

PEAK BUS ASSOCIATION 'AT WAR' WITH STATE GOVERNMENT OVER OPERATOR ASSETS. 'RENEGED' DEAL WITH 9 MELBOURNE METROS LEFT IN ELECTION YEAR. PROTESTS ANNOUNCED

By: Fabian Cotter

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LATEST: The BUS ASSOCIATION VICTORIA INC (BusVIC) says the State Labour Government has reneged on a deal it made whilst in Opposition to not put bus operator assets 'on the table' when negotiating new contracts.

As part of the current contract negotiations, Government is insisting that operators be obliged to 'hand over' varying parts of their family-owned and run bus business assets to Government or their nominee at the end of the new contract term, for use thereafter by any future contract holder the Government chooses, says BusVIC executive director Chris Lowe.

"What we are doing at present is fighting a war with the [Andrews] Government over assets ownership," Lowe stated. "The operators are vehemently opposed to handing any of their assets to Government or their nominee and have resolve to fight this at all costs," Lowe stated. "Right now we are running a political campaign to try to get the Victorian Government to take assets off the negotiation table as part of the negotiated renewal process for metropolitan bus service contracts," he said.

Lowe explains that between 2010-2014 when Labor was in Opposition, BusVIC did a lot of work with it in terms of policy development on what the bus network needed to improve customer satisfaction, patronage and contribute towards alleviating societal ills like urban congestion and social inclusion. Yet during that process BusVic, acting on behalf of its 400-plus members, sought a commitment that in the event Labor was elected in 2014 it would not tender BusVic's member services; that Labor would negotiate the renewal of their service contracts. As part of that commitment, both BusVic and the Government agreed there wouldn't be any fundamental changes to the governance or funding model, just a transition to a new performance-based contract, the passing on of some efficiencies and that industry and Government would work in partnership to implement network service improvements, it's stated.

"The [current] Government got elected in 2014 and after years of prodding saying, 'Come on, the Metro contracts expire in 2018 we need to start this negotiation, very early in 2017 they finally honoured their commitment and wrote to all the operators and said they were happy to start negotiations. However, they also informed the operators that they'd now be obliged to sell varying degrees of their assets (vehicles, depots, staff and IP) to the State, or their nominee, at the end of the new contract term," Lowe said.

"That wasn't the deal, but my members said if they [Govt] were prepared to pay for those assets then we might be able to negotiate an outcome. So we agreed to proceed but in the end they said 'No, we don't find that value for money!' said Lowe. "They were disingenuous about it from day one. They weren't prepared to pay."

To date, as reported in the past issue of *Australasian Bus & Coach (ABC)* magazine, of the 13 Melbourne Metro operators (including Transdev), three of them – Ventura, CDC Victoria and Donric – have accepted the Government's new 10-year contracts.

"Government gave all operators the opportunity to negotiate their contracts directly or via BusVic. Nine out of 12 decided to use BusVic, as has been the norm for decades and three negotiated directly with the Government.

"My members see their assets as their Holy Grail and they are saying to Government, 'Assets wasn't part of the deal, we are not for sale, we don't want to sell, you were disingenuous about buying us in the first instance, so take assets off the table!'

Lowe says BusVic's negotiators have done their duty in negotiating the legal aspects of the agreement, which took just under a year and finished in November, 2017. The commercial negotiations are now underway.



This is just one of many 'Don't Trust Labor' buses traversing Melbourne, Geelong, Ballarat and Bendigo, BusVic states.

According to BusVic, the Government wants to get to a point in 10 years' time where it controls all of the public transport assets – trains, trams, and V/Line (Victoria's regional coach and rail operator) – and it currently owns 30 per cent of the metropolitan bus network buses and depots. The buses and depots that Transdev deliver are all owned by Government – Transdev just manages them.

“But with BusVic pathway operators will not move to a publicly owned model,” said Lowe.

“Labor gave us a commitment – they need to honour it. Of all the Labor MPs in Victoria that I've visited about this, I can only find one who actually believes in this policy of publicly owned bus assets – the Minister for Public Transport Jacinta Allan. All the others I've spoken with can't believe Labor is doing this to small-to-medium trans-generational family businesses. They've said, 'Why do we want to own your assets? We can't afford to buy your assets? Isn't it best to have it kept in the private sector? Why do we want to oblige this future government to have this huge liability on its balance sheet?' And they are right,” Lowe explained.

STATE SIDE

In extracts from a recent ABC Radio interview (15 March, 2018) with Jeroen Weimar, CEO of Public Transport Victoria - as hosted on www.handsoffourassets.com.au - the public transport authority spokesperson stated:

“I'm very, very clear, as is the Government, that there are a number of options being put forward to individual bus operators about which contract option they want to take. There are options for each operator to pursue, either to maintain the existing structure and shape of their business, or if they wish to have a longer-term contract there will be some options around how ... there's a handover of assets at the end of that contract, should that eventuate.

“What they are being told is there are three different contract options on the table, two of them [Package 1 (five-year tender), Package 2 (seven-year tender)] require no transfer of assets whatsoever [Package 3 is the 10-year tender].

“All the bus services in Victoria are funded entirely by the State, so the Victorian taxpayer is paying for every single bus service up and down across the State in Melbourne and elsewhere...

“In order for the State to get the best value for those contracts, to get the best possible flexibility for delivering bus services, if they wish to have a very long-term contract, a 10-year contract, then we're willing to explore a facility to transfer those assets at the end of that contract. If they don't wish to hand over their assets under any circumstances at fair price, they can have a seven-year contract or a five-year contract, or a two-year contract.”

“I think that it is absolutely right that if you are in the right environment where you are negotiating with an operator to deliver services... Let's take this on to the Yarra Trams environment; so would we expect Keolis Downer at the end of their contract to hold on to those assets, to those trams, and to those tracks and to the power system – and then hold the State to ransom at the end of the contract and say, 'Well, you can't bring anybody else in because we've got all the assets and you now have to negotiate separately with us to get them off you?'

“We've said to all the bus operators who are in these negotiations, if you wish to retain ... your assets forever, you absolutely are able to do so, but we will offer you a five- or seven-year contract. If you wish to have a long-term contract then we wish to have an orderly transfer of assets at the end – should you not win a further contract,” Weimar stated.

Lowe says Weimar is misinforming the public, stating categorically that the five- and seven-year contracts oblige operators to sell their new vehicles, non-managerial staff and IP to the state or their nominee at the end of the term, whereas the 10-year contract obliges the operator to sell all vehicles, all depots, non-managerial staff and IP to the state or their nominee at the end of the term.

When asked what scope there was for any real policy change, Lowe responded: “As the leader of the Victorian industry I have to remain optimistic. We've got members insisting we do not rest! Do not take your foot off the gas! Just keep on pressing ahead and get the public onside, get the opposition on side, get the union on side, do all you can to get the Government to change their mind – so we are doing that.”

THE MACHINATIONS

As Lowe explains: “Our members are perfectly happy to go over to a new contract that has got more rigorous performance standards around on-time running, early running, compliance, complaints, and cleanliness. They are more than willing to be judged on their degree of safety and professionalism when operating a bus service. But they will not allow their vehicles, whether they be new or old, staff and depots to be compulsorily acquired by the government or their nominee at the end of the contract terms.

“These are assets that have been in the family business for generations. They have built the assets over many years, they’ve established an identity and a reputation in the communities in which they operate and they are good for the economy. What we know is that the family businesses re-invest into the local economy. Multinational enterprises typically don’t because they’ve obligation to return dividends to shareholders overseas.”

BATTLE PLAN

“Operators have deployed buses with political livery on them to educate the communities about what’s happening. They’ve got billboards, they’re doing letterbox drops, they’re visiting their State MPs and they’re holding a rally on 1 May on the steps of Parliament House to protest about the Government’s actions,” Lowe continues.

“The other important issue is all our members in the bush are gravely concerned that if the Government has their way in metropolitan Melbourne it is going to want to buy the assets of all the operators in regional and rural Victoria. Our country members definitely will not sell their assets to the Government or their nominee.

“The operators are resolved to keep campaigning right up until election day and beyond if they have to.

“I don’t understand why this Government wants to have a fight with this industry in an election year,” Lowe concluded.

The protest rally has been arranged for 12.30-1.00pm on May 1, 2018, at Parliament House, on Spring St, East Melbourne.