



BUS CONTRACTS BACKFLIP; VIC GOVT OFFERS NEW SEVEN-YEAR OPTION WITHOUT ASSETS ACQUISITION

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BREAKING: LESS THAN SIX MONTHS away from the next Victorian election, the state government is now offering metro bus operators a new seven-year contract with “no end-of-term access to staff, depots, fleet and IP (intellectual property)”, according to BusVic.

A statement issued exclusively to ABC magazine by the powerful state bus association effectively officially confirms industry rumours of a change in government policy and a ‘massive win’ for most Melbourne metro-based bus operators, if not operators in the entire state.



Local metro operators had a ‘massive win’ following the contract backflip.

The statement reads: "The State Government has developed a fourth bus service contract option to address bus operators’ concerns."

"Most operators have chosen that fourth contract option, which is a non-exclusive, seven-year, fixed-term contract with no end-of-term access to staff, depots, fleet and IP.

"Industry is very pleased the Government has decided to offer incumbent operators a contract which does not oblige them to transfer any of their assets to Government.

"Those bus operators will now be able to continue providing the very high standard community service that they have done [for] generations and continue building an asset for the next generation of their family business," says Dr Chris Lowe, executive director of the Bus Association Victoria.

The new contract is seen by many in both the Victorian bus industry as well as other national bus concerns monitoring the issue - irrespective of any political affiliations - as a huge win for ‘smaller’ bus businesses, as other independent sources have discussed anonymously with ABC magazine. Additional sources indicate a ‘get out’ clause is being added to the 10-year contracts, retrospectively active now for those operators who have already signed and would rather this new seven-year contract. ABC is still awaiting verification of the latter assertion.

This new development comes after months of an intense media campaign spearheaded by BusVic to ‘get assets off the table’, highlighted by a protest gathering of some 200-odd bus operators and affected entities on the Victorian state Parliament steps May 1, as previously reported by ABC.

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being offered as "reprehensible", "unconscionable" and "anti-small business", among a raft of other terms.

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Ultimately, his "anti-family business" assertion seemed to resonate strongly with listeners, it's claimed.

At the time, Lowe said the community did not want this policy of acquiring family owned bus operators' assets at the end of the next contract term because they knew, "family business bus owners ... operating in their communities have become embedded, over generations - not just years or decades." And that they are, "some of the largest employers in their communities. They give to their communities ... and, most importantly, they make sure they reinvest their income locally".

"They can't do that if they don't own their assets. Some non-local operators don't or can't do that. They're flat out sending dividends back to shareholders overseas," Lowe explained.

"There's so much evidence from around the world that the publicly owned model doesn't work, it's not funny. It's called 'regulatory capture'*. Companies put in low bids to get the business, then expect the government to bail them out later on. This is all non-controversial. This has even happened in Melbourne."

The protest came at a time *The Age* newspaper reported – under the headline "*Transport and the 'Losers'*" – that: "Metropolitan bus punctuality fell below target last year, and the number of regional passengers [is] declining to 12.6 million, down from a target of 15 million".

**Regulatory capture - is a theory associated with George Stigler, a Nobel laureate economist. It is the process by which regulatory agencies eventually come to be dominated by the very industries they were charged with regulating (source: www.investopedia.com/terms/r/regulatory-capture.asp).*