



Parliament of
South Australia

REPORT OF THE

SELECT COMMITTEE

ON SCHOOL BUS CONTRACTS

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First Session, Fifty-Third Parliament

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1. Select Committee on School Bus Contracts

1.1 Appointment

On 19 October 2011 a Select Committee of the Legislative Council was appointed to enquire into and report upon the Department of Education's open procurement process for school bus contracts, with particular reference to:

- (a) The impact on regional communities through the subsequent deterioration of family business operators if contracts are lost
- (b) The ability of South Australian small operators to be sustained by private contract work and the subsequent impact on South Australia's future market competitiveness
- (c) The inclination of new contractors to support small communities in the same way as previous bus company contractors
- (d) The sustainability of benchmarks used to determine tender applications
- (e) Government subsidies and the concession reimbursement scheme provided to some operators
- (f) The failure to provide certainty for school bus operators whose contracts are yet to expire; and
- (g) Any other relevant matter.

1.2 Membership

The Hon DW Ridgway MLC (Chairperson)

The Hon RL Brokenshire MLC

The Hon GA Kandelaars MLC

The Hon JS Lee MLC

The Hon MC Parnell MLC

Secretary

Mr A Beasley

Research officer

Ms G Sladden

1.3 Meetings

The Select Committee advertised for interested persons to provide written submissions or to register an interest in appearing before it. The Committee received 35 written submissions, which are listed in Appendix 1. The Committee met on 13 occasions to hear evidence and a list of people who appeared before it is in Appendix 2.

1.4 Terminology

The former Department of Education and Children's Services (DECS) has changed its name to the Department for Education and Child Development (DECD). To avoid confusion it is referred to as the Department for Education and Child Development (DECD) throughout this report.

2. Recommendations

After considering the evidence and submissions placed before it, the Select Committee recommends that:

1. The Department for Education and Child Development incorporate regional impact statements in future tender processes for school bus contracts.
2. The Department for Education and Child Development undertake a review of its school bus contracts after two years of operation, to include progress on the fulfilment of any promises made, information about regional impacts on related services, and any defaults, and report back to the Parliament.
3. The Department for Education and Child Development review its tender and associated communication process with the aim of making them more transparent, better defined and more user friendly.
4. The Department for Education and Child Development, in cooperation with the industry, review its benchmarks to ensure that they provide a practical basis for negotiating viable and sustainable bus contracts.
5. The Department for Education and Child Development puts in place an independent appeals process for unsuccessful tenderers.
6. That the Government investigate the case for integrating school bus services into the wider public transport system.
7. That the Government investigate whether subsidies and concessions provided to bus operators should be linked to route rights, rather than to area rights.

3. Background

The Select Committee Inquiry into School Bus Contracts was initiated because of issues arising from the recent tender process being undertaken by Department for Education and Child Development (DECD), formerly the Department for Education and Children's Services (DECS), for school bus services throughout rural and regional South Australia. A number of bus operators and other interested parties contacted Members of Parliament to voice their concerns, particularly in relation to the tendering process and related benchmarks, and the effects of the process both on individual livelihoods and regional communities.

As there is virtually no public transport in most regional areas of South Australia, the education department provides free transport through 509 bus services for over 16 000 students across the state (submission, page 3). The service is provided through a mixture of privately owned and government-owned buses, with approximately 50 per cent in each category.

Originally the benchmark for this service simply meant that if a private contractor could provide a service more cheaply than the department, then DECD would outsource the contract. Gradually, in the second half of the last century, the benchmark evolved to incorporate the principles of competitive neutrality, and to take into account prior service, and improved equipment.

In 1999 a government working party (which included representation from DECD, the Passenger Transport Board and the Bus and Coach Association) reviewed the provision of school buses. This led to the replacement of the existing open-ended contracts with standard contracts for fixed terms of five years plus five years through a public tender process. The review also covered contract conditions (including rise and fall), benchmarks and the tendering process. Changes were approved by the State Supply Board and a new procurement process was put in place which included a costing benchmark to be used in evaluating tenders (DECD industry briefing, page 4). Other changes were also made, including the adoption of a 25-year age limit for buses.

In 2010 the government announced an investment of \$114.5 million over four years 'to modernise and improve school bus services' including the provision of new buses and support for contractors to provide improvements such as seatbelts and air-conditioning (DECD submission, page 3). The Committee understands that this involves substantial upgrading of bus services for children in regional areas.

The Committee was told that the tender process was due to start in 2006 but in fact did not commence until October 2010 when briefing sessions for operators started. In December 2010 requests for proposals were called for and these have been issued on a monthly basis since February 2011 (J Scalzi, evidence, page 2). The tender process is scheduled to be completed by 2016.

3.1 Procurement process

The present process for the renewal of contracts to provide regional bus services includes the following steps:

- DECD provides information sessions and newsletters to contractors
- Expression of interest are called for
- Requests for proposal are called for
- A list of benchmarks is included in the material provided to contractors
- Direct negotiation between the provider and the department takes place where there is no competition for a route
- Contractors submit offers for individual or cluster school bus runs
- Offers are assessed by the department with reference to the agreed benchmarks.

The Bus and Coach Association (BCA), which represents a number of bus companies, complained that the process was lengthy and that despite their attempts to engage with DECD, they were given only two days to analyse and provide comment on the contracts before they were released for the first requests for proposals (S St Alban, evidence, page 33).

DECD told the Committee that it envisaged that the aim of the new contracts (of seven years plus four plus four) would be for 'essentially new' buses with new safety and emissions standards, air conditioning and seatbelts. They will be either contracted to the department or owned and purchased by the department in a 50-50 split (G DeGennaro, evidence, page 7, J Scalzi, evidence, page 3).

The Committee notes that there are now two groups that represent the interests of bus operators: the older organisation (BCA) and the more recent South Australian Bus Association (SABus) which was formed in 2011 and has four members. It claims to represent 30 to 40 per cent of school bus operators (evidence, page 111).

4. Overview of evidence

Evidence given to the Select Committee Inquiry into School Bus Contracts provides a clear picture of the difficulties involved where on the one hand small contractors are trying to make a living in sparsely populated areas of the state, and on the other the government is attempting to provide an essential service in the most cost-effective way. This was summed up by a witness who speculated that every dollar saved on providing bus services would be another dollar available for equipment in schools (P Dunn, evidence, page 42). The struggle for employment in regional areas is ever present in this scenario.

The Committee understands that tender processes of their nature will always involve winners and losers and that the evidence given to it reflects the disappointment and sometimes anger of those who have lost contracts. But the level of criticism directed to DECD from disgruntled contractors may indicate possible flaws in the tender process and problems of communication between the department and some of its service providers. It is clear that many of these service providers do not believe that the desired open, equitable, fair and transparent process is being achieved.

Of necessity, the tender process treats all applicants in the same way. It was evident that some of the smaller country operators had had no experience of such complex processes and felt intimidated by it. The Committee believes that that this may explain the high level of anxiety and stress that seemed to characterise the process for these operators.

The Committee heard that some contractors had been pressured by DECD into tendering at very low prices and fear that consequently these contracts will not be sustainable in the long term. The Economic and Finance Committee also flagged this issue in a previous parliamentary report on this subject, released in 2005. Others complained of the costs of the tender process itself which they believed were too high (in relation to the value of the tenders), with some having to employ professionals to assist them with their documents. It was also pointed out that new contractors are operating with high debt levels, and that these have attendant risks for their future viability.

There was a feeling among small operators that larger operators, who are able to sustain high debt levels, and for other reasons, were advantaged in a process which, they believe, of its nature should favour small country operators.

A consistent theme throughout the evidence was that of problems with the costings benchmark. The Bus and Coach Association told the Committee that most tenders were above the benchmark (although DECD disputes this) and had to be re-negotiated, raising a query about whether it realistically represents costs. Witnesses argued that the benchmarks do not take into account factors such as the state of the roads and regional impacts, and that they favoured larger operators. Some tenderers had to re-negotiate their contracts but at least one said that he had been promised the chance to re-negotiate but it was not forthcoming. Others complained that the process was too complicated.

Communication issues which were highlighted in hearings and submissions included lack of feedback and inadequate opportunities for negotiation with DECD. There were accusations

of bullying, and the Committee was told of fear and uncertainty associated with the process. The fact that many operators had no experience of a tender process may also have played a role in the dissatisfaction of participants.

The Committee was disturbed to read of the ongoing communication problems between contractors and DECD, particularly as they had been previously documented by the Economic and Finance Committee in its 2005 report. This report concluded that 'the effectiveness of the bus contractor system is diminished by a lack of amicable communication' (Fifty-third report, page 20).

Other witnesses had issues with the length of the process, which was set to start in 2006, but did not begin until 2010 and is still not complete. This was despite the BCA making 'numerous attempts to engage Government in contractual negotiations in preparation for the end of current contracts and the beginning of what by all intents and purposes appeared to be better contract arrangements for all parties' (submission, page 3).

The Committee heard that uncertainty in the process has made decisions about staffing and equipment very difficult for people. The Bus and Coach Association (BCA) maintains that the delays led to heavy repair costs and buses becoming unviable, with operators depending on the good will of DECD to share repair costs 'with the hope that they would be awarded new contracts' (submission, page 3). These operators believe that this has meant excessive levels of uncertainty with accompanying detrimental effects on their livelihoods.

Evidence from more remote areas was mainly focused on the difficulties of obtaining a reasonable price for the provision of school bus services. In areas closer to Adelaide the situation is complicated by issues relating to concessions and area route rights, particularly in the peri-urban areas of Mount Barker and Gawler, and also in the Barossa Valley. Concessions and area route rights come under the auspices of the Department of Planning, Transport and Infrastructure.

In summary, evidence largely focussed on alleged deficiencies in the tender process—from communication with DECD to flaws in the benchmarks—and on fears about the sustainability of contracts and the effects of lost contracts on local communities. Much of what the Committee heard focused on a fear of what may happen in the future and the Committee has no way of testing these predictions. Only time will tell.

Individual issues are covered in detail in the next section of this report, which is divided into the terms of reference.

5. The Inquiry

5.1 Terms of reference (a) and (b)

The impact on regional communities through the subsequent deterioration of family business operators if contracts are lost.

The ability of South Australian small operators to be sustained by private contract work and the subsequent impact on South Australia's future market competitiveness.

The Department for Education and Child Development (DECD) believes that after the procurement process, '... it is expected that regional business (including local jobs, income and support) will largely be maintained' and points out that 'local resources are engaged to drive and maintain buses' (submission, page 1). In support of this view a departmental witness said that by mid-2012 out of 169 runs, 107 had gone to incumbent operators—which is 69 per cent of those runs. He noted that there were 'a number of operators who were not interested in establishing a new contract' (J Scalzi, evidence, page 13).

The deputy chief executive of DECD told the Committee that there were no new entrants to the tender process, and that 'any contract that has changed from one provider to another has gone to someone ... who were already providing existing bus services to our existing schools' he believes operators will continue to use local services as any alternative would not make economic sense (G DeGennaro, evidence, page 11, 12).

In evidence and a submission to the Committee, Professor Halsey, Sidney Myer Chair of Rural Education and Communities at Flinders University, emphasised the importance of small business in regional communities, arguing that '*there are only small businesses* in rural towns and communities' and made a plea for considering *all* the consequences of submitting small businesses to 'the full force of economy of scale processes and market forces' (submission, pages 1, 2). Professor Halsey suggests a similar 'pro-active economic treatment' for rural school bus routes be considered, as is applied by governments to urban projects such as the re-development of the Adelaide oval (submission, page 2).

Dr Bob Such, MP, Member for Fisher, believes that in the tender process recognition should be given to 'social regional impacts' on families and other businesses (submission, page 1).

Operators who provided submissions and evidence to the Committee detailed their fears about the negative effects on established local businesses if bus contracts moved out of local areas (for example, G Simon and B Taylor, J Hanley, J Alexander, I Gartley). A number of submissions expressed fears about the probable demise of sideline activities carried out by the present bus operators, for example, taking community members on excursions and to functions (Women in Agriculture and Business, page 1, District Council of Yorke Peninsula).

The Bus and Coach Association (BCA) believes that the first round of tenders has caused the direct loss of 200 jobs and argues that big operators would leave children on the side of the road while the old operators who were part of the community would ensure their safety (submission page 16). It argues that 'DECS has failed to review the implications for regional areas as contracts continue to be assessed on budget constraints not on the impact for the people of South Australia' (submission, page 16). The BCA believes that the tour and charter operators are being driven out of work because bus operators 'are forced to secure alternate work to supplement income from school bus contracts' (submission, page 17).

Witnesses from Harris Coaches estimated that the effects of their lost contract will have 'a significant impact on the businesses in and around Gawler', detailing a long list of businesses which will be affected. (L Miller, evidence, page 45).

One operator told the Committee that operators were forced to make up the extra money they needed because of the new contracts through charter work, which would mean, 'they destroy another industry' (P Dunn, evidence, page 38). The same witness reported that a mechanics workshop in a country area was asked to service buses at below commercial rates and said that this means that buses will be serviced elsewhere to the detriment of local business (evidence, page 41).

Another witness pointed out that 'In a small community like ours there is no opportunity to gain extra work through private enterprise ... Unlike larger communities we can't compete with those that can supplement their bus runs with private work outside of school hours' (Keller, N and Brock, S, submission page 1).

The State Procurement Board was responsible for reviewing the acquisition plan. Mr Blaskett, its executive director, said that 'the board reviewed the acquisition plan and the board's view was that it was a fair and equitable process that was being planned' (evidence, page 98). In relation to questions about effects on local communities Mr Blaskett told the Committee that its hands were tied by national agreements, one of which, The Australian and New Zealand Government Purchasing Agreement. 'broadly requires that no undue preference is given to local suppliers' (A Blaskett, evidence, page 94-7).

A contractor who has missed out on his contract said that the decision to give contracts to the 'Melbourne based ATE company has permanently destroyed South Australia's future market competitiveness, as small business cannot be sustained by private work alone, especially in small rural communities and this will lead to a loss of these businesses and without these there will be no future competition' (G Simon and B Taylor, submission, page 1). Nevertheless, ATE told the Committee that it employs 800 people in South Australia and that in country areas 'all of those employees are local people' (A Barnes, evidence, page 76).

DECD, however, said that if companies are accredited in this state, 'and they are involved in an open and fair process, there is no way we can discriminate against

companies like ATE'. Mr Scalzi also pointed that ATE was an existing operator with more existing runs than some other operators (evidence, page 14).

Findings

The Committee understands that the tender process did not include regional impact statements.

It has no way of knowing whether the commitments made in the procurement process relating to the use of local service providers are being or will be honoured.

The Committee believes that there may be some scope for modifying the procurement model to accommodate the needs of small and isolated operators in regional areas more effectively, perhaps by using direct negotiation in special circumstances.

Recommendations

1. The Committee recommends that the Department for Education and Child Development incorporate regional impact statements in future tender processes for school bus contracts.
2. The Committee recommends that the Department for Education and Child Development undertake a review of its school bus contracts after two years of operation, to include progress on the fulfilment of any promises made, information about regional impacts on related services, and any defaults, and report back to the Parliament.

5.2 Term of reference (c)

The inclination of new contractors to support small communities in the same way as previous family bus company contractors.

The Department for Education and Child Development advised the Committee that in awarding contracts it asks school bus contractors for information about how they will support local business, 'For example, where they will be locally purchasing fuel, mechanical work undertaken by local mechanics, local garaging, whether the driver resides in the region and whether all other maintenance requirements (oil, tyres etc) will be purchased locally. A weighting is given for the regional support criteria in the assessment process' (submission, page 1).

The Committee heard that local bus companies support their local businesses 'buying diesel, oil, tyres, maintenance of their buses. They know their local area well' (A Daly, submission). Some submissions detailed fears of local communities about incoming companies not supporting rural communities in the same way as local operators do (Women in Agriculture and Business of South Australia, page 2). It was told that while local operators rely on the good will of the community, they did not have much faith that companies outside would have the same commitment (Sidhu, L and Gartley, G, submission, page 3).

One operator who believes he will not be able to continue his route reported that the larger company likely to come in was not interested in supporting school excursions (A Young, submission, page 1). Another maintained that the larger operators who have moved in are likely to source their goods and services from other locations, with the loss of revenue for smaller country places (J Alexander, submission, page 1).

Other witnesses summed up the issue thus: 'Why would a company who is based in Melbourne, has no attachment, commitment or absolutely any idea what it means to live, work and breathe in a small country community have any inclination to provide any of the services that we have in our community' (Simon, G, Taylor, B, submission page 1). Women in Agriculture and Business of South Australia wrote of their fear that the larger bus companies who come in may decide that the business is not viable, 'this would then leave absolutely nothing in the way of buses for school runs or private contracts and a truly isolated population in every sense' (submission, page 2).

Nevertheless, Australian Transit Enterprises (ATE), a large company which has taken over a number of contracts told the Committee that it is their policy to source as much as possible locally and to employ drivers who live close to where the vehicles are garaged. They also gave examples of community support, for example in providing transport for local footy teams (J Cook, evidence, page 72, 73).

ATE assured the Committee it supports rural economies and that they 'do not bring people out of the city to drive a bus at Balaklava or Kapunda or some other place' (A Barnes, evidence, page 75). ATE said that it had invested more than \$14 million in

South Australia for depots and continues to look for new ones (J Cook, evidence, page 74).

SABus believes that the willingness of organisations to support communities has to do with their profitability and speculated that newer operators would be just as likely to support local communities as previous ones (S Lucas, evidence, page 117).

Finding

The Committee has no way of assessing whether new contractors will support local communities in the same way as previous contractors have. They may in fact provide other benefits to communities. When tenders are reviewed, as recommended in the previous section, this information should be included in that review.

5.3 Term of reference (d)

The sustainability of benchmarks used to determine tender applications.

A significant amount of evidence centred on DECD's benchmarking. The Committee understands that benchmark costings play a pivotal role in the allocation of bus contracts. DECD described its benchmark as 'a guide' in the tender evaluation process and said that it includes 'all fixed and variable costs that would be incurred by private operators for each particular bus route'. DECD said that these costs include the price of the bus with seatbelts, air-conditioning and emission controls. Other costs that are included are profit margin, garaging, wages, registration, insurance and all running costs such as fuel, tyres, servicing and repairs (submission, pages 1 and 2).

DECD summarised the costing benchmark (which is commercial in confidence) as 'what it should cost a private operator on an objective basis to operate this service making a fair profit margin' (D DeGennaro, evidence, page 5). The Committee heard that the benchmark had been reviewed a number of times since 2000, the last time by KPMG. It noted that today's requirements, which include air-conditioning and seat belts, have increased costs (DECD, evidence, page 6). A witness from the department noted that some factors even out in the process, for example 'if the bus is cheaper, maintenance costs will be higher' (evidence, page 7).

DECD said that in the process significant weighting is given to the provision of local drivers, mechanics and consumables (evidence, page 12) and there is a five per cent weighting for incumbent operators in recognition of prior service (submission, page 4). Contenders are provided with an additional opportunity to review their bids if they are over the benchmark and there are other bids below the benchmark. They were also given a 'higher reference weighting' in the second evaluation stage. Weighting was also given for support for local services, for example, local maintenance and supply arrangements. References from schools were sometimes considered in the process (DECD, submission, page 4).

KPMG gave evidence that it assisted DECD 'to establish a financial model that would be used to evaluate responses received in the school bus contracting model. As part of this we provided advice and validation on the composition of the bus costings benchmark and indexation to be used in the evaluation process' (J Jamieson, evidence, page 123).

In addition, to ensure its integrity, the procurement process was approved by the State Procurement Board and overseen by PKF, an independent probity consultant (DECD submission, page 4). The Committee was told that this probity check 'indicated no significant issues and that the process conducted by DECD is appropriate and has been undertaken substantially in accordance with the approved Evaluation Plan' (DECD, response to questions on notice).

DECD advised the contract contains 'price adjustment provisions' including a rise and fall index in order 'to maintain the value of the contract during the entire contract term' (submission, page 2). The rise and fall index was categorised as irrelevant by one

operator whose wrote that 'in all my years we have not known of any costs going down, insurance, wages, tyres, incidentals, even departmental annual inspections have risen quite substantially, and although fuel prices may go down in the long run they always end up higher' (B and K Vukosavljevic, submission, page 1).

A number of operators who provided evidence told of their dissatisfaction with the benchmark, focussing on flaws in the costings themselves and confusion or lack of clarity about their specifications. In addition they provided evidence of flaws in the communication and negotiation process with DECD, particularly relating to the review of tenders when they did not meet the benchmark. The BCA maintains that the benchmark was deficient in four key areas: depreciation and effective life of a bus; occupational health and safety; environmental obligations; and first aid policy (submission, page 8).

A particular concern was whether the costs involved are accurately reflected in the benchmarking, with the BCA noting that 'only one respondent in the first round RFPs managed to meet DECS' benchmark' (submission, page 6). This was also brought to the Committee's attention by individual operators (for example, S Nadebaum and D Lehmann, submission, page 1) who said that all of the operators involved in the Corny Point and Stenhouse Bay routes were over the DECS benchmark (submission, page 1). Another witness said that as most of the costs are fixed 'the only thing you can vary is your profit' (D McGinty, evidence, page 148).

Other witnesses believe that the DECD benchmark is too low and unsustainable (for example, Warooka Bus Operators). Another was concerned about the secrecy, 'They have a set of figures over which they have ownership and which we cannot view, so how can we ever refute those figures. I understand commercial in confidence ... However, there should be somewhere that those figures can be reviewed (P Dunn, evidence, page 39).

The Committee also heard that the tender process was so complex, operators were forced to use consultants to assist and at least one had to borrow the money for this (P Dunn, evidence, page 41).

Witnesses from Waikerie Schools said that the benchmarks advantage larger operators as economies of scale allow larger companies smaller operating margins (L Sidhu, B Gartley, submission, page 3). Despite this fear, the Committee understands that the present incumbent in this area has retained the contract. Another talked of the difficulty of making a large capital investment [bus] with the possibility of not getting the contract (N Keller and S Brock, Tinty Auto & Ag, submission, page 1). A contractor from Balaklava felt that he had 'every box just about ticked', being a long-standing operator, with a strong connection to the community, and new buses, but still lost out to a large operator (G Simon, evidence, page 130).

In evidence about a lack of clarity in the process the BCA noted that some tenders were announced with contractors then finding out that their tender bids had been accepted by DECD as GST inclusive when they were GST exclusive (submission, page 7).

A number of operators believe they were pressured into lowering their prices. One maintained that '... unrealistic pricing has been forced upon them to meet unrealistic benchmarks and will now struggle to survive in the near future' (D Searle, submission). One wrote that he had been advised by DECD that his tender was above the benchmark and he had then revised it down, thus eliminating any likely profit. At that point they withdrew from negotiations (R Purcell and S Radford, submission, page 3). Similar concerns were voiced by other operators (for example, R and R Steike, submission).

Several other operators resubmitted tenders that were above the benchmark. One said that 'it is our belief that the benchmarks used are severely undervalued due to the requirements set by Government and the risks involved in running these' (J Hanley, submission, page 1). The BCA maintained that Pitcher Partners (which had been used by many operators to assist in preparing contract documents) was 'stunned by the loss of so many contracts' and 'cautioned operators tendering in future rounds to resist approaches by DECS to review their bids as tender bids were already marginal and easily could become unsustainable' (submission, page 6). Mr S Lucas of SABus was of the same opinion (evidence, page 112).

The BCA also maintained that DECD created an artificial demand by encouraging contractors to express interest in 'more school services than they can adequately provide' which forced operators to reduce their bids because of the number of contractors expressing interest (submission, page 4). This concern was echoed by at least one other witness (P Dunn, evidence page 40). The BCA told the Committee that DECD had given the impression that a number of runs 'would be terminated because of lack of numbers of students' (S St Alban, evidence, page 27).

A representative of the SABus believes that the result of contractors being forced to lower their prices, 'My judgement is that some tenders under this program are unsustainable.' This witness argued that a better way to go would be by 'negotiation between industry and government' (S Lucas, evidence, page 16).

Witnesses complained of the complexity of the tendering system and told the Committee that they had to go to the added expense of employing assistance in preparing their tender documents (for example, Dean McGinty, submission, page 2, G and C Rufus, submission, page 2, A Moss, submission, page 1). Mr McGinty told the Committee that he felt it essential to pay \$9000 to a consultant for this help.

The value of the five per cent weighting for incumbent operators was questioned by a number of witnesses. The BCA thought the weighting was 'neither here nor there', saying that it is 'quickly wiped out' in the process of buying a new bus (S St Alban, evidence, page 34). This was echoed by an operator who argued that it can be 'lost so simply in the type of bus that you tender'. This witness noted that it could also be lost when the operator was required by DECD to re-tender at lower price (P Dunn, evidence, page 36). Another said that the weighting was given to other DECD operators, not just the incumbent, thus eliminating the advantage to the incumbent (A Young, submission, page 2). A third wondered where the 5 per cent comes in where a rival operator had

picked up one of his runs with a price differential of 'less than 1½ per cent' (D Searle, evidence, page 134).

There also seemed to be some confusion about the definition of 'incumbent operator' with DECD meaning anyone who currently has a contract with them, while operators believed it meant the operator who was currently doing a particular route (P Dunn, evidence, page 38).

In response to questioning by the Committee DECD advised that 30 per cent of the contracts awarded to date were awarded to those 'who did not submit the lowest offer but were ranked higher because of the incumbent weighting' and that the additional cost of this 'is over \$5.5 million' DECD wrote that the percentage of contracts awarded which were below the benchmark was 86 per cent (Response to questions on notice, 28 February, 2013).

Despite the evidence presented by DECD about the probity of the benchmark-based tender process, it is clear that a number of smaller operators felt they had not been fairly dealt with, especially in comparison with larger tenderers. One operator claimed that as a subsidiary of Southlink, Link SA had its depots funded by the state government giving them a serious financial advantage (G and C Rufus, submission, page 4).

Another noted 'When a DECS representative told me that the "Benchmark" figure for the "Variable Daily Rate of Payment" in the contract, was lower than in the previous contract, I knew that we had no chance of renewal. The Benchmark could not be correct when the buses are significantly more expensive to operate on a Daily Basis' (J Alcorn, submission, page 3).

Evidence showed that there was also confusion about the specifications relating to the buses involved in the process. Operators clearly believed that they would be able to select buses that suited their needs. The BCA, however, said that it became obvious that DECD was excluding Australian-made buses in favour of cheaper imported Asian buses, not suited to Australian conditions (submission, page 9). There were other anomalies in this area. One operator told the Committee that DECD figures were based on a 30-seater bus while their figures were based on a 47-seater (R Purcell and S Radford, submission, page 3). This operator noted that applicants were expected to provide the latest in buses while the department 'can put a noisy, no seatbelts or air-conditioned yellow school bus onto the route'... 'Not only did the school and students miss out on a new, safe, comfortable bus but the entire Boorowie, Burra and districts community is now without a bus service' (submission, page 3). Another, who lost a contract wrote that he was told that he was criticised by DECD for 'tendering with expensive Australian built buses with Volvo chassis ...' (D McGinty, Lofty Coaches, submission, page 2). Naracoorte Bus Services believes that the pricing of the tenders was very difficult because of the problem of untested new buses (submission, page 1).

In addition, the BCA said that 'there were operators who put up a vehicle in a high-quality, Australian-built product and were told that their vehicle price was too high; if they wished to be a respondent to the tender they would have to find a different vehicle

to be placed in that tender. So then they presented themselves with Daewoo or King Long at a lesser price and still didn't win the day' (R Quinsey, evidence, page 34). The same witness told the Committee that ATE used the higher-priced product as it was in a position (as a large supplier) to 'win the tender and worry about the price later' (R Quinsey, evidence, page 34). They argued that others were precluded from buying Australian manufactured buses by the prices. They believed that only buses from overseas would meet the DECD benchmark (S St Alban, evidence, page 35, J Alcorn, evidence, page 57).

On the subject of buses, one small operator claimed that a larger operator had purchased 'the same bus types and models that we were intending to purchase, but at a much lower rate' (G and C Rufus, submission, page 3).

There were various estimates of the amount of money that has left the state because Asian buses were imported. Figures of \$30 to \$80 million were mentioned (J Alcorn, evidence, page 53).

When questioned on this area, Mr Scalzi from DECD told the Committee that the benchmark did have a price for buses but 'it is not the cheapest or the dearest ... There are some contracts that have been awarded to operators that have provided a range of buses. There are some contracts that have been awarded where an operator has offered the most expensive bus, one that we think may not be perhaps one that most contactors would buy. But there are contracts where the most expensive bus has been offered that have been awarded' (evidence, page 6). Mr DeGennaro advised that as a starting point DECD advised participants of the minimum size bus that would be needed for a run (evidence, page 17).

The Committee heard of a number of problems relating to the negotiation and communication process with DECD. The BCA maintained that 'Tenderers were advised via email by DECS that they had not been successful without reason or explanation' and described this as 'callous' (submission, page 6). Another complained about the delays in the DECD timelines (A Young, submission). Another said 'There was no phone call, there were no negotiations, there were no discussions, there was nothing', despite having previously spent time with DECD 'doing a lot of work to make it cheaper for them' (D McGinty, evidence, page 148,150).

Witnesses described unsatisfactory negotiations with DECD, saying that it refused to acknowledge the actual time it takes to drive their routes which takes longer because the roads are 'poorly maintained' (S Nadebaum and D Lehmann, submission, page 2). Others said that, despite being promised, they were not given the opportunity to revise their tenders after they came in above the benchmark (for example, A Young, G Simon and A Taylor, submissions).

The BCA described the attitude of DECD staff in the negotiation process as 'condescending and rude, with considerable time wasted during meetings which achieved no outcome'. It said that in the lead up to the RFP process 'contractors were placed under extreme pressure as their business future remained unresolved and

contractors felt obliged to continue providing service ... at the old contracted rate with old buses' (submission, page 5).

One small operator who eventually lost the contract wrote that he had heard of this loss through an employee before he had heard from DECD. They also said they had been promised 'one last try' in revising their submission but had not been given this (R and R Steike, submission, page 2,3). Another complained of intimidation by DECD (P Dunn, evidence, page 43). A third summed up her experience 'After 50 years plus of dedicated service DECS has callously dismissed us without acknowledgement or thanks and more so appears intent on sabotaging and intimidating our reputation through manipulation of truth and intimidation'. She told the Committee that her contract was terminated by email and that she believed that the benchmark had changed in the course of negotiations with her company (L Miller, evidence, page 44, 46, 47).

In response to questioning from the Committee DECD maintained that there was an extensive process throughout and that they had 'kept people informed of what was occurring' and believes that some dissatisfaction will be part of a competitive procurement process (J Scalzi, evidence, page 158, 159).

Findings

The Select Committee found no evidence of corruption in the tendering process.

The Committee found that the communication process between DECD and its bus operators could be improved and that there was a general lack of understanding and acceptance among the tenderers about the mechanics and value of the weightings, an integral factor in the process. It believes that there should be an acknowledgement in the tender process of the value of including locally manufactured buses.

The Committee was disappointed that the level of effective communication between DECD and school bus operators during the tender process does not appear to have improved.

The Committee believes that there should be some flexibility in the tender process, particularly in regard to the life of buses. If an existing operator has buses that are reaching the end of their working life, for example, there should be no expectation that they be replaced before the operator has negotiated a new contract.

The Committee found that bus operators would be better represented if they had one organisation advocating for their interests instead of the present two (BCA and SABus) and welcomes moves which it understands are being taken to achieve this.

Recommendations

3. The Committee recommends that Department for Education and Child Development review its tender and associated communication process with the aim of making them more transparent, better defined and more user friendly.

4. The Committee recommends that Department for Education and Child Development, in cooperation with the industry, review its benchmarks to ensure that they provide a practical basis for negotiating viable and sustainable bus contracts.
5. The Committee recommends that Department for Education and Child Development puts in place an independent appeals process for unsuccessful tenderers.

5.4 Term of reference (e)

Government subsidies and the concession reimbursement scheme provided by some operators.

One of the most contentious issues presented to this Committee in evidence and submissions relates to claims about alleged misuse of the bus concession reimbursement scheme by larger operators and the way in which this affects school bus operators. In particular the Committee heard that subsidies are being misappropriated and that small operators are being squeezed out unfairly by the larger ones. Specific complaints relate to the Barossa Valley, Gawler and Mount Barker areas. Allegations focused on the ATE Group, which includes LinkSA (regional route service).

The Committee sought information from the Department of Planning, Transport and Infrastructure (formerly the Department of Transport, Energy and Infrastructure) which administers the scheme. It was told that the department enters into area contracts to provide for bus services from 'regional areas to Adelaide' (R Hook, evidence, page 80, 81). As part of this, Mr Hook said that the government pays subsidies to these contractors 'for people who are entitled to a concession fare' and that sometimes they also pay 'money as a subsidy on top of that for people to deliver the service'. The holder of an area contract may contract another operator to do work for them but the money for concession fares is not paid to anyone other than the holder of the area contract (evidence, page 82).

Mr Hook agreed that an area contract 'gives an absolute right to run any service within that area to the exclusion of others' and that an area contractor can take over a service that was originally carried out by someone else. He said that this is more likely in areas close to Adelaide (evidence, page 82, 83). Under the *Passenger Transport Act 1994* a regular passenger service is defined as 'a passenger transport service conducted according to regular routes and timetables' (Letter from R Hook to the Committee, February 2013).

The BCA summed up area rights in the following terms 'Area rights restricts competition and provides exclusivity to the select few using a taxpayer funded advantage' (submission, page 11).

In its submission to the Committee, the BCA said that under this Regional Route Service Licence operators 'receive payments directly from the fare box, plus a Government reimbursement of 100% per child /student passenger and 80% for pensioners with no licence fee payable to government' (submission page 11). It maintains that operators apart from the five who have the area contracts must receive permission from the Minister for Transport whenever they provide a service such as a 'school charter, regular school service or charter', a situation which it argues is 'totally unacceptable, restricts competition and does not provide incentives for operators to work within the state' (submission, page 11).

The BCA said that the ATE Group 'receives reimbursement from DTEI for the provision of regional route service, and direct payment for Adelaide Metro service provision and has access to government funded depots, and the cross subsidisation of their combined services creates an advantage that no other self-funded operator is able to achieve' (submission, page 12). The Committee heard allegations of payments made to LinkSA (part of the ATE Group) for services that were not provided. These allegations involve sub-contract arrangements with another contractor (BCA submission, page 12).

In response to questioning about accusations that smaller school bus operators feel that they are being squeezed out by the larger companies, Mr Hook said, 'They do bid and can bid [for area contracts] on the same basis as Link SA would and they would get the same subsidy' (evidence, page 83).

A private bus contractor's view on this was summed up by Lofty Coaches, 'Currently the private bus operator/investor in South Australia, who requires no government subsidy to operate, is being pushed out of the marketplace by a government subsidised "private" operator, who appears to have government backing to create a dominant government funded monopoly in the state' (D McGinty submission, page 7). This contractor claims that LinkSA has not only taken over his routes but is trying to prevent his company from operating charters as they say it is illegal to operate in their region (submission, page 3).

The Committee was also told of allegations that LinkSA has been accused of 'claiming student reimbursement subsidies for services it hasn't performed' (G and C Rufus, submission, page 4). Similar claims were made by other witnesses, one of whom said 'everyone pays for the school bus, but, on top of that, LinkSA claims a route service subsidy from the government. They can do that because they have been given the monopoly on route service' (J Alcorn, evidence, page 56). The same witness told the Committee that the route service agreement prevented him from providing a bus service to pick up drunks in the Barossa area and take them home on Saturday nights (evidence, page 56). Lofty Coaches, which lost some of its routes to LinkSA, said that LinkSA is 'claiming that it is illegal for private operators to operate services in their "region" and we must surrender all runs to them' (submission, page 3).

In response to questions about allegations of double subsidies being claimed in the Barossa region, Mr Fragoulis from DPTI said that no subsidy is being paid in the Barossa Valley region (evidence, page 85).

The BCA told the Committee that it had received complaints since 2006 about charter services where the operator is paid by the customer, being 'converted to route service to claim government reimbursement' and thereby eliminating competitors 'from being able to successfully tender for the service' (S St Alban, evidence, page 29). The BCA thinks that there may be over 30 services operating in this way (evidence, page 30).

The Committee notes that an investigation by the Ombudsman on this issue in relation to a school at Mount Barker, on behalf of a complaint by Lofty Coaches, found that there was no fraud by LinkSA and that there was 'nothing in the materials that provides any

indication of criminal conduct' (OmbudsmanSA final report, April 2012). Witnesses from ATE also told the Committee that these arrangements are in place under a sub-contractual arrangement with them as route service provider, and that it is only under this arrangement that they can claim the subsidy (A Barnes, evidence, page 70).

In response to questioning by the Committee on a similar matter relating to route services in the Barossa area, Mr A Barnes from ATE said there were seven LinkSA Bus Services 'between Lobethal, Eudunda and various other place to Tanunda and Nuriootpa and so on ...They are route service buses that are in public timetables. They are subcontracted, so they are a LinkSA regional route service We have subleased. The previous owners had subcontracted this arrangement with Faith Lutheran School; we have maintained that local input from the local community' (evidence, page 77).

Mr Hook acknowledged that his agency (DPTI) operated quite independently from DECD and that 'We do not have a consistent procurement process that maximises the government investment in buying buses' (evidence, page 91).

The Committee requested clarification from DPTI about issues relating to smaller operators being unable to work in areas where an area contract is in place. The department advised that under Regulation 6 of the Passenger Transport (General) Regulations, other operators can apply for an 'exclusion from definition of regular passenger service and therefore the requirement to hold a service contract with the Minister'. He listed the services that could be exempt as including 'services for specific events, school services, premium, tourist or community-based services or trial services'. Such exemptions need to meet a number of criteria, including one which states 'that the operation of the service will not unfairly or unreasonably affect other services being provided by the holders of service contracts under the Act'.

Mr Hook confirmed that a regular charter service would be 'defined as a regular passenger service' and that the holder of the area contract would be able to object to this. He did point out however, that DPTI 'is responsible for approving an exemption if appropriate, not the area contractor' (R Hook, letter to the Committee, February 2013).

Findings

After hearing the evidence, the Committee found that arrangements for school bus services operating in the same areas as public bus services could work more effectively. It also found that there is a belief among operators that bus concession arrangements are being misused. The Committee notes, however, that that the Department of Planning, Transport and Infrastructure rejected those claims.

The Committee believes the public bus services are a significant element in a well-functioning state and that it is important that assets owned by the community and government are fully and effectively utilised. The evidence indicated that in areas close to urban centres there may be a case for school bus services to be incorporated into other public bus transport services, and to come under the aegis of the transport rather than education authorities.

Recommendations

6. The Committee recommends that the Government investigate the case for integrating school bus services into the wider public transport system.

7. The Committee recommends that the Government investigate whether subsidies and concessions provided to bus operators should be linked to route rights, rather than to area rights.

5.5 Term of reference (f)

The failure to provide certainty for school bus operators whose contracts are yet to expire.

DECD advised that the existing contract dates varied as they were established over a five year period between 2000 and 2015. The request for proposal process was in line with the 'expiry dates of existing contracts and bus age limits' and existing contractors were advised of the timeframe and also 'provided assurance that existing contracts would be honoured' (submission, page 2, 3). The Committee also heard that sometimes contracts were temporarily extended and assistance provided with any repairs in this period (DECD submission, page 3).

The Member for Fisher, Dr Bob Such, is concerned that the temporary rollover agreements of operators in this position has placed operators in 'a state of financial limbo' and argues that 'such insecurity must cause great anxiety', especially as they have long term financial investment in the necessary equipment (submission, page 2).

The BCA told the Committee that some operators have been '12 months out of contract, yet they have continued to operate the service with vehicles that have been extended in life' (S St Alban, evidence page 24).

A submission from the Waikerie Schools said that lack of certainty for operators has 'substantially threatened their viability and prevented operators from investing in improvements to their vehicle fleets and expansion of their businesses' and that this exacerbated 'the region's economic circumstances' (page 3).

5.6 Term of reference (g)

Any other relevant matter

The Select Committee was disturbed to hear of an allegation that an operator had lost one of his routes because of what was described in evidence as a 'personality clash' between a school principal and a driver (D Searle, evidence, page 132).

The Committee strongly believes that such incidents should be expeditiously dealt with at the time of occurrence and that they have no place in a transparent tender process.

6. Acknowledgements

The Select Committee extends its thanks to all those who provided information and evidence during its inquiry, including industry representatives, government agencies and bus operators.

A handwritten signature in blue ink, appearing to read 'DW Ridgway', with a long horizontal flourish extending to the right.

Hon DW Ridgway MLC
Chairperson

23 September 2013

**The Report of the Select Committee
On School Bus Contracts
Dissenting Statement by the Hon G Kandelaars, MLC**

The Select Committee on School Bus Contracts was appointed on 19 October 2011. The body of the Committee's Report, in most regards, reflects the evidence that was presented to the Committee. That said, the Select Committee's attention was heavily focussed on parties who were aggrieved by the tender process. It therefore did not examine, in equal proportions, those who were happy with the process and those who were not. This is not unusual for a Select Committee.

As with most tender processes there are winners and losers - parties who are successful at tender and those who, owing to their lack of success, are aggrieved with not only the result but, often, with the process itself. It must be stressed that not everyone was unhappy with the process. This is reflected by some key facts that are paramount and should be considered when all of the information is discussed. Of the 213 contracts awarded as on 12 December 2012, under the tender process, nearly 80 per cent were awarded to incumbent contractors.

It should be acknowledged that the Department for Education and Child Development (DECD) worked to deliver school bus services that achieve the best value for money to the taxpayers of South Australia. In this process, there are a number of checks and balances that show it had not breached any established rules. DECD supported incumbent contractors in the two-stage procurement process by including a 5 per cent weighting which recognised prior service. Incumbent operators also received:

- an additional opportunity to review their bids if those bids were over the benchmark and other bids which were received were below the benchmark; and
- a higher reference weighting in the second evaluation stage compared to other bidders.

DECD sought to support small local businesses by requiring tenders to detail how they would support local businesses and communities. For example, tenderers were asked to detail where they would be purchasing fuel, whether mechanical work would be undertaken by local mechanics, whether buses would be garaged locally, whether the drivers reside in the region, and whether all other maintenance requirements (oil, tyres, etc.) would be purchased locally. The weighting given in respect of the regional business support criteria was substantial.

The competing interests of a number of bus contractors were, naturally, different. I can empathise why some aggrieved tenderers are upset as to the outcome, especially if their lack of success in respect of the outcome of the tender has had an adverse effect on their livelihood.

The 5 per cent weighting granted to incumbent contractors gave existing operators a substantial advantage over competing tenderers. In allowing for these arrangements, the extra cost to tax payers is "over \$5.5 million" (Response to Questions on Notice, 28 February, 2013) which cannot be ignored; however, the value for money concept is much more than simply the lowest tendered price. The extra headline cost to taxpayers fairly balances the value placed on the services previous operators had provided to local communities.

Although I support some of the recommendations set out in the majority report, I make the following comments:

Recommendation 1

"The Department for Education and Child Development incorporate regional impact statements in future tender processes for school bus contracts".

This recommendation cannot be reasonably applied, as doing so would require DECD to make assumptions as to the outcome of any tender process. This, in itself, would be highly subjective and of limited value. To maintain the integrity of any procurement process, such a process must adhere to the Objects of the State Procurement Act 2004 which states:

"Object of Act

- (1) *The object of this Act is to advance government priorities and objectives by a system of procurement for public authorities directed towards—*
 - (a) *obtaining value in the expenditure of public money; and*
 - (b) *providing for ethical and fair treatment of participants; and*
 - (c) *ensuring probity, accountability and transparency in procurement operations."*

The State Procurement Board under its "Procurement Policy Framework of May 2013" states (in part):

"A key principle of value for money is the recognition that 'lowest price' does not always represent the best outcome when evaluating alternative offers. When selecting a supplier, achieving value for money involves determining the extent to which the proposed solutions will deliver the optimum combination of whole-of-life cost and quality (non-cost) factors. Factors which may be considered in assessing value for money include:

- *fitness for purpose.*
- *price.*
- *quality.*
- *financial and operational soundness.*
- *whole of life costs.*
- *service, support and warranty.*
- *risk/opportunity.*
- *timeliness.*

- *contribution to government priorities.*
- *flexibility.*
- *environmental and sustainability issues.*
- *efficiency and effectiveness.”*

The above are very sound principles and DECD has reasonably applied those principles in the case of School Bus Contracts procurement process.

It should also be noted that, within the procurement framework, there is also a need to adhere to the State's obligations under national and international laws and treaties.

Recommendation 2

“The Department for Education and Child Development undertake a review of its school bus contracts after two years of operation, to include progress on the fulfilment of any promises made, information about regional impacts on related services, and any defaults, and report back to the Parliament.”

In principle I have no objection to intent of this recommendation. DECD can reasonably ask tenderers to detail how they would deliver their services, including use of local businesses and people. There should be an ongoing regular transparent assessment of successful tenderers' performance against Key Performance Indicators (KPIs), in accordance with the terms of the relevant contract, to ensure adherence to quality standards. Any implementation of this recommendation should carefully weigh the benefits gained by imposing greater reporting requirements on contractors (if deemed necessary to support this recommendation) against the costs of doing so.

I fear that previous poor performance by some school bus operators had been overlooked and the tender process was used to address this. Whilst, if there were performance issues with an incumbent school bus operator, this should have been addressed under terms of the previous contract in a transparent and objective way it is also reasonable to expect that any tender process be entitled to consider past performance as an indication of future performance.

Recommendation 3

“The Department for Education and Child Development review its tender and associated communication process with the aim of making them more transparent, better defined and more user friendly.”

Clearly there was considerable disquiet with communication around the School Bus tender process. The Government has been proactive in the small business area with the establishment of a Small Business Commissioner, Mike Sinkunas, and the Industry Participation Advocate, Ian Nightingale. These two officers should be involved in assessing Tendering processes more generally in concert with the State Procurement Board to ensure that procurement procedures consider the needs of small business.

Recommendation 4

“The Department for Education and Child Development, in cooperation with the industry, review its benchmarks to ensure that they provide a practical basis for negotiating viable and sustainable bus contracts.”

Whilst in an ideal world it would be preferable to have an agreed benchmark it is evident that the relationship between the Bus and Coach Association (BCA) and DECD had broken down. Not only was that an issue, but there was a split within the BCA with a number of members resigning and forming the South Australian Bus Association. Mr Stephen Lucas, Chairman of the South Australian Bus Association acknowledged this and also conceded that this and that the competitive process was the only realistic option available to DECD. (S Lucas, evidence page 120)

“The Hon. G.A. KANDELAARS: Given what you've already conceded, the fractured relationship between government and the bus industry at the time, how else could they have gone forward? To go the other way you actually need a mature relationship.

Mr LUCAS: You do.

The Hon. G.A. KANDELAARS: You were essentially forced down the competitive tender process.

Mr LUCAS: That's a fair comment. I agree with you.”

In view of this DECD was quite within its rights to set a reserve on any of its contracted school bus routes.

In examining the evidence, I believe there are limited grounds for criticism against the independently developed benchmarks used to determine the merit of tenders received. This was used as part of the evaluation process to establish whether an offer represented value for money. The benchmark contains fixed and variable costs and is specific to each particular bus run as it takes into account factors such as route distance, road surface conditions other key regional factors. The benchmark used by the DECD had been assessed by three independent accounting firms, being PwC, FSE Consulting and KPMG.

It should also be noted that DECD, which directly operates 50% of school buses, had, and currently has, its own data do assess the benchmarks. It was appropriate for DECD to set what was effectively a reserve for tenders.

DECD advised that the percentage of contracts awarded which were below the benchmark was 86 per cent (Response to questions on notice, 28 February, 2013). One can reasonably assert from this that DECD benchmarks were appropriate.

Recommendation 7

“That the Government investigate whether subsidies and concessions provided to bus operators should be linked to route rights, rather than to area rights.”

I do not have a set view on this issue. That said, the following should be noted from the report;

"the Committee notes that an investigation by the Ombudsman on this issue in relation to a school at Mount Barker, on behalf of a complaint by Lofty Coaches, found that there was no fraud by LinkSA and that there was 'nothing in the materials that provides any indication of criminal conduct" (OmbudsmanSA final report, April 2012).

"Witnesses from ATE also told the Committee that these arrangements are in place under a subcontractual arrangement with them as route service provider, and that it is only under this arrangement that they can claim the subsidy" (A Barnes, evidence, page 70)

There was much vitriol levelled at ATE one of the successful tenderers, much of which was unfair and scurrilous. Whilst ATE may not be headquartered in South Australia it has every right to seek to operate in South Australia. If, as I suspect, some might suggest we were to actively dissuade firms from outside South Australia doing business here then other states and territories would have every right to do the same to South Australian firms vying for work interstate or, for that matter, overseas. The State Government has numerous local, national and international legal obligations the State Government is obliged to follow, including those imposed by the Constitution, COAG agreements and free trade agreements. This issue was specifically raised in the evidence of Mr Blaskett:

Mr BLASKETT: Certainly the Board is mindful of the government's obligations under the Australian and New Zealand Government Purchasing Agreement, to which South. Australia is a signatory and which broadly requires that no undue preference is given to local suppliers..." (Mr BLASKETT: evidence, page 94)

Finally, I reiterate that the Labor Government has been proactive in the small business area with the establishment of a Small Business Commissioner and the Industry Participation Advocate. It is worth remembering that the legislation to establish the Small Business Commissioner was opposed by the Liberal Party.



Hon Gerry Kandelaars MLC
September 2013

Appendix 1: List of witnesses

Mr G De Gennaro, Mr J Scalzi, Mr D O'Riley, Department of Education and Child Development

Ms S St Alban, Mr R Quinsey, Bus and Coach Association (SA) Inc

Mr P Dunn

Mr and Ms Miller

Mr J Alcorn

Professor J Halsey

Mr J Cook, Mr A Barnes, Mr M Dunlop, Australian Transit Enterprises

Mr R Hook, Ms E Thomas, Mr W Fragoulis, Department of Planning, Transport and Infrastructure

Mr A Blaskett, Mr S Minervini, State Procurement Board

Mr K Patterson, Mr K Thompson, PKF Business Advisors Pty Ltd

Mr S Lucas, Mr L Heufner, SA Bus Association

Mr J Jamieson, Mr N Kazimierczak, KPMG

Mr D Searle

Mr G Simon

Dr I Gatley and Ms J Whitehead

Mr D McGinty

Appendix 2: List of submissions

Mr G DeGennaro, A/Chief Executive, Department for Education and Child Development
Mr R Purcell and Ms S Radford, Booborowie Bus Service
Mr D Searle, Caramar Bus Lines
Mr M Bottroff, Bottroff's Bus Service
Mr R and Ms R Steicke
Messrs J, J F and DR Alcorn
Hon Dr Bob Such MP, Member for Fisher
Ms A Dunsford, Immediate Past State President, Women in Agriculture and Business of SA
Ms A Daly
Ms S St Alban, Executive Director, Bus and Coach Association (SA) Inc
Ms L Daly
Ms L Sidhu and Ms B Gartley, Chairs, Waikerie Schools Governing Councils
Mr S Nadebaum and Ms D Lehmann
District Council of Yorke Peninsula
Pitcher Partners Consulting Pty Ltd
Mr G Simon and Mr B Taylor
Mr D Benbow, Benbows of Minlaton
Mr K Fidge
Mr B and Ms K Vukosavljevic, Tunarama Coachlines Pt Lincoln
Mr P and Ms C Bull, Naracoorte Bus Service
Mr J Hanley ,Hanley Nominees Pty Ltd
Mr A Young, Owner Operator, Young's Bus Service
Ms J Alexander
Mr D McGinty, Managing Director, Lofty Coaches
Mr G and Ms C Rufus, Rufus Bus and Coach Pty Ltd
Mr L Huefner, Executive Director, South Australian Bus Association
Mr A Moss, Regal Force Pty Ltd
Mr T Townsend, Managing Director. Townsend Riverland Tours
Professor J Halsey, School of Education, Flinders University
Ms M J. Shipard
Mr N Keller and Mr S Brock, Tinty Auto and Ag
Ms L Miller, Harris Coaches
Mr P Dunn, Dunns Bus Service Pty Ltd
Ms J Carr, Acting Chair, State Procurement Board
Mr M G Thompson