

March 29, 2012

Hon. Laurel Broten
Minister of Education
Mowat Block, Queen's Park
Toronto, ON M7A 1L2

Dear Minister Broten:

The Independent School Bus Operators Association (ISBOA) would like to take this opportunity to provide its input to the 2012 Ontario Budget, presented by Minister Dwight Duncan on March 27th. At the outset, let me confirm that ISBOA's members support the government's focus on keeping schools strong.

We appreciate that your Ministry has some very difficult budget issues to address. However, **the incomplete nature of the Drummond Report review of Student Transportation cannot be overstated.** The report states that, in spite of efficiencies through co-operation and creation of consortia, student transportation expenses have continued to increase, from \$629 million in 2002-03, to an anticipated \$845 million in 2011-12, an increase of **34%**. On the merits of that observation alone, without any analysis of the numbers, Mr. Drummond then concludes that competitive bids should be used for the 2012-13 school year. This recommendation is contrary to the views of both the Auditor General and the Hon. Coulter Osborne, and lacks any evidence of causal link.

A quick look at the three main costs in the industry - wages, bus costs and fuel – tells the real story.

- The minimum wage in 2002 was \$6.85 per hour. In 2012, it is \$10.25 per hour – a **50%** increase. It was the government of Ontario, not school bus operators, that imposed those wage increases.
- Bus costs in 2002 were \$81,802. In 2011 \$93,503. This increase was largely due to EPA emission standards and increased safety standards mandated by governments. What is more telling though is the government-mandated reduction in age limits for school buses. Assuming a change from 15 years in 2002 to 12 today, the capital cost per year increased from \$5,453.47 per bus to \$7,791.92 per bus or **42%**.
- Fuel - In 2004 the average price was \$0.63 per litre. In 2011 it was \$1.05, for an increase of **67%**.

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As everyone now knows, the Coulter Osborne Competitive Procurement Task Force Report calls into question the long term implications of using Requests for Proposals as the only method of competitive procurement. ISBOA's research, in support of the Student Transportation Task Force now proves that there are other, more appropriate methods of competitive procurement for this industry, and that in fact the cost-plus, open-book benchmark model currently used by most consortia does in fact comply with the Broader Public Sector Procurement Directive and drive down costs.

It is our sincere hope that the government will recognize that more work is needed to understand the unique procurement environment of student transportation, and that it will adopt the recommendation of the Coulter Osborne Task Force report and appoint an independent reviewer.

We look forward to the opportunity to begin the next phase of work on this issue, and to participating in the advancement of new thinking and expertise that supports the role of independent businesses in the competitive student transportation market.

Yours sincerely,



Steve Hull, President
Independent School Bus Operators Association

c.c. ISBOA Board of Directors
Karen Cameron, Executive Director, ISBOA

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