that buses and coaches operate safely and effectively.

Context

The purpose of this document is to present to governments a suite of recommendations and initiatives to address current and projected issues arising from the Covid-19 crisis for the de-regulated sector of the Australian bus and coach industry.

The de-regulated sector is comprised of micro businesses, SMEs and a few larger corporations employing 250 or more staff in typical (pre-covid) operations. The BIC estimates that 70% or more of the operators in this sector are micro and small businesses.

The de-regulated sector provides services for long distance travel, tour, inter-city express and charter (eg. recreational groups, events, school/educational). Pre-covid, there were 8,000 coaches on Australia's roads, providing transport for an estimated 500,000 passengers per day.

It is important to note that a large percentage of the coach travel economy is generated from domestic tourists and local charter (eg. sports, local groups and school/educational). The National Visitor Survey (NVS) year ended March 2018, clearly reflects this with 3,161,000 domestic trips taken by coach compared with 292,000 international visitors; 34% of the total international visitors also chose to travel across Australia to see regional Australia.

The BIC believes there are 3 key initiatives that will have an immediate positive effect to enable coach operators to stay in business and keep running. These are outlined below and expanded on in detail [later in this report](#).

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Immediate Actions

1. Immediate financial assistance to provide a full diesel rebate (as happens in the mining sector).
2. The extension of JobKeeper for our industry beyond September. For the purposes of eligibility for government support and initiatives, the services undertaken in the regulated (government contracts) and deregulated (coach tours and charter) environments need to be considered as separate “business units” or entities.
3. Consideration of a travel rebate for fares to encourage Australians to travel by coach across the nation, not over it. This potentially will also provide a significant injection into the local economy of regional towns across Australia.

The BIC would also like to see cooperation and support from the National Cabinet and Departments of Education to provision a return to school tourism/excursions as part of the normal curriculum.

Structure of this Report

This report is spilt into 3 sections.

1. Information about the coach fleet on Australia’s roads and the services provided by the long distance, tour, charter and express sector.
2. A survey analysis of a cross section of bus and coach operators in the de-regulated sector and their specific circumstances.
3. Recommendations for support and assistance from federal government and state/territory and local governments.

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About the bus and coach fleet on Australia's Roads

According to the ABS Motor Vehicle Census (2019) the number of buses registered with an authority on 31 January 2019, was 105,331.

It is important to note that the ABS in undertaking motor vehicle surveys, uses the following definitions from Australian Design Rules (ADR):

- Omnibus - a passenger vehicle having more than 9 seating positions, including that of the driver; and
- C Class vehicle – a passenger vehicle equipped to seat no more than 12 adults (including driver) with a gross vehicle mass (GVM) of up to 4.5 tonne.

The ABS also categorises registered buses as:

- 2 axle with a GVM of 4.5 to 12 tonne
- 2 axle with a GVM of over 12 tonne
- 3 axle with a GVM of over 12 tonne
- 3 axle articulated with a GVM of over 4.5 tonne.

In February 2020, the BIC undertook a significant analysis of the data from the ABS 2018 survey and 2019 census. Through this analysis, the BIC has been able to identify the number and types of buses being utilised by Industry to accurately reflect the current fleet on the road.

When extrapolating data from the ABS survey and census, the BIC has only looked at registered 'commercial-use' buses, well adopted by Industry to be defined as a bus that:

- has a seat capacity (including the driver) of 12 seats or more (ie., not a C Class vehicle)
- is less than 26 years of age (eligibility criterion for government contracted services)
- is 4.5 GVM tonne and above.

The BIC analysis identifies 43,684 'commercial-use' buses (Table 1) operating in the bus and coach industry delivering public transport, school and other government contracted services, tour, charter, long distance and other services (such as community transport).

Of the 43,684 'commercial-use' buses on Australia's roads, it is estimated that 8,000 of these are 4.5 GVM tonne or greater with more than 15 passenger seats or greater operating on the de-regulated sector.

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Table 1 Registered 'commercial-use' buses as at 31 January 2019

Note: Based on BIC analysis of ABS 2019 not including small (mini) buses under 4.5 tonne GVM or buses 26 years of age or older.

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Total By Type
Buses - 2 axle - over 4.5 to 12T gvm	4640	3074	3818	1085	3463	578	586	148	17392
Buses - 2 axle - over 12T gvm	8042	5483	4515	1500	2702	640	359	371	23612
Buses - 3 axle - over 12T gvm	747	418	463	113	104	18	68	47	1978
Buses/artic - 3 axle - over 4.5T gvm	253	39	65	173	105	26	0	41	702
Total	13682	9014	8861	2871	6374	1262	1013	607	43684
Less than 12T GVM	4640	3074	3818	1085	3463	578	586	148	17392
Over 12T GVM	9042	5940	5043	1786	2911	684	427	459	26292

Services provided by the de-regulated sector

No passengers translate as no tours and no charters. This is due to social isolation and distancing measures, restrictions on travel generally, closure of borders and the obvious issues related to travelling on buses or coaches for extended periods of time and distance. Whilst current circumstances for bus and coach operators in the long distance, tour, charter and express sector are dire, the recovery timeframe will be slow and predicted by Industry to be at a minimum 12-18 months from the transition out of the crisis to recovery.

The de-regulated sector of the industry delivers a variety of different types of service operations.

- 1. Long distance tourism travel trips** such as East Coast "hop on hop off" backpacker tours, around Tasmania coach tours or Coober Pedy outback opal tours. These services also act as a national network of express passenger services between cities and towns and serve as an important "paid" (unsubsidised) transit option.
- 2. Express commuter service trips** act a national network of passenger services between capital cities and regions such as Murray's and Greyhound for example between Canberra to Sydney and Brisbane to Toowoomba.

NOTE: These express commuter/connection services outlined above, operate in many way similar to airlines, and as well as playing an important tourism role, also play an important social transit role through most capital and regional cities and small and large towns where passengers are being dropped off for employment, educational, health and other service reasons.

These vital social transit services are regular timetabled coach services thereby uniquely equipped to also provide other niche services such as Australia Post contracts and emergency and small parcel delivery often called the "farmers spare part".

- 3. Local and international tourism** shuttles on and off the tarmac through to tours in Australia's city and regional settings such as Sydney cities tour through to the Blue Mountains, Cairns and the Daintree, Barossa Valley and the 'red centre' to name a few.

- 4. Bus charter and school tours and excursions.**

Bus charter and school tours and excursions exemplifies the local economic and social impact on the community and many ancillary small businesses that depend on the local tour and charter company across Australia, let alone the local tour and charter bus and coach business.

These businesses operate in every Australian city and country town servicing suburbs, regions and townships

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and districts and most continue to be family owned and run. As an example, in NSW, Industry estimates that up to 80% of coach, charter and tour operations run 1 to 5 vehicles outside of the major city centres.¹

This sector involves operators who provide for example, annual pre-booked school tours, excursions and charters to local school sporting events and local community charters.

An annual pre-booked visit to Canberra to visit the Nation's Capital City icons including Parliament House through to visits to Darwin and the Red Centre form part of the curriculum of schools and planning for these coach charter businesses all over Australia. Most of these businesses have been founded on this core annual school business as their key and predictable revenue source year on year.

Some Canberra school charter tours are partly subsidised by the federal government who financially support schools as part of a National Civics Program. Other than this subsidy that goes to the school to partially cover the cost of the excursion, this sector does not receive any federal or state government financial support. This has been an unfortunate misconception of many schools who have refused to pay cancellation fees for these annual tours believing state governments provide financial support or argue reasonably that state governments are responsible for cancelling such tours due to Covid-19. These charter tours are in effect, set annual bookings to fit in with the local school programs and curriculum, e.g. Year 5 go to Canberra, year 6 to the Red Centre.

Either way the school bus and coach charter business has found itself the "meat in the sandwich".

No matter the state or territory this form of excursion forms part of annual school curriculums and are effectively pre-booked each year with vehicles and staff locked into undertake these charters and no other bookings taken.

These businesses in our cities and regions were largely built on these "secure curriculum based tours" and when they are not doing these school tours they are the lifeblood of city and country communities taking footy teams and supporters to their games on weekends, providing a tour for local retirement homes or to a show in the regional centre or the city.

Note: Some cross fertilisation of the long distance, tour, charter and express sector fleet does occur between government contracted and the de-regulated sector services. For example school buses are on occasion used for local charter outside school hours and usually for short local trips. Some coaches are used for unscheduled/emergency rail replacement services usually in regional areas where rail operates. In cities unscheduled/emergency city rail replacement is largely provided by government contracted route service buses.

¹ Estimate based on BusNSW membership figures coach, tour and charter sector.
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Results of the Coach Operator Industry Survey – April 17, 2020

An industry survey was commenced on 9 April 2020, to help measure the impacts of Covid-19 on the de-regulated sector and business continuation. The survey received 31 responses from coach operators across Australia of various organisational size operating intra and/or inter-state services. These responses have been collated over an extremely time constrictive period and this document contains the results as at 17 April 2020.

The below data summary has been extrapolated from the survey responses.

1. 41% of the 1,114 registered coaches in operation prior to Covid-19, have been either de-registered or moth-balled (permanently parked).
2. Of the 2,402 staff employed, close to 950 employees have been retained due to the Job Keeper scheme. Close to 26% of employees have been let-go either due to significant loss of business income (up to 100% in some cases), inability to cover job keeper income before government payments will be received from 1 May, or ineligibility for the Job Keeper scheme. It is evident from the responses received, that some businesses are still trying to work through Job Keeper eligibility criteria.
3. 71% of businesses have taken up banking incentives relating to suspension of finance payments.
4. 19% of businesses have taken up the government's instant asset write-off allowance.
85% of businesses all support extension of the asset write-off. It would be reasonable to assume that the low take-up of asset write-off and the high support for extension is due to the current period of restriction of March 12 to June 30, 2020.
5. As a broad generalisation, the sector stands to lose 88% of business in the period March 30 to June 30, 2020 and 68% business loss in July to December period. It should be noted that many responses were contingency based on unknown factors or events.
6. 6% of operators surveyed felt that return to business at levels pre Covid-19 was possible sometime in the 2021 calendar year. The majority (46%) reported business return in 2022 whilst 17% did not expect business return until calendar years of 2023 and 2024.

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Recommended Government Support and Assistance initiatives

The BIC believes that the regulated and deregulated sectors of bus and coach businesses need to be separated as entities. Tourism, Charter and Express bus and coach businesses should be looked at as stand-alone businesses due to their importance to the tourism sector for the purposes of eligibility for government support and initiatives including Job Keeper.

This tourism, charter and express fleet and services as part of a diversified bus and coach business should not be sustained as a loss maker or leveraged against highly competitive tendered or negotiated government contracted services.

A clear delineation of the deregulated tourism operations and government contracted operations within a single company name/structure is required.

Another critical issue is that of social distance policy of coaches and the reality that 1.5m spacing will make any tours uneconomic. This is an important area for **national agreement** between government and Industry in relation to support policy and procedures to provide scope to maximise seating capacity and minimise health risk.

A national *Tourism Restart Taskforce* was formed on April 29, 2020 appointed by the Australian government to report on liaising with the many facets of the government's Covid-19 recovery machinery for local, intrastate, interstate, and international tourism restart efforts. The Taskforce defined a 3-phase recovery objective for the tourism sector which we have used as the framework for a specific rescue package for the coach sector.

The 3-phase recovery outlined below had its origins in submissions provided to the Taskforce on May 11, 2020 and should be reviewed in the context of the changing shape and present-day status and impacts of Covid-19.

Phase 1 – Hibernation

Federal Government, State/Territory and Local Governments

- 1. A national rescue package for cancelled bookings** as a result of Covid-19, including capital expenditure and labour costs.
- 2. Suspension or waiving of government fees, charges and taxes** (mainly state based) such as payroll tax, registration fees (see below), stamp duty and certificates of insurance fees into recovery.
- 3. Job Keeper flexibility for extended downturn of sector.**

Job Keeper to be extended beyond September to consider that the projected recovery for the coach sector is most likely to happen for some businesses in 2021 with most in the Industry expecting 2022 to be a more accurate target for return to business as it was prior to the Covid-19 outbreak. Consideration should be given to the nature of the coach tour sector that would see seasonal fluctuations and as such the casual employment nature of drivers should be considered for Job Keeper.

- 4. Job Keeper model review** of 30% turnover reduction eligibility.

The eligibility of businesses for Job Keeper payments include a reduction in turnover test because of Covid-19. There are thresholds for this test and commonly coach operators would need to demonstrate a 30% decline in turnover to be eligible.

The BIC has completed some financial modelling based on a real transport business which indicates that many businesses would be in a position where they cannot sustain their operations well before they reached the threshold of a reduction in turnover of 30%, given high fixed costs and low margins in operations across

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the coach sector.

5. **Financial rental and lease assistance** for fixed costs such as depots and offices.
6. **Extension of visas for backpackers currently in Australia** which is an important supplement to long distance operators providing access to employment on farms (for fruit picking) and accommodation hostels.
7. **A cash refund of all recent taxes paid** during the period on Covid-19 interruption of services.
8. **Government backed loans** be provided either direct or through banking system.
9. **Suspension of registration fees for 'parked up' coaches** for the duration of their 'parked up' or non-operational period, then see the suspension lifted when the vehicle goes back into service (which could be 6 months' time).² This will see the operator get the benefit of amortising the registration costs over a longer period as they would pay one full years' registration fee when the residual pre-non-operational registration period is added to the non-operational period.

Such a system could be virtually identical to the one Transport Safety Victoria (TSV) have put in place for operators who do not need to get annual roadworthy certificates on 'parked up' vehicles; a system whereby the operators takes photos of the vehicles odometer at the beginning and end of the non-operation period to prove their non-operation.

10. **Waiving of new vehicle fees for operators for new coaches** in production and not bound for government contract work but have no customers. As an example, in Victoria this could mean waive registration fees, TAC charges, stamp duty and plate fees payable on new coach registrations (only). Inspection firms would be happy to waive minor administration costs associated with registering a coach.³

Phase 2 - Immediate Road Out

Federal Government, State/Territory and Local Governments

1. **Subsidisation of the national coach sector network** that recognises the national coach road network as a key affordable passenger sector that connects remote and regional areas to cities and major centres to access health and other services, education and employment, including coach services that connect to closest airport and rail stations. This is especially important for individuals and families who are too young or old to drive a car or have no driver's license.
2. **Suspension of the Road User Charge (RUC)** component of fuel excise for buses and coaches. This would mean a full rebate of fuel excise paid for fuel used for the purposes of bus and coach travel as applies to miners and farmers operating off road. Currently fuel excise is 42.3 cents per litre of which buses and coaches and Industry can claim approximately 16.5 cents per litre as a rebate and the difference is the RUC which is currently frozen at 25.8 cents per litre. **Industry is seeking government to continue with the proposed suspension of the RUC due to Covid-19 and for an agreed period (no less than 6 months), after return to normal services.**
3. **Financial support and program initiatives for staff training** when business begins to return.
4. **\$250 per person tax deduction/pension** or other rebate to take a coach tour for domestic travellers
5. **States to provide similar school excursion subsidy scheme** to their capital city as exist with the Federal

² (This could replace and prevent the custom of handing back the plates, receiving a pro rata refund then reinspection and re-registering the bus again in 6 months' time.)

³ We do not propose this applies to registrations for buses earmarked for government contracted work as operators are funded these costs through the contracts.

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Government Schools “civics” program.

6. **Suspension of road tolls for buses** and coaches for an agreed period into recovery.
7. **Accelerated depreciation/vehicle write off incentives.**

Phase 3 - Medium to Long term recovery

The strategy for driving land transport tourism

The Bus Industry Confederation (BIC) outlined, in its 2019 policy paper and ten year plan (full report at ozebus.com.au) for the Long Distance, Tour, Charter and Express sector, a number of strategies to be adopted to provide social, environmental and economic benefits for communities across Australia, including:

- targeted marketing
- investment in infrastructure, services, and training
- regulatory reform.

The BIC outlined 9 key areas that all levels of government and industry should adopt to increase travel by coach to generate dispersal of tourists from major cities and attractions to regional Australia and grow Australia’s tourism economy. These are set out in summary in Table 1.

1. New marketing strategy for coach travel.
2. Better data via market research.
3. Coach infrastructure in Australian cities and major regional towns.
4. Airport infrastructure and access.
5. National Parks access.
6. Addressing skills shortages.
7. Service and tourism investment incentives.
8. Heavy Vehicle Regulation.
9. Performance based Disability Standards.

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Table 1 Key Strategic Areas for the Long Distance, Tour, Charter and Express Sector

Strategic Area	Outcomes
Marketing of land transport options as part of unique tourism experiences.	Educates tourists (prior to arrival) about land transport options and increases tourism by linking regions, cities, and tourist icons.
Market research on how and why visitors travel to different regions, the reason for their travel, and perceptions of travel modes.	Provides land transport tourism data and trends to assist future investment and planning decisions by Governments and industry.
Investment in modern transport infrastructure in cities and major regional towns (and along tourist routes) to provide facilities where travellers can effectively transfer between services or commence/complete a journey.	Ensures a world class, “whole of journey” experience for tourists and domestic travellers by integrating different modes and providing seamless transfers.
Investment in airport infrastructure for coaches.	Enhances the experience for tourists when connecting to coaches via major airports.
Reduction in administration to access National Parks including the introduction of standardised fees and payment process.	Promotes the inclusion of National Parks in tourism experiences and the dispersion of tourists to regional areas.
Development of a formal coach driver and manager qualification within the national vocational educational and training framework.	<ul style="list-style-type: none"> - Creates skilled and customer-focussed coach drivers to enhance the customer experience. - Creates managers with expertise in coach operations.
Investment in passenger services via a land-based subsidy scheme for coach services in regional areas, and taxation incentives to encourage investment in vehicles and depots.	<ul style="list-style-type: none"> - Ensures the viability of coach services in remote and regional areas. - Assists social inclusion. - Helps make regional areas attractive places to live and work. - Enhances the customer experience via new vehicle technology. - Supports the manufacturing sector.
A national and consistent approach to heavy vehicle regulation.	Facilitates the use of higher productivity coaches by accredited operators meeting a minimum safety standard for the delivery of coach services across all states.
Flexibility within Accessible Transport Standards for pre-booked tourist and charter services.	<ul style="list-style-type: none"> - Allows for the effective use of the coach fleet. - Allows for tailored solutions for customers with disabilities.