



INFORMATION SHEET

KEY PERFORMANCE INDICATORS – EVERGREEN CONTRACT MODEL

PURPOSE

The purpose of this information sheet is to provide contractors clarification on how the Key Performance Indicators will work in context of the Evergreen Contract.

BACKGROUND

As you are aware the Minister for Transport Troy Bussell MLA announced in April 2012 that the State Government would commit to maintaining a traditional orange school industry through the introduction of 'evergreen' contracts. The Minister said the Evergreen Contract would allow operators to continue their contract indefinitely, subject to an ongoing need for service in their locality and to meeting a number of Key Performance Indicators (KPIs).

The Minister further elaborated in his January 2013 announcement, amongst other things, that the key features of the Evergreen Contract include:

- contract terms will 'roll over' every five years provided performance standards are maintained and subject to the on-going need for the service
- a new Performance Standards Regime that identifies key performance indicators to ensure contractor compliance and performance

KEY PERFORMANCE INDICATORS PROCESS

In consultation with the school bus industry (ie BusWA), the PTA has developed a series of KPIs in keeping with State Government requirements to ensure contractor compliance and performance.

As the PTA and industry recognise the long proud history that school bus services have in this state, both believe that the introduction of these KPIs will not only reinforce the professional standards of the industry, but will ensure uniform standards are maintained and that contractors are equip to meet the legislative and contractual requirements currently and into the future.

In essence the KPIs are broken down into four categories. These categories are as follows:

Safety Systems

- The need to have and operate under s current Safety Management Plan
- The need for vehicles to meet road worthiness standards and appropriate school bus specifications
- The need to operate the school bus safely

Reliability

- The need for children to arrive to school before classes start and departing shortly after school finishes

Professional Standards

- The need for contractors, drivers, bus aides, and bus wardens to maintain a high level of professional standards and ethics

Administration

- Timely completion of returns as part of contractual requirements

Evergreen Contract and KPIs

Under the Evergreen Contract Section 8 covers performance standards and the five year review process. While Section 8 explains the administrative process of how the KPI process will work, **Schedule 2 – Performance Standards Regime** has the KPI matrix which will outline the KPI standard for the categories highlighted above. The matrix provides information on what measurement mechanism will be used, how the measure standard will be measured, and what the consequence will be when the KPI is not met.

The way the KPI regime will work is that the Evergreen Contract allows a contractor to incur 30 demerit points over the five year period of the contract. Demerit points are weighted based on the severity of failing to meet a particular KPI standard. For example, a contractor who is convicted of driving a school bus under the influence of alcohol will incur, as a consequence, 10 demerit points. Where as, failure to provide documentation required under the contract by a certain due date will incur one point.

Some dispensation has been given to contractors where the driver employed by the contractor incurs, as a consequence of their actions, demerit points for failing to meet certain KPI measures. Noting that some contractors have a number of drivers, and may not be directly responsible for their actions (even after appropriate induction training, meetings etc), demerit points issued will be half the normal points awarded. This relief only applies to the safe operation of the school bus KPI.

The issue of demerit points are in most instances incurred as a result of circumstances that trigger a one off event eg incurring a speeding fine whilst driving the school bus. A small number of KPIs will trigger an escalation of demerit points when certain due and agreed due dates are not met (some due dates will have been negotiated). These are incurred in KPIs relating to safety issues ie Safety Management Plan remedial actions and vehicle inspections remedial actions.

If a contractor accumulates 30 or more points over the five period, the PTA will terminate the contract. Having said this, where a contractor operates within the demerit points limits, all accumulated points (up to 29 points) will be wiped clean when the contract is 'rolled over' to a new five year period.

Contractors need to understand that while a contract can be terminated if 30 demerit points are reached, the KPI regime does not override the other standard remedies of the contract, ie the provisions of the contract relating to the issue of default notices, and termination of the contract can be exercised as required under the circumstances as they arise and covered by the appropriate clauses.

Example

The following example illustrates the KPI process:

A contractor is booked and convicted for speeding whilst driving the school bus. His infringement notice stated he exceeded the speed limit by 24km/hr. Under the KPI matrix, the speeding infringement comes under the "Safe Operation of a School Bus" KPI. It is mandatory for the contractor to report the infringement to PTA. The measurement standard of the KPI is "*Safe driving – do not exceed speed limits as prescribed by regulations 11 and 17 of the Road Traffic Code whilst providing the services*". As a consequence of incurring the infringement notice (the Event) the contractor will in this instance incur four demerit points under the matrix. If it was a driver employed by the contractor then it would be half the demerit points ie two demerit points.

The PTA on receipt of notification and in addition to receiving a copy of the infringement notice would issue the contractor with a letter informing him of the KPI breached and the total demerit points issued (in this case four points). All demerit points awarded will be maintained on PTA's RTSIMS contract management data base.

Any subsequent events where a KPI was not met and the PTA issues a letter detailing the Event and demerit point consequence, a running total of all demerit points incurred during the current five year period of the contract will be provided.

