

5 March 2004

Mr John Anderson
Deputy Prime Minister
C/. Parliament House
Canberra ACT 2600

Dear Mr Henry,

As you might be aware the Australian Taxation Office is undertaking a review of business depreciation arrangements as recommended by the Ralph Review of Business Taxation – The Ralph report recommended an ‘effective life’ approach to depreciation.

The Bus Industry Confederation currently operates within the existing depreciation regime which sees buses depreciated at the taxation commissioner’s rate of 6 2/3 years.

The ATO has suggested that effective life depreciation would see 20 years adopted as the ‘effective life’ rate for depreciation purposes. The BIC is responding directly to the Australian Tax Office in regard to our views on what the effective life of a bus and coach is.

The BIC is seeking an accelerated depreciation approach, based on 5 years to be adopted for the bus and coach industry or, at worst, retention of the status quo.

The basis of the BIC position is:

- 1) Current depreciation arrangements or an accelerated depreciation rate act as a key incentive to upgrade and purchase new vehicles for the bus and coach fleet. Changing the period to 20 years will effectively remove this incentive and adversely impact the age (and effectiveness) of Australia’s bus and coach fleet.
- 2) The Commonwealth Government’s Disability Discrimination Act introduced in October 2002 requires bus and coach operators to meet the compliance requirements of this Act over the next 20 years.

An accelerated depreciation approach for the bus and coach industry should be adopted to act as an incentive to enable DDA compliance and also as a form of future assistance in the context of public transport meeting the challenge of Australia’s ageing population.

- 3) The Commonwealth Government has recently introduced new vehicle emission and fuel standards.

Australia in general has an old public transport fleet. Accelerated depreciation will assist in removing older, less environmentally friendly vehicles and therefore improve the bus and coach industry’s emissions performance.

- 4) New, user friendly buses are an important component of making public transport an attractive and viable travel choice.
- 5) The Australian bus body building industry, which involves 15 Australian owned manufacturing companies, will benefit by the generation of genuine incentives to purchase new vehicles (All buses are built in Australia on imported chassis).

The flow on effects of this to chassis suppliers, ancillary suppliers, (seat manufacturers, air conditioning etc), also provide substantial economic benefits.

An accelerated depreciation regime for the bus and coach industry is consistent with other areas of Government policy as outlined. Just as importantly, such an approach provides an incentive to support the growth of the public passenger transport task and the Australian bus manufacturing industry. This is vital if we are to minimise the adverse impact of cars on the community.

I am happy to discuss these issues directly and investigate the pros and cons of adopting the BIC 5 year accelerated depreciation position.

Regards,

Michael Apps,
Executive Director
Bus Industry Confederation.

Philip Ruddock
Attorney General
C/. Parliament House
Canberra ACT 2600

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5 March 2004

Dear Mr Ruddock

Thank you for agreeing to launch the Bus and Coach Operators Guidelines to the Disability Discrimination Act on Wednesday 5 November at 10:30am at Parliament House.

I would like to raise the issue of Effective Life Depreciation with your office prior to the event, as it has a direct link to the DDA Standards.

The Australian Taxation Office is currently determining an effective life depreciation rate for the Bus and Coach Industry and is recommending a change to a 15 year depreciation rate from the existing 6 2/3 years.

I have attached correspondence which outlines this matter.

As Minister responsible for the introduction of the DDA Standards we seek your support with your Ministerial Colleagues for a 5 year effective life rate to assist with meeting the Compliance timeframe of the Act.

Senator Coonan has carriage of this matter but your Ministerial support would be appreciated.

A second matter to note is that Deanes Buslines, who will be providing a DDA Compliant bus as a backdrop to the media launch, were recently announced the winner of the Prime Ministers Employer of the Year Award for a Medium Business in part due to employing 22 people with disabilities of a total of 84 employees.

The longest serving disabled person being employed at Deanes for the past 13 years.

This may be worth a mention during your short presentation.

Best Regards

Michael Apps
Executive Director

2 March 2004

Mr Ross Docherty
Vehicle Safety Standards
Department of Transport and Regional Services
GPO Box 594
CANBERRA ACT 2601
ross.docherty@dotars.gov.au

Dear Ross

RE: DISCUSSION PAPER IMPORTATION OF VEHICLES 15 OR MORE YEARS OLD

Please find following the Bus Industry Confederation's response to the Options Paper regarding the importation of vehicles 15 or more years old.

The Bus Industry Confederation is the peak national body representing the Australian Bus and Coach industry. The BIC representation includes State Bus and Coach Associations, Chassis Suppliers, Australian Bus Body Building Manufacturers and Ancillary Suppliers.

The full membership register of the Bus Industry Confederation is attached to this submission.

As background, the Bus Industry Confederation, for the past eighteen months, has raised concerns with the Ministers office and DOTARS in relation to the importation of buses and coaches over 15 years of age into Australia which then enter service without having to meet the Australian Design Rules (ADRs) of the day.

The Bus Industry Confederation believes that the importation of these vehicles should be completely banned and that all buses and coaches entering Australia should meet the ADRs of the day with no exception. The basis of this position follows.

Emissions Performance

Over the past several years the Bus and Coach Industry has been supportive of the introduction of new emission standards (Euro 3, 4 and 5) and fuel standards in order to improve the emissions performance of the fleet.

It is incongruous to the Bus Industry Confederation to allow the importation of buses 15 years or older which do not even meet Euro 1 emission standards. Most of these vehicles seem to be imported from Japan where the Japanese emission standards of that era are even lower than European or US standards. This clearly sends the wrong message to industry and the community and runs counter to the objectives of promoting a cleaner bus fleet.

Furthermore, these vehicles also do not meet ADR 28 and ADR 83 in relation to external noise.

Safety Performance

Safety performance of the bus and coach fleet is critical particularly in the context of being a mass transit vehicle and the primary mode of transport in which children are transported to and from school.

Put simply, the Bus Industry Confederation has concerns in relation to the safety of these vehicles, their structural integrity and particularly their inability to meet Australian Design Rules in relation to

- a) Rollover Strength (ADR 59)
- b) Seat Strength (ADR 63 and ADR 66)
- c) Seat Anchorages and (ADR66 and ADR 68)
- d) Braking (ADR 35)

The following ADRs have also been identified by industry as either questionable or not being met by vehicles 15 years or older being imported into Australia.

- Lighting ADRs
- ADR 7: Hydraulic Brake Hoses. Australian standards differ from overseas.
- ADR 8: Safety glazing.
- ADR 14: Rear-vision mirrors. Dimensions and the need for flat-surface mirrors.
- ADR 18: Instrumentation. Kilometre speedometer and 6-digit odometer.
- ADR 24: Tyres and rims. Includes load rating, speed rating and branding.
- ADR42: General safety
- ADR43: Vehicle configuration and dimensions. Includes overhang and width.

- ADR 44: Specific purpose vehicle requirements. Includes emergency exits.
- ADR 58: Omnibus requirements. Eg, aisle width, interior heights, steps.
- ADR 62: Mechanical connections. Eg, towbars where fitted.
- ADR 65: Road speed limiting.

Australian Bus Body Building Manufacturing Industry and Chassis Supply Industry

Australia is unique in that buses are in general, all fully built in Australia by a niche Australian bus body building industry.

This industry's viability is being undermined by second-hand dealers and other motor traders who are able to import 15 year old vehicles without meeting current ADR's and by allowing them then to enter commercial service as school, route, charter and tour operations.

In turn, this undermines the chassis supply industry in Australia made up of the multinational European bus manufactures and Japanese manufacturers. The bus manufacturing industry made up of body builders and chassis suppliers is a significant employer within Australia with major manufacturing plants existing in Western Australia, South Australia, NSW, Victoria and Queensland.

Disability Discrimination Act

In October 2003, the Commonwealth Government introduced Disability Standards for Accessible Public Transport and accompanying guidelines under Section 31 of the Disability Discrimination Act (DDA). The accompanying guidelines state that all new and imported buses must be 100% compliant to the Accessible Public Transport Standards on entry to Australia. These standards took effect on 15 October 2002.

The Bus Industry Confederation calls for the 'importation' loophole that exists to be closed immediately. The Attorney-General's department can provide advice to this effect.

Importation Statistics

It is clear from the review document provided by DOTARS that there are no clear figures in relation to the number of buses and coaches over 15 years being imported into Australia.

Whilst statistics exist for all vehicles, without a breakdown of cars, trucks and buses it is difficult to assess the overall impact of the importation of second-hand buses and coaches on the industry.

However, the BIC believes this is a significant problem. I have enclosed a number of advertisements from a range of Australian magazines dated between November 2002 to February 2004 showing these vehicles being offered for sale. These advertisements provide an insight into the size and scope of the problem the Australian bus and coach industry faces.

Conclusion

The BIC welcomes the review of the importation of second-hand vehicles but does not believe that the options provided in the Options Paper will address the concerns the BIC has been raising for the past 18 months.

The BIC believes that all buses and coaches entering Australia must meet the Australian Design Rules of the day and Accessible Public Transport Standards for the reasons outlined in this submission.

Such a step will promote a reduction in the overall age of Australia's bus and coach fleet, improve emission and safety performance, support the Australian bus manufacturing industry, generate a more stable second-hand after-market for buses and increase patronage on public transport providing further environmental benefits.

The BIC looks forward to your reply.

Yours sincerely

Michael Apps
Executive Director
Bus Industry Confederation