

IA & E S HARROWER

SCHOOL BUS CONTRACTORS

ABN 64 292 601 537

2 Wheelwright Road LESMURDIE WA 6076
 Ph (08) 92917464 Fax (08) 92917471 Mob 0427 999 855
 Toodyay : Ph 0427 999 855 Fax (08) 95745082

Inquiry on School Bus Operators' Charter Bus Operations
 Economic Regulation Authority
 PO Box 8469
 Perth Business Centre
 PERTH WA 6849

Dear Chairperson

We are School Bus Contractors with, at present, four School Bus Contracts located at Toodyay (2), Watheroo (1), and Woodanilling (1).

We have been in this industry since July 1987, and have also operated at Wyalkatchem and Koorda, where we had 4 Contracts, and Kojonup where we had 3 Contracts.

Since we started in this Industry we have seen the Number of School Days for which we are paid to operate, reduced from about 205 in the 1980's to 187 in 2006. This is a reduction of nearly 10% in our Earning Capacity, caused by the introduction of the Four Term Year and Pupil Free days for teacher Professional Development.

The Income earned by us from Charter Operations is miniscule in relation to our School Bus Income, as can be seen from the following:-

Year Ended	Total Bus Income	Charter Income
30 June 2000	\$ 119481	\$Nil
30 June 2001	144440	Nil
30 June 2002	159015	Nil
30 June 2003	225562	Nil
30 June 2004	374908	376
30 June 2005	372925	530
30 June 2006	350000(aprox)	1430

In the majority of cases the Charter Income is Earned from Schools using the Bus for School Based Activities. If our buses were not used the school would be forced to Hire buses from other locations incurring additional costs and thereby perhaps not being able to undertake their activities such as Swimming Lessons, Interschool Sport or Other Excursions.

From my experience, those Contractors who carry out the majority of Charter work, usually have Spare Buses with which to do the work.

The PTA states that it meets all of our Variable Costs, and all but 5% of the Capital Costs of operating School Buses.

This is far from reality.

Depreciation is paid on an amount lower than than the Actual Cost of a New Bus.

We have just ordered two new 57 Seat Hino buses fitted with Automatic and Airconditioning at a cost of \$346690 plus GST. Depreciation is paid on a Bus Cost of \$327950 less 5% Residual, leaving a shortfall of \$35100 per bus.

In addition to the above, there is no component in the CRM for payment by the PTA for the Financing of new buses. In our case, if we financed the total cost of each bus over a 10 year term, the interest component will be \$120000 per bus.

If we trade our old bus in and receive more than the residual value we have to make a substantial repayment to the PTA, even though the PTA had not reimbursed us the full cost of the bus in the term of its life.

Insurance is also often not fully compensated for by the PTA

There is no allowance for Public Liability Insurance, which all businesses should have. In our case, we paid this year, \$588 for Public Liability Insurance.

Bus Insurance is also often not fully reimbursed due to the method of calculation by the PTA.

Cost of providing Garaging is another item where the PTA does not cover the full cost.

In Toodyay, an Industrial Block of 1000m2 costs \$100000, plus the cost of a Shed complete with concrete floor, power, lights etc would be another \$40000 to \$50000. PTA pays less than \$500 per year per bus under normal circumstances. The above facility would be capable of housing 2 x 57 Seat Buses.

Rates and Taxes would be over \$1000 per year.

In conclusion, School Bus Contractors play an important part in providing some additional services at a reasonable cost for their Community, especially Schools, and if we were to have our Income further eroded because of the small amount that most Contractors earn from predominantly School Based Charters, this will impact greatly on the Community.

Regards

Ian A Harrower
26th February, 2007