



INFORMATION SHEET

CONTRACT REVIEW PROCESS – EVERGREEN CONTRACT MODEL

PURPOSE

The purpose of this information sheet is to provide contractors with an explanation on how the contract review process will operate in context of the Evergreen Contract.

BACKGROUND

Under the Composite Rate Model (CRM) Contract all fixed and variable costs were reviewed annually over a three year cycle by an Independent Review Panel where its members were elected by the Public Transport Authority (PTA) (one vote) and the school bus industry (two votes).

The review process required contractors to provide evidence based on benchmarks that were directly relevant to the particular reviewable component, or detailed sampling of the WA school bus fleet which was representative of the costs across the industry.

For each component cost item the PTA and elected Contractor Representatives (eg BusWA) put their case before the Panel for deliberation and determination.

While some aspects of the CRM review process has been retained, there has been some significant changes made to the review process under the Evergreen Contract.

CONTRACT REVIEW PROCESS

Under the Evergreen Contract the review process is covered in **Schedule 5 – Five Yearly Review** of the Evergreen Contract. By its implied title, all fixed and variable costs will now be review once every five years. During the contract negotiations every effort was made to ensure all costs could be indexed (where relevant) by an appropriate Consumer Price Index during the five year period of the contract, and that an appropriate indexation period matched the volatility of price movements (eg fuel is now indexed monthly).

This now means that during the contract period there will be no review of costs apart from the indexation process. The five year review process is designed to commence at the start of the fifth year of the contract, and any changes signed off by the Minister will be introduced when the contract rolls over into its next five year period.

As stated above, the review process commences in the fifth year of the contract and is broken down into a number of periods of set duration, as follows:

<i>Period</i>	<i>Duration</i>
Nomination Period	1 July until 21 July
Issue Notification Period	1 August until 31 August
Response Submission Period	1 September until 30 November
Negotiations / agreed outcome	1 February until 30 April
Ministerial consent and revised contract	1 May until 30 June

The major points of the review process are discussed below.

Nomination of Representatives

Similar to the CRM review process there will be need for contractors to nominate their representative (Contractor Representative) eg an industrial body like BusWA, or any contractor can act as a representative providing he/she has at least 10% of school bus contracts.

Lodging of Notifications

The elected Contractor Representatives and the PTA will make and respond to submissions over a four month period. During this period the parties can review data and determine what additional information is required. Part of this review of data could involve undertaking sampling surveys.

Again the evidence must be based on benchmarks that was directly relevant to the particular reviewable component, or detailed sampling of the WA school bus fleet which was representative of the costs across the industry.

Review Committee

The Review Committee will comprise of a chairperson (who must be appointed by the Minister and who will act as a facilitator only), two members from PTA and each Contractor Representative voted in.

The purpose of the Committee is to ensure there is to balance the interests of the PTA in procuring school bus services for a commercially fair value and the interests of contractors in receiving a commercially fair income for the provision of those services in the absence of a competitive tender process.

If the Committee can resolve issues, the PTA will make recommendations to the Minister based on those agreed resolutions, for the Minister's approval. If the Committee cannot reach agreement on any issue, the PTA will refer the unresolved matters to the Minister for determination.

Once the Minister has made a determination as to each issue under review the PTA will notify the Contractor Representatives and all non represented contractors.

Variations to the Evergreen Contract

It is during this review period that both parties can make variations to the contract where there is unanimous agreement. This can include changes/additions/deletions to fix and variable costs and contract clauses.

When this occurs contractors will be notified

You should also note that a determination made by the Minister as part of the review process

