

TASMANIAN GOVERNMENT: BUS CONTRACT PAYMENT MODEL –GENERAL ACCESS BUS SERVICES (Document Reference: BCPM-GA 2020-02)

Section 46 *Passenger Transport Services Act 2011* (Tas)

This document (consisting of 38 pages) contains provisions which are taken to be incorporated in contracts which incorporate this Bus Contract Payment Model.

Amended and restated, as at 4 October 2022, to incorporate the following amendments made by the Secretary (acting pursuant to clause 15.1 of the Model):

- Clause 13.2(b):
 - omitted Medium Bus Capped Entry Values and substituted Medium Bus Capped Entry Values as stated in Table 2.
 - omitted Large or Extra Large Bus Capped Entry Values and substituted Large or Extra Large Bus Capped Entry Values as stated in Table 2.

The amendments took effect on 1 July 2021.

Contents

Part 1: Preliminary	4
1 Definitions and interpretation	4
1.1 Definitions – specific	4
1.2 Definitions – incorporated	6
1.3 General interpretation	6
1.4 Size of Approved Vehicle	6
1.5 References to Approved Vehicle etc. required to operate Passenger Service	6
1.6 GST	6
2 Saving provisions	7
Part 2: Annual Service Fee calculation and indexation	7
3 Overview	7
4 Efficient service principles	9
5 Distance and time calculations	9
5.1 Reckoning of distance	9
5.2 Annual Bus Kilometres (ABK)	10
5.3 Annual Loaded Kilometres	10
5.4 Annual Unloaded Kilometres	10
5.5 Annual Shuttle Vehicle Kilometres	10
5.6 Annual Time for a Time Block	11
5.7 Annual Loaded Travel Time	11
5.8 Annual Unloaded Travel Time	11
5.9 Annual Shuttle Vehicle Travel Time	11
5.10 Annual Layover Time	12
5.11 Year	12
6 Rules for allocation of time and distance to Time Blocks	12
7 Annual Service Fee (ASF)	13
8 Fixed service cost allowance (FSC)	14
8.1 Formula to calculate FSC	14
9 Variable service cost allowance (VSC)	14
9.1 Formula to calculate VSC	14
9.2 Formula to calculate driver wage allowance	15
9.3 Formula to calculate annual fuel allowance (AFA)	15
9.4 Formula to calculate the Variable Cost Allowance (VOC)	16
9.5 Formula to calculate Shuttle Vehicle Allowance (SVC)	16
9.6 Loading allowance or LA	16

10	Operator's Margin or OM	17
11	Annual Service Fee adjustment (indexation)	18
	Part 3: Annual Capital Allowance calculation	20
12	Annual Capital Allowance (ACA)	20
12.1	Annual Capital Allowance	20
12.2	Overriding provision 1 – ACA fixed subject to limited exceptions	20
12.3	Overriding provision 2 – only one ACA payable for an Approved Vehicle	20
12.4	Overriding provision 3 – Out of Payment Age	20
12.5	Overriding provision 4 – multiple FIOAs	20
12.6	Overriding provision 5 – ACA for vehicles that were previously approved	20
12.7	Overriding provision 6 – recalculation of ACA on novation	21
12.8	Overriding provision 7 – Operator not owner	22
12.9	Overriding provision 8 – Approved Vehicle larger than required Bus Size	22
12.10	Status of overriding provisions	22
13	Calculation of Annual Capital Allowance	22
13.1	Annual Capital Allowance for an Approved Vehicle transitioned to a Passenger Service	22
13.2	Annual Capital Allowance for vehicle that has Bus Age less than or equal to 10 years	23
13.3	Calculating or recalculating Annual Capital Allowance for an Approved Vehicle that reaches or has a Bus Age greater than 10 Years	25
13.4	Weighted Average Cost of Capital Percentage Rates (WACC)	27
	Part 4: Other allowances and payments	27
14	Other allowances and payments	27
14.1	Accreditation allowance (AA)	27
14.2	Shipping and stamp duty allowance	28
14.3	Installation of ticketing and approved monitoring equipment	29
14.4	Marginal Operating Costs	29
14.5	Payroll tax	29
14.6	Additional payment for workers compensation costs	30
	Part 5: Review of Model etc.	31
15	Annual Capital Allowance	31
15.1	Capped entry value review	31
15.2	General review of Model	32
16	National Heavy Vehicle Regulator legislation	32
17	Overriding provisions	33
	Appendix 1: Annual Service Fee rates and allowances	34
	Appendix 2: Minimum bus specifications	38

TASMANIAN GOVERNMENT: BUS CONTRACT PAYMENT MODEL – GENERAL ACCESS BUS SERVICES

Part 1: Preliminary

1 Definitions and interpretation

1.1 Definitions – specific

In this Model, unless the context otherwise requires:

Applicable Award means the *Passenger Vehicle Transportation Award 2010*.

Applicable Award Wage Rates means the casual hourly rates of pay payable, in accordance with the Applicable Award, for a driver classified at Grade 4. When applying the Applicable Award Wage Rates to this Model:

- (a) no Movement requires 'two driver operation'; and
- (b) the driver time required to undertake a Movement is to be allocated to the applicable Time Block in accordance with the rules in clause 6.

Base Date means 1 July 2018.

Depot means in relation to a Passenger Service a location where an Approved Vehicle used to operate the Passenger Service is usually stored or garaged overnight, or during a day, when not in use, as agreed, in writing, between the Crown and the Operator, and in default of agreement as determined by the Secretary (acting reasonably).

Layover means a period, being not less than ten minutes, when an Approved Vehicle, or Alternative Vehicle, and the driver of that vehicle, are parked between Movements of that Approved Vehicle or Alternative Vehicle, and the driver is not on a break. Subject to the efficient service principles in clause 4, a Layover may also include a period of time in respect of which the Secretary is satisfied that a driver of an Approved Vehicle, or an Alternative Vehicle, cannot be reasonably deployed between Movements, or after a Movement, and in accordance with an industrial award the Operator will be required to pay the driver for that period of time.

Layover Time means the duration of Layover.

Loaded Kilometres means the distance travelled in kilometres by a vehicle to complete a Trip in accordance with the Approved Timetable and the Approved Route for the Passenger Service.

this Model means this Bus Contract Payment Model that applies to passenger service contracts (for purposes the *Passenger Transport Services Act 2011* (Tas)) which adopt or incorporate this Model for the purposes of calculating amounts payable to an Operator for the operation of a General Access Bus Service.

Movement means, in relation to a Passenger Service, the operation of:

- (a) an Approved Vehicle, or an Alternative Vehicle, to undertake the Loaded Kilometres for the Passenger Service;

- (b) an Approved Vehicle, or an Alternative Vehicle, to undertake the Unloaded Kilometres for the Passenger Service; and
- (c) a Shuttle Vehicle to undertake the Shuttle Vehicle Kilometres.

Out of Payment Age or OPA means:

- (a) for an Approved Vehicle that is a Small Bus, a Bus Age greater than 10 years; and
- (b) for an Approved Vehicle that is a Medium Bus, a Large Bus, an Extra Large Bus or an Articulated Bus, a Bus Age greater than 20 years.

Explanatory Notes: Once an Approved Vehicle has a Bus Age greater than its Out of Payment Age, the Annual Capital Allowance (ACA) (for the purposes of clause 12) for that Approved Vehicle will be set at zero. For the purposes of the Contract (including this Model), the assessment of whether the Out of Payment Age has been reached in relation to an Approved Vehicle is to be assessed on 1 January in each Year.

Public Holiday means a day that is statutory holiday (for the purposes of the *Statutory Holidays Act 2000* (Tas)).

School Day means a Weekday day during a school term for school students at a State school (for the purposes of the *Education Act 2016* (Tas)).

School Day Holidays means a Weekday that is not a School Day.

Shuttle Vehicle means, in relation to a Passenger Service, a vehicle that is arranged by the Operator of the Passenger Service to transport the drivers of the Passenger Service between a Depot and the location of an Approved Vehicle used for the Passenger Service. A bus cannot be a Shuttle Vehicle.

Shuttle Vehicle Kilometres means, in relation to a Passenger Service, the distance in kilometres travelled by a Shuttle Vehicle to transport the drivers for the Passenger Service between a Depot to the locations of the vehicle used for operation of the Passenger Service, being the distance determined by the Secretary (acting reasonably).

Standard Conditions means the 'Tasmanian Government: Passenger Service Contract Standard Conditions' referred to in a passenger service contract (for purposes the *Passenger Transport Services Act 2011* (Tas)) which adopts or incorporates this Model for the purposes of calculating amounts payable to the Operator.

Tasmanian Bus Association means the Tasmanian Bus Association Limited (ABN 40 428 679 064).

Time Block means a day or period of time in respect of which the Applicable Award Wage Rate provides for a separate hourly rate of pay for that day or period of time for work performed on that day or during that period of time (when compared to other days or periods of times). As at this date of this Model, the Time Blocks under the Applicable Award are as follows:

- (a) Saturday (**Time Block 1**);
- (b) Sunday (**Time Block 2**);
- (c) a Public Holiday (**Time Block 3**);
- (d) before 6.00am and after 7.00pm on a day that is not a Saturday, Sunday or Public Holiday (**Time Block 4**); and

- (e) between 6.00am and 7.00pm on a day that is not a Saturday, Sunday or Public Holiday (**Time Block 5**).

Unloaded Kilometres means the distance travelled by an Approved Vehicle or an Alternative Vehicle (each a **vehicle**), in kilometres, in delivering the Passenger Service, which is not part of the Loaded Kilometres, including:

- (a) from a Depot to the commencement of the first Trip on the Approved Route for that vehicle;
- (b) to reposition vehicles between Trips;
- (c) to or from the location of a Layover; and
- (d) from the end of the last Trip for that vehicle to a Depot (if the vehicle returns to a Depot after the last Trip for that vehicle).

Weekday means a Monday, Tuesday, Wednesday, Thursday or Friday (and in each case that is not a Public Holiday).

Year means, subject to clause 5.11, a period of 12 months ending on 31 December.

1.2 Definitions – incorporated

An expression defined in the Standard Conditions has the same meaning when used in this Model unless:

- (a) that expression is given a different meaning in this Model; or
- (b) the context otherwise requires.

1.3 General interpretation

Clauses 1.2, 1.3, 1.4 and 1.5 of the Standard Conditions apply to the interpretation of this Model as if:

- (a) each of those clauses was restated in this Model; and
- (b) each reference to 'the Contract' in those clauses (as restated in this Model) was a reference to this Model.

1.4 Size of Approved Vehicle

If a calculation for the purposes of this Model, as it applies to a Passenger Service, takes into account the Bus Size of a vehicle, the Bus Size that is to be used for the purposes of that calculation is the Bus Size included in Column 6 of the row of the Passenger Service Table that relates to that Passenger Service.

1.5 References to Approved Vehicle etc. required to operate Passenger Service

A reference to the 'Approved Vehicle' or 'Approved Vehicles' required to operate the Passenger Service refers to the number of Approved Vehicles listed in column 8 of the row in the Passenger Service Table applicable to the service (being the number of vehicles assessed by the Crown as being required for the operation of the Passenger Service).

1.6 GST

Monetary amounts stated in this Model do not include GST.

2 Saving provisions

- (a) If this Model:
 - (i) is, becomes, or is claimed to be, legally incomplete or uncertain for any reason; or
 - (ii) contains a manifest error,

the Secretary may, acting reasonably, amend, or add to, this Model to the extent necessary to cure any incompleteness or uncertainty, or to correct the manifest error. The amendment or addition may be retrospective. Any retrospective amendment or addition to this Model cannot reduce an amount previously paid to the Operator.
- (b) If any index, matter or other thing referenced or used in this Model, for the purposes of performing any calculation required by this Model, ceases to be updated or is no longer published or available, the Secretary may substitute another index, or refer to another matter or thing, for the purposes of continuing the use of this Model for the purposes of the Contract.
- (c) If the base value for any index, referenced or used in this Model for the purposes of performing any calculation required by this Model, is updated, the Secretary must ensure that any calculation required by this Model takes account of the base value for the index as updated.
- (d) The Secretary must consult with the Tasmanian Bus Association before exercising any Rights under this clause 2.
- (e) Any claim by an Operator that the Secretary has breached this clause 2 must be commenced, in a court of competent jurisdiction, not later than three months after the date the Secretary gives notice, in writing, to that Operator, of any action taken by the Secretary pursuant to this clause 2.
- (f) If a provision of this Model is, or at any time becomes, illegal, prohibited, void or unenforceable for any reason, that provision is severed from this Model and the remaining provisions of this Model:
 - (i) continue to be enforceable; and
 - (ii) are to be construed with such additions, deletions and modifications of language as are necessary to give effect to the remaining provisions of this Agreement.

Nothing in this clause 2(f) limits the operation of clause 2(a).

Part 2: Annual Service Fee calculation and indexation

3 Overview

- (a) This Part 2 provides for:
 - (i) the calculation of distances and times used in this Part 2 to calculate the Annual Service Fee;

- (ii) the calculation of the Annual Service Fee, for a Passenger Service, as at the Base Date (refer to clauses 7, 8 9 and 10); and
 - (iii) the indexation of the Annual Service Fee (refer to clause 11).
- (b) If the Annual Service Fee, for a Passenger Service, is to be adjusted pursuant to the Contract (including in respect of a variation or direction, made pursuant to the Contract, that changes any thing set out, specified or referred to, in the row of the Passenger Service Table that relates to the Passenger Service), the following provisions apply:
 - (i) the Annual Service Fee, for the Passenger Service, is to be recalculated, as at the Base Date, to take account of the variation or direction that gives rise to the change;
 - (ii) the Annual Service Fee, as recalculated as at the Base Date, in accordance with clause 3(b)(i), is then to be indexed, applying the formula in clause 11, from the Base Date to the date the variation or direction takes effect (the **Relevant Date**), as if the Relevant Date was an Adjustment Date for the purposes of the indexation formula in clause 11; and
 - (iii) subject to further indexation in accordance with clause 11, the Annual Service Fee, as indexed in accordance with clause 3(b)(ii), is the Annual Service Fee on and from the Relevant Date referred to in clause 3(b)(ii).
- (c) To avoid doubt:
 - (i) the recalculation of the Annual Service Fee to the Base Date; and
 - (ii) the indexation of the recalculated Annual Service Fee,

in accordance with this clause 3, does not affect each parties' respective Rights and obligations relating to any instalment of the Annual Service Fee paid, or payable, in accordance with the Contract, before the Adjustment Date referred to in clause 3(b)(ii).
- (d) If the Relevant Date is not the first day of a Named Month, the monthly instalment of the Annual Service Fee, for the Named Month during which the Relevant Date occurred, will be calculated as follows:
 - (i) in respect of any part of the Named Month before the Relevant Date, the monthly instalment of the Annual Service Fee that would otherwise have been payable for that Named Month, if no variation or direction had occurred, multiplied by the fraction which is the number of days in that part divided by the number of days in the Named Month; and
 - (ii) in respect of any remaining part of the Named Month commencing on the Relevant Date, the monthly instalment of the Annual Service Fee, as recalculated in respect of the Relevant Date, multiplied by the fraction which is the number of days in that part divided by the number of days in the Named Month.
- (e) This clause 3 also applies in respect of any recalculation of the Annual Service Fee that is required in connection with any of the notes included in Attachment 1 of this Model.

4 Efficient service principles

Any calculation of distance and/or time which is not agreed in the Passenger Service Table, or cannot otherwise be ascertained from the Approved Timetable and/or the Approved Route, is to be reckoned in accordance with the following principles:

- (a) The Operator will conduct its business in accordance with good industry practice.
- (b) In the operation of a Passenger Service, the Operator will use a daily roster of vehicles and drivers that takes account of all relevant operational constraints and synergies including:
 - (i) other passenger services provided by the Operator;
 - (ii) legislative constraints on driver breaks and shift times;
 - (iii) the use of full time, casual and part time drivers;
 - (iv) as far as practicable, drivers being deployed by the Operator to undertake other duties for the Operator (consistent with legislative constraints) when not undertaking a Movement;
 - (v) the requirements of the Contract including the total number of Approved Vehicles for the operation of the Passenger Service;
 - (vi) the Unloaded Kilometres required to be performed to deliver the Passenger Service; and
 - (vii) the locations of Depots and Layovers.
- (c) The Operator will use Shuttle Vehicles, to reposition drivers, to facilitate the efficient delivery of the Passenger Service where this is logical, safe and cost effective to do so.
- (d) The Operator will use an Approved Vehicle across more than one Passenger Service, if by doing so it delivers a more efficient, cost effective network of services.
- (e) Each Trip for the Passenger Service is operated with only one driver and without the payment of overtime.

5 Distance and time calculations

5.1 Reckoning of distance

For the purposes of this Model, any distance to be ascertained, reckoned or calculated is to be ascertained, reckoned or calculated, as the case may be or requires:

- (a) to the nearest integral multiple of 100 metres, and expressed in 'kilometres'; and
- (b) using software, and other tools, for the calculation of distances, in each case as nominated by the Crown. To avoid doubt, this may include third-party bus scheduling and route network optimisation software.

5.2 Annual Bus Kilometres (ABK)

- (a) For the purposes of this Model, the Annual Bus Kilometres (**ABK**), in relation to a Passenger Service, is the aggregate of the Annual Loaded Kilometres and the Annual Unloaded Kilometres for that Passenger Service.
- (b) If the Approved Timetable for a Passenger Service provides for a part of a Trip to be operated 'on request by prior booking' by a passenger:
 - (i) the Annual Bus Kilometres for that part of the Trip will be determined by the Crown to take account of the reasonably expected frequency for the operation of that part of the Trip on an annual basis;
 - (ii) for each Named Month, the Operator will provide to the Crown details of the number of Trip parts operated 'on request by prior booking'; and
 - (iii) the Crown will review, on an annual basis, the Annual Bus Kilometres to reflect any material change in the frequency of operation of such parts of a Trip.

5.3 Annual Loaded Kilometres

For the purposes of this Model, the Annual Loaded Kilometres for a Passenger Service is:

- (a) if the Annual Loaded Kilometres are specified in the row of the Passenger Service Table applicable to the Passenger Service, the Annual Loaded Kilometres as specified; and
- (b) if the Annual Loaded Kilometres are not so specified, the kilometres that a vehicle would travel for a Year to complete all of the Trips for that Year in accordance with the Approved Timetable and the Approved Route for the Passenger Service.

5.4 Annual Unloaded Kilometres

For the purposes of this Model, the Annual Unloaded Kilometres for a Passenger Service is:

- (a) if the Annual Unloaded Kilometres are specified in the row of the Passenger Service Table, applicable to the Passenger Service, the Annual Unloaded Kilometres as specified; and
- (b) if the Annual Unloaded Kilometres are not so specified, the Unloaded Kilometres for the Passenger Service for a Year, as determined by the Secretary (acting reasonably and applying the efficient service principles in clause 4).

5.5 Annual Shuttle Vehicle Kilometres

For the purposes of this Model, the Annual Shuttle Vehicle Kilometres in relation to a Passenger Service is:

- (a) if the Annual Shuttle Vehicle Kilometres are specified in the row of the Passenger Service Table, applicable to the Passenger Service, the Annual Shuttle Vehicle Kilometres as specified; and
- (b) if the Annual Shuttle Vehicle Kilometres are not so specified, the total Shuttle Vehicle Kilometres that shuttle vehicles would reasonably travel for a Year to operate the Passenger Service, as determined by the Secretary (acting reasonably and applying the efficient service principles in clause 4).

5.6 Annual Time for a Time Block

For the purposes of this Model, in respect of a Passenger Service, the Annual Time for a Time Block is the aggregate of the parts of the Annual Loaded Travel Time, the Annual Unloaded Travel Time, the Annual Shuttle Vehicle Travel Time and the Annual Layover Time attributed to that Time Block:

- (a) as specified in the row of the Passenger Service Table applicable to the Passenger Service; and
- (b) if not so specified, reckoned in accordance with the rules in clause 6.

The Annual Time for a Time Block is to be expressed in hours.

5.7 Annual Loaded Travel Time

For the purposes of this Model, the Annual Loaded Travel Time in relation to a Passenger Service is:

- (a) the Annual Loaded Travel Time specified in the row Passenger Service Table applicable to the Passenger Service; and
- (b) if the Annual Loaded Travel Time is not so specified, the Annual Loaded Travel Time is the time (expressed in hours) to complete all Trips for a Year reckoned from the Approved Timetable.

5.8 Annual Unloaded Travel Time

For the purposes of this Model, the Annual Unloaded Travel Time in relation to a Passenger Service is:

- (a) the Annual Unloaded Travel Time specified in the row of the Passenger Service Table applicable to the Passenger Service; and
- (b) if the Annual Unloaded Travel Time is not so specified, the time (expressed in hours) required to complete the Annual Unloaded Kilometres on the basis that those kilometres are travelled at the greater of the following speeds as applicable:
 - (i) the average speed (in kilometres per hour) required to complete the Annual Loaded Kilometres in accordance with the Approved Timetable;
 - (ii) if the Passenger Service operates wholly within urban areas as defined in the Fare Structure, 35 kilometres per hour;
 - (iii) if paragraph (ii) is not applicable and the Secretary determines that a significant proportion of the Annual Unloaded Kilometres for the Passenger Service are travelled within areas having a speed limit of 60 kilometres per hour or less, 50 kilometres per hour; or
 - (iv) if paragraphs (ii) or (iii) are not applicable, 60 kilometres per hour.

5.9 Annual Shuttle Vehicle Travel Time

For the purposes of this Model, the Annual Shuttle Vehicle Travel Time in relation to a Passenger Service is:

- (a) the Annual Shuttle Vehicle Travel Time as specified in the row of the Passenger Service Table applicable to the Passenger Service Table; and

- (b) if the Annual Shuttle Vehicle Travel Time is not so specified, the time (expressed in hours) required to complete the Annual Shuttle Vehicle Kilometres on the basis that those kilometres are travelled at an average speed of 60 kilometres per hour.

5.10 Annual Layover Time

For the purposes of this Model, the Annual Layover Time in relation to a Passenger Service is:

- (a) if the Annual Layover Time is specified in the row of the Passenger Service Table applicable to the Passenger Service, the Annual Layover Time as specified; and
- (b) if the Annual Layover Time is not so specified, the Layover Time (expressed in hours) for a Year reasonably required for the operation of the Passenger Service as determined by the Secretary (acting reasonably and applying the efficient service principles in clause 4).

5.11 Year

- (a) Subject to clause 5.11(b), for the purposes of this Model (and any calculations required for the purposes of the Model), a Year is taken to always comprise the following days:
 - (i) 190 Weekdays that are School Days;
 - (ii) 60 Weekdays that are School Holidays;
 - (iii) 52 Saturdays;
 - (iv) 52 Sundays; and
 - (v) 11 Public Holidays.
- (b) Where an Approved Timetable indicates that a Passenger Service does not operate on a Public Holiday (for example, Christmas Day or Good Friday), the number of Public Holidays (for the purposes of this Model, including clause 5.11(a)(v)) will be reduced by each such Public Holiday.

Explanatory note: An Approved Timetable for a Passenger Service may be structured so that the Trips operated on Weekdays that are School Days, and on Weekdays that are School Holidays, are the same.

6 Rules for allocation of time and distance to Time Blocks

For the purposes of this Model, where the allocation of a time or distance to a Time Block is not otherwise specified in the Passenger Service Table, the following rules apply:

- (a) The time required to undertake any Movement is to be allocated as nearly as practicable to the Time Block, or between the Time Blocks, corresponding to the day or period of time when a driver is to perform the work required to undertake that Movement in accordance the Contract (including the Approved Timetable).
- (b) The time to complete a Trip is the time allowed to complete that Trip reckoned from the Approved Timetable.
- (c) The time required to complete the Annual Unloaded Kilometres will be reckoned in accordance with clause 5.8(b).

- (d) Each Loaded Kilometre is to be allocated to the Time Block that as nearly as practicable corresponds to the period of time or day when that kilometre is to be performed to undertake a Trip in accordance the Contract (including the Approved Timetable).
- (e) Each Unloaded Kilometre required to deliver the Passenger Service is to be allocated to the Time Block that as nearly as practicable corresponds to the day or period of time when that kilometre is to be travelled to deliver the Passenger Service in accordance the Contract.
- (f) Each Shuttle Vehicle Kilometre required to deliver the Passenger Service is to be allocated to the Time Block that as nearly as practicable corresponds to the day or period of time when that kilometre is to be travelled to deliver the Passenger Service in accordance the Contract.
- (g) A Layover is to be allocated to the Time Block that as nearly as practicable corresponds to the day or period of time when the Layover occurs.
- (h) For the purposes of the rules in this clause 6:
 - (i) If a Movement commences in a Time Block but finishes in another Time Block, the kilometres for the Movement will be allocated, as nearly as practicable, between each Time Block in proportion to the parts of the Movement that are undertaken in each of those Time Blocks.
 - (ii) If a Layover spans Time Blocks, it will be apportioned, as nearly as practicable, between the Time Blocks in proportion to the parts of the Layover in each Time Block.
- (i) To avoid doubt, any distance for an individual Movement is to be rounded up or down, as required, to the nearest integral multiple of 100 metres.
- (j) Any time allocated between Movements is to be rounded up or down, as required, to the nearest minute.

7 Annual Service Fee (ASF)

The Annual Service Fee for a Year payable by the Crown to the Operator pursuant to a Contract for the operation of the Passenger Service (to which that Contract relates) is to be calculated, as at the Base Date, in accordance with the following formula:

$$\text{ASF} = \text{FSC} + \text{VSC} + \text{OM}$$

where:

ASF means the Annual Service Fee payable in respect of the Contract for the operation of the Passenger Service.

FSC is the fixed service cost allowance calculated, in accordance with clause 8, for the Passenger Service

VSC is the variable service cost allowance calculated, in accordance clause 9, for the Passenger Service.

OM is the Operator's Margin – refer clause 10.

8 Fixed service cost allowance (FSC)

8.1 Formula to calculate FSC

The fixed service cost allowance (FSC) for the operation of a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\text{FSC} = (\text{V} \times \text{FSCP}) + (\text{VR} \times \text{FSCR}) + ((\text{V} + \text{VR} + \text{VS}) \times \text{TS})$$

where:

FSC means the fixed service cost allowance.

V is the number of Approved Vehicles (excluding the number of Approved Vehicles shown as 'Rotational Vehicles') shown in Column 8 of the Passenger Service Table.

FSCP means the fixed service cost allowance as specified in item 9 of the table in Appendix 1, for an Approved Vehicle required for the operation of the Passenger Service.

VR is the number of Approved Vehicles shown as Rotational Vehicles in Column 8 of the Passenger Service Table for operation of the Passenger Service.

VS means the number of Alternative Vehicles which receive a ticketing allowance as specified in Column 10 of the row of the Passenger Service Table applicable to the Passenger Service.

FSCR means the rotational fixed cost allowance, as specified in item 9 of the table in Appendix 1, for an Approved Vehicle that is designated as a 'Rotational Vehicle'.

TS is the TS Allowance (if any) included in Column 10 of the row of the Passenger Service Table applicable to the Passenger Service. The TS Allowance is an allowance for operator specific costs related to managing and operating a ticketing system. If no TS Allowance is included in Column 10 of the row of the Passenger Service Table applicable to the Passenger Service, TS is taken to be zero.

9 Variable service cost allowance (VSC)

9.1 Formula to calculate VSC

The variable service cost allowance (VSC) for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\text{VSC} = \text{DW} + \text{AFA} + \text{VOC} + \text{SVC} + \text{LA}$$

where:

VSC means the variable service cost allowance for the Passenger Service.

DW is the driver wage allowance calculated, in accordance with clause 9.2, for the Passenger Service.

AFA is the fuel allowance calculated, in accordance with clause 9.3, for the Passenger Service.

VOC is the variable cost allowance calculated, in accordance clause 9.4, for the Passenger Service.

SVC means the Shuttle Vehicle allowance calculated, in accordance with clause 9.5, for the Passenger Service.

LA means the loading allowance (LA) calculated in accordance with clause 9.6.

9.2 Formula to calculate driver wage allowance

The driver wage allowance (**DW**) for a Passenger Service (for the purposes of clause 9.1) is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{DW} = (\mathbf{A} \times (\mathbf{1} + \mathbf{WOP}) \times (\mathbf{1} + \mathbf{PPID})) + (\mathbf{B} \times (\mathbf{1} + \mathbf{WOP}) \times \mathbf{SSPH})$$

where:

DW means the driver wage allowance for the Passenger Service.

A is the aggregate of the following amounts:

- (a) the product of the Applicable Award Rate for Time Block 1 (as at the Base Date) and the Annual Time for Time Block 1;
- (b) the product of the Applicable Award Rate for Time Block 2 (as at the Base Date) and the Annual Time for Time Block 2;
- (c) the product of the Applicable Award Rate for Time Block 3 (as at the Base Date) and the Annual Time for Time Block 3;
- (d) the product of the Applicable Award Rate for Time Block 4 (as at the Base Date) and the Annual Time for Time Block 4;
- (e) the product of the Applicable Award Rate for Time Block 5 (as at the Base Date) and the Annual Time for Time Block 5.

Note: Annual Time for the Time Block – see clause 5.6.

WOP is the Wage On-cost Percentage determined in accordance with Appendix 1.

B is the aggregate of the amounts referred to in paragraphs (a), (b) and (c) in the definition of A.

SSPH means the loading allowance percentage for the operation on Saturdays, Sundays and Public Holidays to cover additional costs (including extra supervision, depot costs, mechanical support and breakdown, customer support and cash management as specified in Item 12 of the table in Appendix 1).

PPID means the loading allowance percentage for pre-departure, post trip vehicle inspection, incidents and delays, cleaning and cash reconciliation specified in Item 10 of the table in Appendix 1.

9.3 Formula to calculate annual fuel allowance (AFA)

The annual fuel allowance (**AFA**) for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{AFA} = ((\mathbf{FR} - \mathbf{DR}) \times \mathbf{CR} \times \mathbf{ABK}) + (\mathbf{ABK} \times \mathbf{DEF} \times \mathbf{P})$$

where:

AFA means the annual fuel allowance for the Passenger Service.

FR is the relevant fuel rate for the Passenger Service as specified in item 1 of the table in Appendix 1.

DR is the Commonwealth Diesel Fuel Rebate specified in item 2 of the table in Appendix 1.

CR is the fuel consumption rate per kilometre for the size of vehicle, as specified in Item 3 of the table in Appendix 1, at the level determined by the Secretary in respect of the Passenger Service.

ABK is the Annual Bus Kilometres for the Passenger Service.

DEF is the rate per kilometre in Item 4 of the table in Appendix 1.

P is the percentage of the Approved Vehicles required for the operation of the Passenger Service that use diesel exhaust fluid as agreed, in writing, by the Crown and the Operator, and in default of agreement, determined by the Secretary (acting reasonably).

9.4 Formula to calculate the Variable Cost Allowance (VOC)

The variable cost allowance (**VOC**) for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{VOC = OCA \times ABK}$$

where:

VOC means the variable cost allowance for a Passenger Service.

OCA is the variable operating cost allowance per kilometre specified in Item 5 of the table in Appendix 1 that is applicable to the Bus Size and rate for the Passenger Service.

ABK is the Annual Bus Kilometres for the Passenger Service.

9.5 Formula to calculate Shuttle Vehicle Allowance (SVC)

The annual allowance for the operation of the Shuttle Vehicle (**SVC**) by a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{SVC = RC \times ASD}$$

where:

SVC means the annual allowance for the operation of Shuttle Vehicles by a Passenger Service.

RC is the Shuttle Vehicle rate specified in item 6 of the table in Appendix 1.

ASD is Annual Shuttle Vehicle Kilometres for the Passenger Service.

9.6 Loading allowance or LA

The loading allowance (**LA**) for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\mathbf{LA = [(Z/ABK \times (AFA + VOC)) + (Y/ASD \times SVC)] \times SSPH}$$

where:

LA means the loading allowance for the Passenger Service.

Z is the part of the Annual Bus Kilometres that are travelled in any of Time Block 1, Time Block 2 or Time Block 3, as specified in the row of the Passenger Service Table applicable to the Passenger Service (or if not so specified, reckoned in accordance with the rules in clause 6).

ABK is the Annual Bus Kilometres.

AFA is the annual fuel allowance for the Passenger Service calculated in accordance with clause 9.3.

VOC is the variable cost allowance for a Passenger Service calculated in accordance with clause 9.4.

Y is the part of the Annual Shuttle Vehicle kilometres that are travelled in any of Time Block 1, Time Block 2 or Time Block 3, as specified in the row of the Passenger Service Table applicable to the Passenger Service (or if not so specified, reckoned in accordance with the rules in clause 6).

ASD is Annual Shuttle Vehicle Kilometres for the Passenger Service.

SVC means the Shuttle Vehicle Allowance calculated, in accordance with clause 9.5.

SSPH means the loading allowance percentage for the operation on Saturdays, Sundays and Public Holidays to cover additional costs (including extra supervision, depot costs, mechanical support and breakdown, customer support and cash management as specified in Item 12 of the table in Appendix 1)

10 Operator's Margin or OM

The Operator's Margin (**OM**) for a Passenger Service is to be calculated, as at the Base Date, in accordance with the following formula:

$$\text{OM} = (\text{FSC} + \text{VSC}) \times \text{OP}$$

where:

OM means the Operator's Margin for the Passenger Service.

FSC is the fixed service cost allowance calculated, in accordance with clause 8, in respect of the Passenger Service.

VSC is the Variable Service Cost Allowance calculated, in accordance with clause 9, in respect of the Passenger Service.

OP is the Operator's Margin percentage specified in item 11 of the table in Appendix 1.

Subject to the Contract, for any Named Month, the Operator's Margin, included in the Annual Service Fee for that Named Month, is taken to be the amount calculated by multiplying the Annual Service Fee for that Named Month by $(1 - (1 \div 1.08))$.

11 Annual Service Fee adjustment (indexation)

- (a) For the purposes of this clause 11, the fifth Business Day of each Named Month during Term is an Adjustment Date.
- (b) On each Adjustment Date, the Annual Service Fee, last calculated in respect of the Base Date, is to be adjusted in accordance with the following formula:

$$\text{ASF2} = \{(\text{ASF1} \times \text{FSC1}/\text{ASF1} \times \text{A/B} \times 50\%) + (\text{ASF1} \times \text{FSC1}/\text{ASF1} \times \text{C/D} \times 50\%) + (\text{ASF1} \times \text{DW1}/\text{ASF1} \times \text{E/F}) + (\text{ASF1} \times \text{AFA1}/\text{ASF1} \times \text{G/H}) + (\text{ASF1} \times \text{VOC1}/\text{ASF1} \times \text{I/J}) + (\text{ASF1} \times \text{SVC1}/\text{ASF1} \times \text{K/L})\} \times (1 + \text{OP}) + \{((\text{Z}/\text{ABK} \times ((\text{ASF1} \times \text{AFA1}/\text{ASF1} \times \text{G/H}) + (\text{ASF1} \times \text{VOC1}/\text{ASF1} \times \text{I/J}))) + (\text{Y}/\text{ASD} \times (\text{ASF1} \times \text{SVC1}/\text{ASF1} \times \text{K/L}))) \times \text{SSPH}\} \times (1 + \text{OP})$$

where:

ASF2 means the Annual Service Fee following adjustment on an Adjustment Date.

ASF1 is the Annual Service Fee last calculated in respect of the Base Date less the Operator's Margin last calculated in respect of the Base Date.

FSC1 is fixed cost allowance (FSC) last calculated as at the Base Date.

A is the index number (All groups CPI; Hobart) last published by the Australian Bureau of Statistics (ABS series ID number A2325831L) as at the Adjustment Date.

B is 111.5.

C is the index number 'Total hourly rates of pay excluding bonuses; Tasmania; Private and Public; All industries' last published by Australian Bureau of Statistics (ABS series ID number A2602279K) as at the Adjustment Date.

D is 129.1

E is the hourly rate of pay for Time Block 5 that is payable, in accordance with Passenger Vehicle Transportation Award 2010, to an Adult Grade 4 casual employee, as at the Adjustment Date.

F is \$28.60.

DW1 is the driver wage allowance (**DW**) last calculated as at the Base Date.

AFA1 is the annual fuel allowance (**AFA**) last calculated as at the Base Date.

G is, for the Named Month preceding the Adjustment Date:

- (a) The average price per litre, as calculated by the Department, payable by the Crown for automotive diesel fuel (inclusive of any discount, but exclusive of GST and any Commonwealth Diesel Fuel Rate applicable for the Named Month), pursuant to its major common-use contract for the purchase of petroleum products for that Named Month.
- (b) If for a Named Month there is no such contract for the purposes of paragraph (a), or it is not possible to ascertain the average price, the Crown must use another index that, as closely as practicable, reflects monthly changes, in Hobart, in the retail price per litre for automotive diesel fuel for that Named Month (inclusive of any discount, but exclusive of GST and any Commonwealth Diesel Fuel Rate applicable for the Named Month).

H is \$1.306.

VOC1 is the variable cost allowance (VOC) last calculated as at the Base Date.

I is the index number last published by Australian Bureau of Statistics for 'Maintenance and Repair of Motor Vehicles Hobart' (ABS series ID number A2328756C) as at the Adjustment Date.

J is 111.0.

SVC1 is the annual allowance for the operation of Shuttle Vehicles by a Passenger Service last calculated as at the Base Date.

K is the rate used in the cents per kilometre method for calculating car expenses published by the Australian Taxation Office (ATO) applicable to the Named Month.

L is \$0.68.

Z is the part of the Annual Bus Kilometres that are travelled in any of Time Block 1, Time Block 2 or Time Block 3, as specified in the row of the Passenger Service Table applicable to the Passenger Service (or if not so specified, reckoned in accordance with the rules in clause 6).

ABK is the Annual Bus Kilometres.

Y is the part of the Annual Shuttle Vehicle kilometres that are travelled in any of Time Block 1, Time Block 2 or Time Block 3, as specified in the row of the Passenger Service Table applicable to the Passenger Service (or if not so specified, reckoned in accordance with the rules in clause 6).

ASD is Annual Shuttle Vehicle Kilometres for the Passenger Service.

SSPH means the loading allowance percentage for the operation on Saturdays, Sundays and Public Holidays to cover additional costs (including extra supervision, depot costs, mechanical support and breakdown, customer support and cash management as specified in Item 12 of the table in Appendix 1).

- (c) To avoid doubt, the Annual Service Fee, as adjusted on an Adjustment Date, is to be used to calculate the monthly instalment of the Annual Service Fee that is

payable in respect of the Named Month that ended immediately before that Adjustment Date.

Part 3: Annual Capital Allowance calculation

12 Annual Capital Allowance (ACA)

12.1 Annual Capital Allowance

Subject to this clause 12, the Annual Capital Allowance (**ACA**) for an Approved Vehicle for a Year is a capital allowance for a Year calculated, in accordance with clause 13.

12.2 Overriding provision 1 – ACA fixed subject to limited exceptions

Subject to clause 12.7 and clause 13.3, the Annual Capital Allowance for an Approved Vehicle, once calculated, and then stated in the Contract Vehicle Table, is fixed for the Term.

12.3 Overriding provision 2 – only one ACA payable for an Approved Vehicle

If an Approved Vehicle is an Approved Vehicle for more than one Contract, the Annual Capital Allowance is only payable under one Contract in respect of that Approved Vehicle.

12.4 Overriding provision 3 – Out of Payment Age

No Annual Capital Allowance is payable by the Crown to the Operator in respect of an Approved Vehicle that has a Bus Age greater than its Out of Payment Age.

12.5 Overriding provision 4 – multiple FIOAs

If:

- (a) the Crown and the Operator are party to more than one Formal Instrument of Agreement (each a **FIOA**);
- (b) an Approved Vehicle for the purposes of a FIOA (the **First FIOA**) is not an Approved Vehicle for the purposes of another FIOA (the **Second FIOA**); and
- (c) the Crown approves the use of that Approved Vehicle as an Approved Vehicle for purposes of a Contract created by the Second FIOA,

then:

- (i) no additional Annual Capital Allowance will be payable by the Crown for that Approved Vehicle under the Second FIOA (or any Contract created by the Second FIOA); and
- (ii) the Annual Capital Allowance for that Approved Vehicle (subject to the provisions of the Contract) will continue to be payable in accordance with and subject to, the First FIOA, and will not be recalculated by reason only of the fact that the Approved Vehicle becomes an Approved Vehicle under the Second FIOA (or any Contract created by the Second FIOA).

12.6 Overriding provision 5 – ACA for vehicles that were previously approved

- (a) If:

- (i) an Approved Vehicle (for the purposes of the Contract or any Relevant Contract) ceases to be an Approved Vehicle (for the purposes of the Contract or any Relevant Contract); and
- (ii) at a later time (the **Specified Time**) the Crown agrees to that vehicle becoming an Approved Vehicle for the purposes of the Contract,

then, at the Specified Time, the Annual Capital Allowance for the Approved Vehicle, and to be included in the Contract Vehicle Table at the Specified Time, will be the lesser of:

- (A) the Annual Capital Allowance for the Approved Vehicle at the time when it first became an Approved Vehicle (for the purposes of the Contract or any Relevant Contract); or
 - (B) the Annual Capital Allowance for the Approved Vehicle, at the Specified Time, calculated in accordance with clause 13.
- (b) In this clause 12.6, **Relevant Contract** means a passenger service contract for the purposes of section 46 of the Act for a term commencing on or after 1 January 2020 between the Crown (acting through the Secretary) and any, or any combination, of the following persons (whether alone or together with any other person):
 - (i) the Operator;
 - (ii) any relative (as defined in section 9 of the Corporations Act) of the Operator;
 - (iii) if the Operator is a body corporate, any related body corporate (by virtue of section 50 of the Corporations Act) of the Operator;
 - (iv) if the Operator is a body corporate, any related entity (as defined in section 9 of the Corporations Act) of the Operator.

12.7 Overriding provision 6 – recalculation of ACA on novation

If:

- (a) an Approved Vehicle is or becomes an Approved Vehicle under a Contract;
- (b) that Contract is or was made as a result of the novation of a prior contract for a passenger service (being a novation that is or was made in accordance with the prior contract); and
- (c) that Approved Vehicle was an Approved Vehicle for the purposes of the prior contract immediately before the time of novation,

then, the Annual Capital Allowance for the Approved Vehicle, under the contract formed by the novation is to be the lesser of:

- (i) the Annual Capital Allowance for the Approved Vehicle recalculated, as at the time the novation takes effect, applying clauses 13.2 or 13.3, as applicable, (with any necessary changes); or
- (ii) the Annual Capital Allowance for the Approved Vehicle under the prior contract immediately before the time of novation.

12.8 Overriding provision 7 – Operator not owner

The Operator must be the owner of an Approved Vehicle in order for the Operator to be paid an Annual Capital Allowance for that vehicle. If, and to the extent that, the Crown agrees, in writing, that the Operator may lease an Approved Vehicle from a third party, that agreement is to provide for the calculation of the Annual Capital Allowance in respect of that vehicle.

12.9 Overriding provision 8 – Approved Vehicle larger than required Bus Size

- (a) Subject to the other provisions of this clause 12, the Annual Capital Allowance for an Approved Vehicle will be calculated according to the actual Bus Size of that Approved Vehicle as approved, in writing, by the Crown. To avoid doubt, this applies even if the Approved Vehicle is to be used on a Passenger Service which requires a smaller Bus Size to the Bus Size of the Approved Vehicle.
- (b) To avoid any doubt, nothing in this clause 12.9 permits the Operator to use on a Passenger Service an Approved Vehicle which has a smaller Bus Size than the Bus Size required for the Passenger Service.
- (c) The Annual Service Fee for an Approved Vehicle will always be calculated according to the Bus Size that is required for the Passenger Service in respect of which the Annual Service Fee is to be calculated.

12.10 Status of overriding provisions

- (a) Subject to clause 12.10(b), clauses 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8 and 12.9 (each an **Overriding Provision**) override, and take effect, despite any other provision of the Contract except to the extent that the Overriding Provision is expressed to be subject to another provision of the Contract.
- (b) If the Formal Instrument of Agreement includes any special terms and conditions (that are expressed to be 'special terms and conditions') that are inconsistent with an Overriding Provision, the special terms and conditions override the Overriding Provision to the extent of the inconsistency.

13 Calculation of Annual Capital Allowance

13.1 Annual Capital Allowance for an Approved Vehicle transitioned to a Passenger Service

- (a) In this clause 13.1:

previous contract means any of the following types of contract in force as at 1 October 2018 between the Crown and the Operator:

- (i) a Contract for Service (Urban Fringe General Access);
- (ii) a Contract for Service (Long Distance General Access); or
- (iii) any other contract for service type which the Crown and the Operator agree, in writing, is a contract to which this clause 13.1 applies.

Relevant Contract means a Contract made between the Crown and the Operator for a Term commencing on or after 1 January 2020.

- (b) This clause 13.1 applies to an Approved Vehicle listed in the Contract Vehicle Table for a Relevant Contract (as at the date of that Relevant Contract) that was also an approved vehicle, as at 1 October 2018, for the purposes of a previous contract.
- (c) If an Approved Vehicle to which this clause 13.1 applies will have a Bus Age as at 1 January 2020 less than or equal to 10 years, then the Annual Capital Allowance for the Approved Vehicle is the amount which is the applicable per passenger capital payment for the Approved Vehicle specified in the previous contract as at 1 October 2018, multiplied by:
- (i) if the Approved Vehicle is a Small Bus, 8,730; or
 - (ii) in any other case, 18,185.
- (d) If the Approved Vehicle to which this clause 13.1 applies will have a Bus Age as at 1 January 2020 between 11 years and 19 years (both inclusive), then the Annual Capital Allowance is as provided for in the Table 1 below for a vehicle of that Bus Age and Bus Size:

Table 1: Annual Capital Allowance by Bus Age and Bus Size

Bus Age	Small Bus	Medium, Large or Extra-Large Bus	Articulated Bus
11	\$9,178	\$29,656	\$44,106
12	\$8,335	\$28,323	\$42,142
13	\$7,198	\$26,947	\$40,118
14	\$5,312	\$25,503	\$37,992
15	\$402	\$23,946	\$35,700
16	\$0	\$22,195	\$33,121
17	\$0	\$20,086	\$30,018
18	\$0	\$17,242	\$25,830
19	\$0	\$12,523	\$18,884

- (e) If an Approved Vehicle to which this clause 13.1 applies will have a Bus Age as at 1 January 2020 greater than 20 years, then the Annual Capital Allowance is to be set to zero.

13.2 Annual Capital Allowance for vehicle that has Bus Age less than or equal to 10 years

- (a) This clause 13.2 applies to a vehicle that becomes an Approved Vehicle on or after the date of the Contract which:
- (i) at the time it becomes an Approved Vehicle, it has Bus Age less than or equal to 10 years; and
 - (ii) is not an Approved Vehicle to which clause 13.1 applies.
- (b) The Annual Capital Allowance for a vehicle to which this clause 13.2 applies is to be calculated in accordance with the following formula:

$$ACA = (PP - RV / (1 + WACC)^{NP}) / ((1 - 1 / (1 + WACC)^{NP}) / WACC)$$

where:

ACA means the Annual Capital allowance for the Approved Vehicle.

PP means the lesser of:

- (i) the purchase price which the Crown is satisfied is the purchase price paid by the Operator for the Approved Vehicle (inclusive of the cost for fitting out the Approved Vehicle to meet the vehicle requirements in Appendix 2); and
- (ii) the capped entry value for the vehicle reckoned in accordance with Table 2 below.

RV means the proxy residual value calculated as 30% of the Purchase Price (PP).

WACC means the weighted average cost of capital percentage rates as calculated under clause 13.4, at the time ACA is calculated.

NP is 10.

Table 2: Capped Entry Value for Bus Size and Bus Age

Bus Age*	Small Bus	Medium Bus	Large or Extra Large Bus	Articulated Bus
0	\$180,000	\$225,000	\$480,000	\$600,000
1	\$167,400	\$209,250	\$446,400	\$558,000
2	\$154,800	\$193,500	\$412,800	\$516,000
3	\$142,200	\$177,750	\$379,200	\$474,000
4	\$129,600	\$162,000	\$345,600	\$432,000
5	\$117,000	\$146,250	\$312,000	\$390,000
6	\$104,400	\$130,500	\$278,400	\$348,000
7	\$91,800	\$114,750	\$244,800	\$306,000
8	\$79,200	\$99,000	\$211,200	\$264,000
9	\$66,600	\$83,250	\$177,600	\$222,000
10	\$54,000	\$67,500	\$144,000	\$180,000

* Bus Age reckoned at time of calculation of the Annual Capital Allowance.

- (c) For the purposes of clause 13.2(b), the purchase price for an Approved Vehicle is:
 - (i) subject to clause 13.2(c)(ii), the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including, for example, for maintenance and/or spare parts); or
 - (ii) if the Approved Vehicle becomes an Approved Vehicle more than six months after the date the Operator became the owner of the Approved Vehicle, the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including for example for maintenance and/or spare parts) less an amount calculated in accordance with the following formula:

$$A = ((P - RV)/(11 - BA1)) \times (BA2 - BA1)$$

where:

A is the amount to be deducted.

P is the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including for example for maintenance and/or spare parts).

RV has the meaning in clause 13.2(b).

BA1 is the Bus Age of the Approved Vehicle at the time of its purchase by the Operator.

BA2 is the Bus Age of the Approved Vehicle at the time the Operator last requested that the vehicle becomes an Approved Vehicle.

13.3 Calculating or recalculating Annual Capital Allowance for an Approved Vehicle that reaches or has a Bus Age greater than 10 Years

- (a) This clause 13.3 applies to each of the following:
 - (i) an Approved Vehicle that becomes an Approved Vehicle:
 - (A) after the date of the Contract; and
 - (B) which has a Bus Age greater than 10 years at the time it becomes an Approved Vehicle;
 - (ii) an Approved Vehicle that reaches a Bus Age greater than 10 years any time after the date it first became an Approved Vehicle for the purposes of the Contract (but has not reached its Out of Payment Age).
- (b) In this clause 13.3, **relevant time** means:
 - (i) in the case of an Approved Vehicle referred to in clause 13.3(a)(i), the time it becomes an Approved Vehicle; and
 - (ii) in the case of an Approved Vehicle referred to in clause 13.3(a)(ii), at the time it reaches a Bus Age greater than 10 years.
- (c) The Annual Capital Allowance for an Approved Vehicle (to which this clause 13.3 applies) is to be calculated or recalculated, at the relevant time, in accordance with the following formula:

ACA = $(PP - RV / (1 + WACC)^{NP}) / ((1 - 1 / (1 + WACC)^{NP}) / WACC)$ where:

ACA means the capital allowance for an Approved Vehicle.

PP means the lesser of:

- (i) the capped entry value for the vehicle reckoned in accordance with Table 3 below, or
- (ii) the amount which is the aggregate of:
 - (A) the purchase price for the Approved Vehicle determined in accordance with clause 13.3(d) ; and
 - (B) if the Approved Vehicle is a Medium Bus, a Large Bus or an Extra Large Bus – \$30,000; or

(C) if the Approved Vehicle is an Articulated Bus – \$35,000.

RV means the proxy residual value as follows:

- (i) for a Medium Bus, Large Bus or Extra Large Bus, \$3,000; and
- (ii) for an Articulated Bus, \$10,000.

WACC means the weighted average cost of capital percentage rates, at the relevant time, as calculated under clause 13.4.

NP is 10.

Table 3: Capped Entry Value for Bus Size and Bus Age

Bus Age *	Medium Bus	Large Bus	Extra Large Bus	Articulated Bus
11	\$125,267	\$143,933	\$159,800	\$183,973
12	\$116,533	\$133,867	\$148,600	\$171,547
13	\$107,800	\$123,800	\$137,400	\$159,120
14	\$99,067	\$113,733	\$126,200	\$146,693
15	\$90,333	\$103,667	\$115,000	\$134,267
16	\$81,600	\$93,600	\$103,800	\$121,840
17	\$72,867	\$83,533	\$92,600	\$109,413
18	\$64,133	\$73,467	\$81,400	\$96,987
19	\$55,400	\$63,400	\$70,200	\$84,560
20	\$46,667	\$53,333	\$59,000	\$72,133

- (d) For the purposes of clause 13.3(c), the purchase price for an Approved Vehicle is:
- (i) subject to clause 13.3(d)(ii), the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including, for example, for maintenance and/or spare parts); or
 - (ii) if the Approved Vehicle is an Approved Vehicle referred to in clause 13.3(a)(i) and becomes an Approved Vehicle more than six months after the date the Operator became the owner of the Approved Vehicle, the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including for example for maintenance and/or spare parts) less an amount calculated in accordance with the following formula:

$$A = ((P - RV)/(OPA - BA1)) \times (BA2 - BA1)$$

where:

A is the amount to be deducted.

P is the purchase price which the Crown is satisfied was paid by the Operator for the Approved Vehicle (excluding GST and net of any allowance for shipping, CCTV, ticketing or any prepaid costs including for example for maintenance and/or spare parts).

RV has the meaning in clause 13.3(c).

OPA means the Out of Payment Age applicable to the Approved Vehicle.

BA1 is the Bus Age of the Approved Vehicle at the time of its purchase by the Operator.

BA2 is the Bus Age of the Approved Vehicle at the time the Operator last requested that the vehicle becomes an Approved Vehicle.

13.4 Weighted Average Cost of Capital Percentage Rates (WACC)

The weighted average cost of capital percentage rates in respect an Approved Vehicle is to be calculated in accordance with the following formula:

$$\text{WACC} = (\text{IR} \times \text{DF}) + (\text{OE} \times (1 - \text{DF}))$$

where:

WACC means the weighted average cost of capital percentage rates in respect of an Approved Vehicle.

IR means:

- (i) if the date ACA is to be calculated is a date on or before 1 January 2020 – an annual interest rate of 7.87%; and
- (ii) if the date ACA is to be calculated is a date after 1 January 2020, then at that date, the annual interest rate (expressed as a percentage) applicable to the Commonwealth Bank of Australia loan product 'Better Business Loan/Super Gear – where security is other than residential' (or such other equivalent product selected by the Secretary, acting reasonably) at the end of the last Quarter before that date. A 'Quarter' is each period of three months ended 31 March, 30 June, 30 September and 31 December in a Year.

DF (debt funded) is 88.5%.

OE (Operator equity) is $\text{IR} + 1.5\%$.

Part 4: Other allowances and payments

14 Other allowances and payments

14.1 Accreditation allowance (AA)

- (a) The Crown will pay an annual accreditation allowance to the Operator towards the Operator's cost of maintaining Accreditation during the Term. If the Operator is a party to more than one passenger service contract (for the purposes of the Act), the accreditation allowance is only to be paid in respect of a single contract (and not in respect of each contract).
- (b) The annual accreditation allowance is the amount calculated in accordance with the following formula:

$$\text{AA} = (\text{AC} + \text{NPC})/\text{YR}$$

where:

AA means the accreditation allowance for the Operator.

AC means in relation to an audit required for the purposes of maintaining accreditation, the audit fee charged by Tasmanian Bus Association, and approved, in writing, by the Secretary for the purposes of this clause, but in any event not less than \$300.

NPC means the cost, in dollars, of obtaining a National Police Certificate.

YR is the number of years between accreditation audits for purposes of the Act – currently 3 years.

- (c) The accreditation allowance is to be paid on 15 January in each Year during the Term.

14.2 Shipping and stamp duty allowance

- (a) If the Crown approves an additional vehicle to be used as an Approved Vehicle under the Contract, or approves the replacement of a vehicle used as an Approved Vehicle under the Contract, the Crown is to reimburse the Operator (as a one-off allowance):
 - (i) if the vehicle is purchased outside of Tasmania, the reasonable costs of shipping the vehicle (as evidenced by the shipping invoice to the Operator identifying the vehicle) from Melbourne to Burnie or Devonport, in each case exclusive of fuel and driver related costs (for example, driver wages, driver accommodation, driver meals, driver transport costs); and
 - (ii) the stamp duty (if any) paid on the transfer of the vehicle into the name of the Operator, calculated on the purchase price of the vehicle for stamp duty purposes (but excluding any penalty stamp duty or interest charge for late payment of duty).
- (b) If the Operator is party to more than one passenger service contract (for the purposes of the Act) and the additional vehicle, or replacement vehicle, is to be an Approved Vehicle for more than one Contract, the reimbursement is only to be paid in respect of a single Contract (and not in respect of each Contract).
- (c) The Crown will make the reimbursement to the Operator not later than 10 Business Days after the Crown has received the following in a form and substance acceptable to the Department:
 - (i) the shipping invoice; and
 - (ii) evidence of the stamp duty paid by the Operator.
- (d) No allowance is payable where the allowance has been paid in respect to the additional vehicle or replacement vehicle previously by the Crown to any Operator in relation to an Approved Vehicle under the Contract.
- (e) If the Crown has reimbursed either shipping or stamp duty costs for an Approved Vehicle, and that Approved Vehicle is removed and replaced at the Operators request after being used on the Contract for a period of less than three years, then the Crown, at its absolute discretion, may seek reimbursement of the allowance paid. This may be done by way of set off against any future requests for reimbursement.

14.3 Installation of ticketing and approved monitoring equipment

- (a) If, during the Term, the Crown requires Approved Monitoring Equipment to be installed into an Approved Vehicle or Alternative Vehicle, the Crown is to reimburse to the Operator the reasonable costs of that installation.
- (b) If, during the Term, the Crown requires an Approved Ticketing System to be installed into an Approved Vehicle or Alternative Vehicle, the Crown is to reimburse to the Operator the reasonable costs of that installation.
- (c) If the Operator is party to more than one passenger service contract (for the purposes of the Act) and the Approved Vehicle, or the Alternative Vehicle, is an Approved Vehicle, or Alternative Vehicle, for more than one Contract, the reimbursement is only to be paid in respect of a single Contract (and not in respect of each Contract).
- (d) This clause does not apply to an Approved Vehicle, or Alternative Vehicle, which already has a CCTV system when purchased that meets the minimum requirements of the Contract for Approved Monitoring Equipment.
- (e) This clause does not apply to the installation of Approved Monitoring Equipment, or the installation of an Approved Ticketing System, in an Approved Vehicle if the Annual Capital Allowance for the Passenger Service includes an amount to cover the costs of such installation in the Approved Vehicle.
- (f) The Crown will make the reimbursement to the Operator not later than 10 Business Days after the Crown has received evidence as to the reasonable costs, in each case in a form and substance acceptable to the Department.

14.4 Marginal Operating Costs

For the purposes of the Contract, the Marginal Operating Costs in relation to a Contract are taken to the variable service costs (VSC) as calculated in clause 9.1 *less* the shuttle vehicle costs (SVC) as calculated in clause 9.5.

14.5 Payroll tax

- (a) If the Operator during the Term of any Contract pays payroll tax in accordance with the *Payroll Tax Act 2008* (Tas), the Crown will reimburse the payroll tax attributable to the operation of Passenger Services in accordance with Contracts.
- (b) The attributable payroll tax to be reimbursed will be calculated in accordance the formula:

$$\mathbf{RPT} = \mathbf{PT} \times \mathbf{CTW/TW}$$

where:

RPT means the payroll tax that is reimbursable.

PT is the payroll tax payable by the Operator (excluding any penalty tax and any interest for late payment) during the Term.

CTW are the taxable wages paid by the Operator in respect of work related to performing the Contracts.

TW is the total taxable wages of the Operator.

- (c) The Operator must provide evidence to the reasonable satisfaction of the Crown in support of a claim for reimbursement before payment will be made. If the

Operator is party to more than one passenger service contract (for the purposes of the Act), the reimbursement is only to be paid in respect of a single Contract (and not in respect of each Contract).

- (d) Reimbursement is to be made annually in arrears not later than 10 Business Days after the date on which the Operator has provided to the Crown, in a form and substance acceptable to the Crown, all information reasonably required to calculate the amount of the reimbursement.

14.6 Additional payment for workers compensation costs

- (a) The Crown will pay the Additional Amount to the Operator if:
 - (i) the Operator pays payroll tax;
 - (ii) the Operator has made an application, in writing, to the Crown for payment of the Additional Amount;
 - (iii) the application is in a form and substance to the Crown's satisfaction; and
 - (iv) the Crown is satisfied that:
 - (A) in respect of the renewal of the Operator's workers' compensation insurance, the premium amount payable by the Operator to obtain that insurance is greater than 3.6% of the wages amount used to calculate the premium amount; and
 - (B) the premium amount is not affected by the Operator's management of its business.
- (b) Subject to this clause 14.6, the Additional Amount is payable by the Crown to the Operators within 20 Business Days of the Crown accepting the Operator's application for payment of the Additional Amount
- (c) If:
 - (i) the Crown has paid an Additional Amount to the Operator; and
 - (ii) the Term ends before the expiry of the insurance policy in respect of which that Additional Amount was calculated,the Additional Amount is to be recalculated to take account of the end of the Term before the expiry of the insurance policy in respect of which the Additional Amount was originally calculated. The difference between the Additional Amount as originally calculated and the recalculated Additional Amount must be refunded by the Operator to the Crown upon demand.
- (d) In this clause:

Additional Amount means:

 - (i) if the percentage (the **Calculation Percentage**) used to calculate the premium amount payable by the Operator to obtain workers' insurance is less than 5%, the Specified Amount multiplied by the difference between the Calculation Percentage and 3.6%; and
 - (ii) in any other case, 1.4% of the Specified Amount.

DW means the driver wage allowance calculated, in accordance with clause 9.2, for the Passenger Service.

Specified Amount means:

- (i) if the period for which the Operator renews its workers compensation period includes any period that is not part of the Term, the amount which bears the same proportion to DW as the number of days of the Term occurring during the period of the insurance policy; and
- (ii) in any other case, DW.

Explanatory note: Any allowances for booking systems, interchanges, bus malls, transit centres and satellite depots will be negotiated by the Crown with individual operators, and, to the extent agreed to by the Crown, will be dealt with by way of 'special conditions' in the relevant formal instrument of agreement.

Part 5: Review of Model etc.

15 Annual Capital Allowance

15.1 Capped entry value review

- (a) In this clause 15.1:

Review Date means each of the following dates: 1 July 2021, 1 July 2023, 1 July 2025, 1 July 2027 and 1 July 2029.

Review Period means each period of three months before a Review Date.

- (b) Capped entry values set out in Table 2 in clause 13.2 will be reviewed, during each Review Period, by the Secretary in consultation with the Tasmanian Bus Association.
- (c) Each review by the Secretary will take into account the following:
 - (i) In respect of each Bus Size referred to in Table 2 in clause 13.2, at least two, but preferably three, quotations from bus manufacturers, agreed to by the Secretary and the Tasmanian Bus Association, for manufacture of a bus of that Bus Size. If the Secretary and the Tasmanian Bus Association are unable to agree the manufacturers for the purposes of this clause, the manufacturers will be selected by the Secretary (acting reasonably). A quotation must be sought for a bus that would meet the minimum specifications in Appendix 2 for a bus of the relevant Bus Size (except to the extent the Secretary otherwise agrees, in writing, with the Tasmanian Bus Association);
 - (ii) Any submissions made by the Tasmanian Bus Association.
 - (iii) Any other matters the Secretary considers relevant (including recent purchase prices paid by Operators for new buses).
- (d) If and to the extent that, the Secretary determines to increase the capped entry values set out in Table 2 in clause 13.2, those increased values will:
 - (i) form part of this Model; and

- (ii) be used in the calculation of the Annual Capital Allowance for an Approved Vehicle that becomes an Approved Vehicle after the date the Secretary notifies Operators, in writing, that the increased values are to take effect.
- (e) Any changes to this Model, pursuant to this clause 15.1, must be notified, in writing, by the Crown to each Operator as soon practicable following the change.

15.2 General review of Model

- (a) The Secretary will undertake a review of this Model, in consultation with the Tasmanian bus industry:
 - (i) during 2024; and
 - (ii) at any time in response to abnormal or exceptional circumstances affecting the Tasmanian bus industry.
- (b) Subject to clause 15.2(c), if and to the extent that, the Secretary and the Tasmanian Bus Association agree, in writing, to any changes to this Model, pursuant to the review referred to in clause 15.2(a), those changes will:
 - (i) form part of this Model; and
 - (ii) apply to a Contract in accordance the agreement reached.
- (c) Any changes to this Model agreed, in writing, between the Secretary and the Tasmanian Bus Association, pursuant to clause 15.2(b), must be notified, in writing, by the Crown to each Operator as soon practicable following that agreement.

16 National Heavy Vehicle Regulator legislation

- (a) The Crown acknowledges that the introduction of the National Heavy Vehicle Regulator legislation, policies and requirements may have a financial impact on an Operator.
- (b) If any regulatory change due to such legislation materially affects operators, the Secretary will undertake a review of this Model, in consultation with the Tasmanian bus industry.
- (c) Subject to clause 16(d), if and to the extent that, the Secretary and the Tasmanian Bus Association agree, in writing, to any changes to this Model, pursuant to the review referred to in clause 16(c), those changes will:
 - (i) form part of this Model; and
 - (ii) apply to a Contract in accordance the agreement reached.
- (d) Any changes to this Model agreed, in writing, between the Secretary and the Tasmanian Bus Association, pursuant to clause 16(c), must be notified, in writing, by the Crown to each Operator as soon practicable following that agreement.

17 Overriding provisions

- (a) Nothing in this Part 5 affects or prejudices the operation, application or enforceability of any other part of this Model. Accordingly, the other parts of this Model take effect according to their terms despite:
 - (i) any thing else in this Part ;
 - (ii) this Part 5 not being legally enforceable or effective.
- (b) A breach by the Secretary of this Part 5 is not compensable by damages.

Appendix 1: Annual Service Fee rates and allowances

The dollar amounts in the following table are as at 1 July 2018.

Item no.	Component	Service Type - General Access Bus Service
1.	Fuel Rate (per litre)	\$1.45
2.	Commonwealth Diesel Fuel Rebate (per litre)	\$0.154
3.	Fuel consumption (per km)	Small or Medium Bus rate Base rate – 0.25 Step 1 rate – 0.28 Large or Extra Large Bus rates Base rate – 0.42 Step 1 rate – 0.45 Articulated Bus rate Base rate – 0.52 Step 1 rate – 0.55 See note 1 below as to when Base rate and step rates apply.
4.	DEF rate (per km)	\$0.036
5.	Variable operating costs (per km)	Small or Medium Bus rate Base rate – 0.515 Step 1 rate – 0.545 Large or Extra Large Bus rates Base rate – 0.645 Step 1 rate – 0.675 Articulated Bus rate Base rate – 0.795 Step 1 rate – 0.825 See note 2 below as to when Base rate and step rates apply.
6.	Shuttle Vehicle Rate (per km)	\$0.68
7.	Driver wage rate (per hr)	Weekday (6am to 7pm) – \$28.60 Weekday (before 6am and after 7pm) – \$32.03 Saturday – \$40.04 Sunday – \$51.48 Public Holidays – \$62.92
8.	Wage On-cost percentage	16.6% See note 3 below
9.	Fixed Cost Allowance (per Approved Vehicle)	\$59,411.89 or \$16,084.45 where the vehicle is identified as a Rotational vehicle. See note 4 below as to composition of the Fixed Cost Allowance

Item no.	Component	Service Type - General Access Bus Service
10.	Total time allowed for pre-departure vehicle inspection and student loading (per Approved Vehicle)	11%
11.	Operator's Margin percentage	8%
12	Weekend and Public Holiday Loading	12%

Note 1: Refer Item 3 above

- (a) Unless otherwise agreed, in writing between the Crown and the Operator, and subject to paragraphs (b) and (d) below of this note 1, the Base rate (shown in Item 3 above), applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table), applies in relation to the calculation of the Annual Service Fee for the purposes of clause 9.3).
- (b) If:
- (i) the Operator provides evidence to the Crown (such evidence being in a form and substance satisfactory to the Crown, acting reasonably) that the fuel usage over a period of three consecutive Named Months (ending not more than 60 days before the date the evidence is provided to the Crown) for vehicles used consistently on that Approved Route have averaged at least one litre per 100 Km higher than the Base Rate (shown in Item 3 above and when converted to litres per 100 Km); and
 - (ii) the Crown, taking into account that evidence, is satisfied that:
 - (A) the Approved Route requires the operation of the Passenger Service on significant sections of road that:
 - are gravel;
 - have tight geometry; or
 - have steep gradients;
 - (B) the Approved Route requires frequent stopping; or
 - (C) the Approved Vehicles operating the Passenger Service regularly encounter congestion,

then, subject to paragraphs (c) and (d) of this note 1, the Annual Service Fee (for the Passenger Service to which the Approved Route relates) will be recalculated, applying in clause 9.3 the Step 1 rate (shown in Item 3 above) applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table). The Annual Service Fee, as recalculated, will apply on and from the commencement of the period of three Named Months referred to in paragraph (b)(i) of this note 1.

- (c) The Crown may, at any time, require an Operator to re-substantiate to the Crown's satisfaction that the circumstances which gave rise to the application of the Step 1 rate are continuing. If the Crown is not satisfied that those circumstances are continuing, the Crown may cancel the application of the Step 1 rate, in which event, the Annual Service Fee (for the Passenger Service to which the Approved Route relates) will be recalculated applying the Base rate.

- (d) Subject to the Contract and any agreement, in writing, to the contrary between the Crown and the Operator:
 - (i) if the Passenger Service Table requires a Small Bus or a Medium Bus; and
 - (ii) the Crown approves, in writing, a vehicle as an Approved Vehicle that has a Bus Size larger than the Bus Size required for the operation of the Passenger Service as set out in the Passenger Service Table,

then, for so long as the Crown is satisfied that the Approved Vehicle referred to in paragraph (d)(ii) of this note 1 is being used predominately for that Passenger Service, the Step 1 rate applicable to the Bus Size required for the operation of the Passenger Service as set out in the Passenger Service Table will apply for the purposes of clause 9.3. The Crown may cancel the application of the Step 1 rate if the Crown ceases to be satisfied that the Approved Vehicle referred to in paragraph (d)(ii) of this note 1 is being used predominately for that Passenger Service, in which event, the Annual Service Fee (for the Passenger Service to which the Approved Route relates) will be recalculated applying in clause 9.3 the Base rate. Any recalculation will not apply to any instalment of the Annual Service Fee already paid by the Crown.

Note 2: Refer Item 5 above

- (a) Subject to paragraph (b) of this note 2, the Base rate (shown in Item 5 above), applicable to the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table), applies in relation to the calculation of the Annual Service Fee.
- (b) The Step 1 rate (shown in Item 5 above) for the Bus Size required for the operation of the Passenger Service (as set out in the Passenger Service Table), applies in relation to the calculation of the Annual Service Fee if:
 - (i) the Crown is satisfied that the Operator's maintenance costs are generally greater (compared to other operators) because the Approved Route requires the operation of the Passenger Service on significant sections of road that:
 - (A) are gravel;
 - (B) have tight geometry; or
 - (C) have steep gradients; or
 - (ii) the Passenger Service regularly travels more than 100kms from a major urban centre.

Note 3: Refer Item 8 above

- (a) The Wage On-cost percentage (shown in Item 8 above) includes, as at the Base Date, the superannuation guarantee percentage of 9.5% (being, as at the Base Date, the minimum percentage of an eligible employee's earnings (ordinary time earnings) which an employer must contribute to a complying superannuation fund, or retirement savings account (RSA), for an employee in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cwlth)).
- (b) The Wage On-cost percentage will be adjusted by the Secretary to give effect to any change to the superannuation guarantee charge percentage that is applicable, from time to time, for the purposes of calculating the contribution which an employer is required to pay, at that time, to a complying superannuation fund, or retirement savings account (RSA), for an employee. For example, if at a later time, the superannuation guarantee charge percentage then required to be paid by an employer increases by from 9.5% to

10%, then, at that later time, the Wage-On Cost percentage of 16.6% would be adjusted upwards by 0.5 to 17.1%.

- (c) If, as a result of the change in the Law after the Base Date, employers in the Tasmanian bus industry are no longer required by legislation to make contributions to a complying superannuation fund, or retirement savings account (RSA), for an employee, the Wage On-cost percentage will be adjusted by the Secretary to give effect to that change from the time the change of Law takes effect.

Note 4: Refer Item 9 above

The fixed cost amount provides an allowance in respect of the following matters related to the operation of a Passenger Service:

- (a) testing, maintenance and refilling of fire extinguishers and other required safety equipment;
- (b) mobile communications on an Approved Vehicle;
- (c) cleaning of an Approved Vehicle (including cleaning time, materials, consumables and equipment);
- (d) contract administration, reporting and customer service;
- (e) office consumables and supplies;
- (f) internet connection;
- (g) office furniture and equipment (including computer software and equipment maintenance);
- (h) accounting fees;
- (i) bank charges; and
- (j) public liability insurance.
- (k) driver uniforms
- (l) vehicle storage
- (m) workshop/Depot supervision

Appendix 2: Minimum bus specifications

The minimum specifications for a bus are:

- (a) the bus conforms to all applicable Laws, including the requirements of the *Disability Discrimination Act 1992* (Cwlth);
- (b) the bus must have a seat style to be at the operators discretion, but meeting relevant Australian Design Rules and applicable Laws;
- (c) the bus must provide destination signage that complies with the requirements of the Crown (if any) and the *Disability Discrimination Act 1992* (Cwlth) and applicable Australian standards;
- (d) the bus must use a consistent livery to identify the Operator;
- (e) the bus must have climate control and/or air conditioning;
- (f) the bus must have a minimum of four security cameras for a Small Bus, and in any other case, a minimum of six security cameras, to provide coverage for substantially all of the interior of the bus;
- (g) the bus must have storage bins and/or internal storage, to enable safe stowage of luggage, appropriate to the Passenger Service (for the which the bus is intended to be predominately used);
- (h) the bus must be fitted with an audible reverse warning alarm; and
- (i) the bus must meet the requirements of Division 18 (Warning lights and warning signs on buses carrying schoolchildren) of the *Vehicle and Traffic (Vehicle Standards) Regulations 2014* (Tas).