



15 June 2011

Dear Contractor

Changes to Seatbelt Procurement Policy – Composite Rate Model Contracts

As you are aware since the introduction of seat belts into the 'orange' school bus fleet in 2006 the Public Transport Authority (PTA) has been purchasing the seats to install into buses for contractors who operate under the Composite Rate model Contract.

At present 66 percent of the 'orange' school bus fleet is now fitted with seat belts and the PTA is on target to have all buses seat belted by the end of 2015 in accordance with Government policy.

As a result of this milestone the Minister for Transport has approved for the procurement procedures to change from 1 July 2011, where contractors will be responsible for ordering and paying for seat belted seats. This will mean that the approved School Bus Price will factor in the cost of seat belts. This means that the new School Bus Price will be applied to depreciation payments and to determine the quantum amount of the Rate of Return on Investment (ROI) calculated at 10.5% of as part of the Class Bus Price.

The current cohort of buses with seat belted seats paid by the PTA will remain under the existing ROI arrangements until the next bus replacement when contractors will become responsible for the cost of the seat belted seats.

With regard to Repairs & Maintenance (R&M) on seat belts, an amounts for costs incurred will be included in the R&M matrix at some stage as part of the transition to the new procedures. For the foreseeable future the PTA will continue to pay contractors reasonable costs for repairs and replacements (where costs are not covered by warranty) until costs can be benchmarked with certainty. This applies to all contractors ie pre and post 1 July 2011.

School Bus Services