



## INFORMATION SHEET

### THE APPLICATION OF APPROVED DEPOTS VERSUS ACTUAL DEPOTS

#### PURPOSE

The purpose of this information sheet is to provide contractors clarification of what constitutes an Approved Depot and Actual Depot, and an understanding of how Approved Depots and Actual Depots operate in context of the Evergreen Contract. This information sheet also explains how bus contract payments are calculated in relation to 'Unloaded Kilometre' Running.

#### BACKGROUND

Historically the Public Transport Authority (PTA) has always been consistent in its application of policy with regard to an Approved Depot versus an Actual Depot. Normally in a majority of instances the address where a contractor garages his vehicle is both the Approved Depot and Actual Depot. The Approved and Actual Depot will in most instances be different when 'orange' school bus contracts are sold by contractors.

When contracts are sold, the Government's position is that it will not meet the cost of paying for the additional distance travelled where the new contractor's Actual Depot is further away than the current Approved Depot. This decision is based on the fact that the buying and selling of contracts is a commercial decision between two parties and the Government should not be expected to pay more for the delivery of a school bus service as the benchmark cost was set when the contract was initially tendered/awarded.

Therefore when a contract is novated from the current contractor to the new contractor, the Approved Depot address will remain where it is (unless the Actual Depot distance is less than the current Approved Depot), and the Actual Depot address will be approved and noted so PTA is clear where the vehicle actually resides when not in use.

Contractors should understand that for the purposes of calculating a contractor's daily rate of pay, the Approved Depot is used purely as a fixed datum point for calculating the total unloaded kilometres to the terminus. That is, where the first child is picked up in the morning run or last child dropped off in the afternoon run, when the distance is less than the distance from the terminus to the Actual Depot.

As part of the contract assignment process, this position is explained to contractors and they are encouraged to undertake the appropriate due diligence checks on the financials of the contract before committing themselves to the contract.

## DEFINITIONS

You will find in the Evergreen Contract under *Schedule 1 Definitions and Interpretations* the definitions for Approved Depot and Actual Depot.

### **Approved Depot**

the depot referred to in item 7(a) of Schedule 13, as varied by the Authority from time to time under clause 4 or as otherwise agreed by the Authority and the Contractor.

### **Actual Depot**

at any time, the location at which the School Bus is usually kept while not being used to perform the Service, as notified by the Contractor to the Authority under item 7(b) of Schedule 13, at that time.

Please note that Actual and Approved Depots may change over the term of the Contract.

## HOW 'UNLOADED KILOMETRES' IS APPLIED FROM AN APPROVED OR ACTUAL DEPOT

The daily 'Unloaded Kilometres Running' is made up of 4 trips travelled per day:

- Morning:
- Trip 1: from Depot to terminus
  - Trip 2: after drop off at the last school then return to Depot
- Afternoon:
- Trip 3: from Depot to pick up at the first School
  - Trip 4: terminus to Depot

When the Contractor changes depot location, the new depot is referred to as the Actual Depot. If the total number of 'Unloaded Kilometres Running' (over 4 trips travelled daily) from the Actual Depot is more than from the Approval Depot to the terminus, then the Authority only pays the lesser 'Unloaded Kilometres' travelled from the Approved Depot.

Basically there is no change to the payment for 'Unloaded Kilometres' as the Approved Depot has not changed even though the Actual Depot address has.

If the total number of 'Unloaded Kilometres Running' (over 4 trips travelled daily) from the Actual Depot is less than from the Approval Depot to the terminus, then the Authority will only pay the lesser 'Unloaded Kilometres' travelled from the Actual Depot.

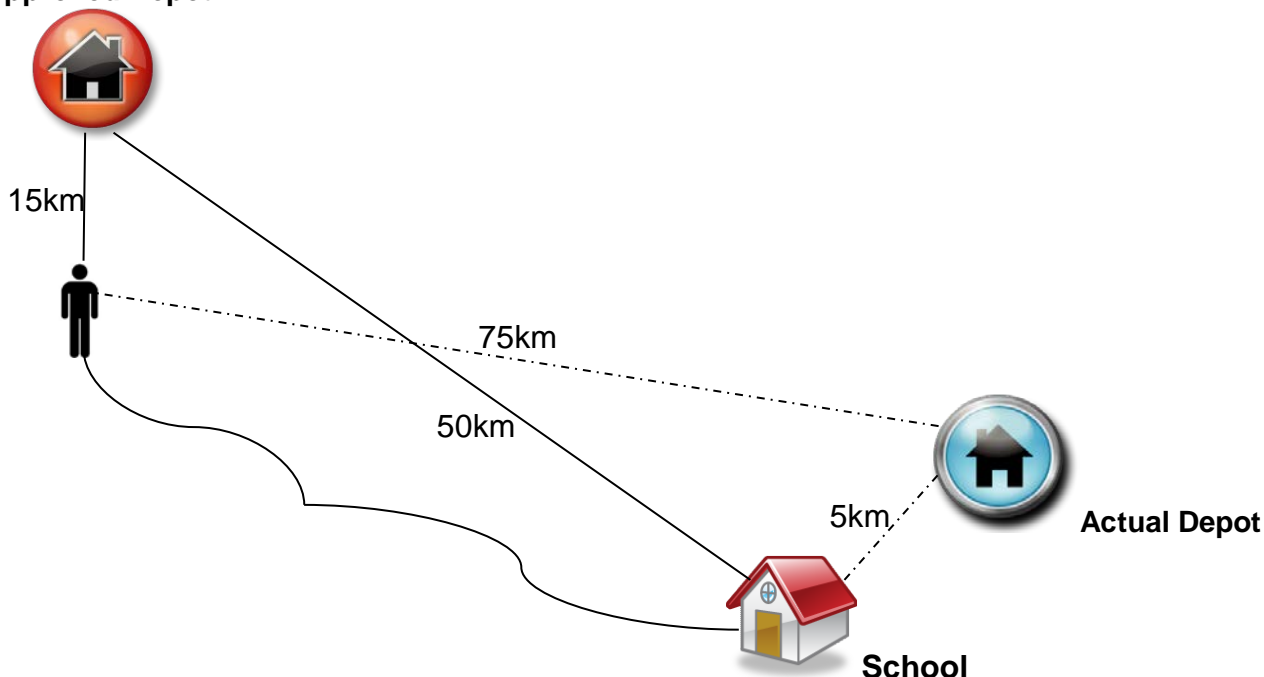
Basically the new Actual Depot address becomes the new Approved Depot because it's closer to the terminus and will result in an adjustment to the rate paid.

The following examples are provided to explain this concept:

## Examples of How Daily Unloaded Kilometres is Applied from Approved or Actual Depot

### Example 1

#### Approved Depot



#### Approved Depot ('Unloaded Kilometres' travelled)

- Morning:
- Trip 1: from Depot to terminus - 15km
  - Trip 2: after drop off at the last school then return to Depot - 50km
  - Total Morning 'Unloaded Kilometres' = 65km
- Afternoon:
- Trip 3: from Depot to pick up at the first School – 50km
  - Trip 4: terminus to Depot – 15km
  - Total Afternoon 'Unloaded Kilometres' = 65km

Total daily '**Unloaded Kilometres**' (65km+65km) = **130km**.

#### Actual Depot (Unloaded Kilometres travelled)

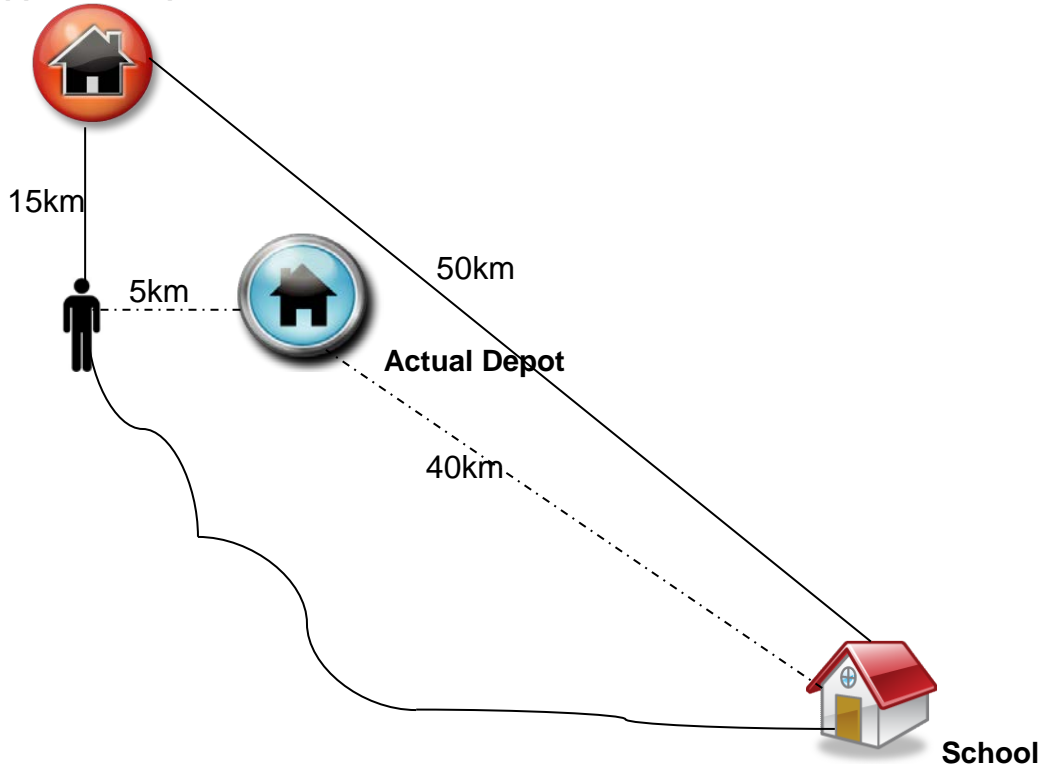
- Morning:
- Trip 1: from Depot to terminus - 75km
  - Trip 2: after drop off at the last School then return to Depot - 5km
  - Total Morning 'Unloaded Kilometres' = 80km
- Afternoon:
- Trip 3: from Depot to pick up at the first School – 5km
  - Trip 4: terminus to Depot – 75km
  - Total Afternoon 'Unloaded Kilometres' = 80km

**Total Daily 'Unloaded Kilometres'** (80km+80km) = **160km**.

Based on **Example 1**, the Bus Operator will be paid a total of **130 'Unloaded Kilometres'** to and from the Approved Depot, as the Bus Operators Approved Depot is 30km closer to the bus route than the Actual Depot.

## Example 2

### Approved Depot



### Approved Depot ('Unloaded Kilometres' travelled)

Morning: Trip 1: from Depot to terminus - 15km  
Trip 2: after drop off at the last School then return to Depot - 50km  
Total Morning 'Unloaded Kilometres' = 65km

Afternoon: Trip 3: from Depot to pick up at the first School – 50km  
Trip 4: terminus to Depot – 15km  
Total Afternoon 'Unloaded Kilometres' = 65km

Total daily 'Unloaded Kilometres' (65km+65km) = **130km.**

### Actual Depot (Unloaded Kilometres travelled)

Morning: Trip 1: from Depot to terminus - 5km  
Trip 2: after drop off at the last school then return to Depot - 40km  
Total Morning 'Unloaded Kilometres' = 45km

Afternoon: Trip 3: from Depot to pick up at first School – 40km  
Trip 4: terminus to Depot – 5km  
Total Afternoon 'Unloaded Kilometres' = 45km

Total daily 'Unloaded Kilometres' (45km+45km) = **90km.**

Based on **Example 2**, the Bus Operator will be paid **90 'Unloaded Kilometres'** to and from the Actual Depot, as the Bus Operators Actual Depot is 40km closer to the bus route than the Approved Depot. The Actual Depot (which is 40km closer to bus route) is now the Approved Depot due to the lesser amount of 'Unloaded Kilometres' travelled by the Bus Operator daily.

Please note that there are many other scenarios that may occur in relation to depot location and payment for 'Unloaded Kilometre Running'. The Authority will examine individual circumstances and assess each claim on a case by case basis.