

HEAD OFFICE  
87 Hammond Road  
COCKBURN CENTRAL WA 6164  
Phone: 08 9395 4444  
Fax: 08 9417 9459  
Email: [booking@buswest.com.au](mailto:booking@buswest.com.au)



17 November 2021

Ms. LM O'Malley MLA

Chair

Public Accounts Committee – STAP Framework

4 Harvest Terrace

WEST PERTH WA 6005

Dear Ms O'Malley

### **Student Transport Assistance Policy framework**

#### **Submission to Inquiry**

Thank you for the opportunity to provide comments in relation the Public Accounts Committee inquiry into the Western Australian Student Transport Assistance Policy (STAP) framework.

#### **ATG Background**

ATG employs over 600 drivers across our various business and is the largest Operator of School Bus Contracts in WA

We operate the following contracts for the PTA:

- Evergreen Contracts (ECM)
- TRM and TCM Contracts (TCM)

- Short Term Contracts
- IEC Contract
- Aboriginal Ed Support Contracts
- Midland Private School Cluster Contract
- Kalgoorlie Kambalda Cluster Contract
- South West Contract
- Port Hedland and Carnarvon Regional Town Bus Service Contracts

We are also involved in all other sectors of the Bus Industry including Tourism and Charter, Mining Transfers, Events and Express Travel.

ATG has a very healthy relationship with the Public Transport Authority but like all relationships we have some issues from time to time where it is tested. We think this inquiry is an effective opportunity to get some Policy guidance and framework that will help the entire industry move forward. We are more than happy to assist the PTA and other parties in finding mutually beneficial solutions to improve the current contracting and service levels.

### **Potential Issues List**

ATG would like to point out the following issues to the Committee:

- **Metropolitan Fringe Contracts and Mainstream Contracts**

ATG operates many Metropolitan Fringe Contracts under the Evergreen Contract Model (ECM) and have had many contracts relocated to different locations in the past. Metropolitan Fringe Contracts were created in 2002 to recognise that arbitrary decisions by the PTA in changing the Transperth Boundary and ultimately School Children's eligibility to travel was causing an unfair and unreasonable burden on the School Bus contractors who through no fault of their own could have their business destroyed overnight by the PTA.

This year we were faced with the position where PTA tried to terminate 2 ECM contracts in Jarrahdale after a Transperth Boundary adjustment on the basis they were Mainstream contracts not Metropolitan Fringe Contracts that qualified for relocation.

ATG had one of these contracts that was actually a Metropolitan Fringe Contract and the PTA has since acknowledged that fact and conceded that it should be relocated. The other contractor has not been given that reassurance from the PTA and is operating under enormous uncertainty and personal stress.

It seems unfair that 2 identical contracts be treated differently that has such huge consequences for small Family Business owners and I believe that PTA should be allowed to relocate all Contracts on a needs basis to better match supply and demand. Relocating Contracts and respecting the Evergreen Contract concept has been the policy of previous Governments over many years including a recognition by the current Minister to the industry.

- **PTA Procurement distorting Value for Money principles.**

PTA Executives have a very narrow view of fair value and argue that the Tendered Contract Model (TCM) is producing cheaper Financial Outcomes for the Government as opposed to the Evergreen Contract model.

This is flawed logic for 3 very basic reasons:

- I do not believe a single TCM would have been awarded to a Contractor proposing to operate an Australian manufactured Bus. All contractors would be using cheaper Chinese made vehicles whereas the PTA pays EVG contractors a return that allows them to support Western Australian and/or Australian manufacturing.
- Evergreen Contractors are obliged to not “make a windfall gain” from their wages component in the contract that implies a wage rate considerably higher under the award. A TCM contractor only needs to comply with the Federal Award rates.
- Administrative burdens of the ECM are higher than the PTA.

ATG estimates the above 3 components make the EVG Contract 20-25% more expensive by design compared to the TCM Contract without improving the Contractor’s profitability.

If the goal of the Government is to save money, change the terms of the ECM contract to reflect the 3 points above and parity will be achieved.

In simplistic terms this means mandating through the ECM that contractors buy cheaper Chinese Buses, wages are to be decreased by up to 30% and safety and compliance should be compromised.

- **Zero Emission Vehicles into the future.**

ATG has been actively exploring the future of the Bus Industry and the various technologies that may become available. Apparently, the Hydrogen Fuel Cell vehicles are not favoured by the PTA who prefer a Battery Electric Vehicle technology for its Metropolitan Transperth Fleet.

ATG submitted a proposal to Minister for Regional Development, Agriculture and Food, Hydrogen Industry in May 2021 and was encouraged in a subsequent meeting to develop a proposal with the support of the Department of Jobs, Training, Science and Innovation (JTSI).

The broad terms are that ATG would procure 10-12 Hydrogen Fuel Cell Buses as part of our Evergreen Contract Model Replacement Bus program to operate at our Mandurah Operation.

This will require some cooperation and approval from the PTA as not all of our ECM Bus replacements are scheduled from the Mandurah depot. It can be manipulated quite simply at zero financial cost to the PTA by swapping individual buses between different ECM contracts.

JTSI would assist in the production and refuelling solutions of the Hydrogen Fuel that can be supplied from various sources across the spectrum. ATG is happy to accommodate the refuelling station at our Mandurah Operation at 5-9 Thornborough Rd Greenfields which is owned by an ATG Related Party. We believe the Fuelling Station could be situated at the Greenfields depot where public or third party access could also be provided as we currently have a 2<sup>nd</sup> access at the rear of the property that is currently unused.

ATG has had preliminary discussions with Woodside, ATCO, Alinta, Yara and Wesfarmers in regard to the supply of Hydrogen. ATG believes it can work with any party but will be guided by JTSI on who the ideal partner will be. Ultimately, the supply of Hydrogen will be determined by the marketplace but we are still many years from that position.

### **Potential Future Locations**

In regards to additional locations that ATG is happy to suggest to JTSI are our company owned sites in Cockburn, Armadale, Bunbury and Karratha. These sites could all facilitate the Hydrogen refuelling facility that can be made available to other potential users and also have multiple PTA contracts that could be converted to Hydrogen Fuel Cell Buses over the next few years.

### **ATG/WARPFORGE/HYZON Alliance**

ATG would prefer to purchase the vehicles through an alliance between Warpforge and Hyzon where Warpforge's revolutionary composite materials production and Hyzon's Fuel Cell Technology will come together to create a very unique product that is manufactured in WA.

The benefits to the greater WA economy cannot be underestimated and we believe this could be an added incentive to get traction for this proposal.

In regards to the Evergreen contract, we make the following comments:

- We believe the PTA can quite simply alter this contract by adding a new Class of bus to the School Bus Specifications that are referred to in the contract. Refer to ECM *Schedule 1 Definitions and Interpretation, Class* (page 32). There is currently 7 classes of vehicles that Contractors are required to operate on the basis of the needs determined by the PTA.
- For the purpose of this project in Mandurah, we envisage current Class C buses with a seating capacity of 57 Adult Seats be classified as a new Class C(Z) to refer to a 57 Adult Seat vehicle with Zero Emissions. All of the other various classes could ultimately have a (Z) option over time as the Hydrogen refuelling systems become a sustainable option across WA.
- What would need to be agreed upon to agree to a fair and reasonable compensation for all Contractors going forward would be the following:
  - Service Life of Class C(Z) – Class C Diesel buses have a service life of 17 years. Current industry expectations are that Hydrogen Fuel Cell buses have a service life of 8-10 years. This in all likelihood refers to the Hydrogen Fuel Cell and not the entire bus! (refer definition page 32)
  - Class C(Z) bus price can be determined by the PTA under *Class Bus Price* definition (page 43-44).
  - In regards to compensation for *Repairs and Maintenance* (page 51), it refers to compensation on a cents per kilometre basis per Bus Class. ATG would accept the Class C rate for this trial.
  - In regards to Fuel, the pricing in the contract (page 48) is not ideal. A clause referring to Class C(Z) being on some form of pass through arrangement can be used in the interim. Ultimately, when Hydrogen supply is a properly operating market, the PTA can refine this clause to allow greater certainty over time.
- At this stage, all other clauses of the contract will continue to operate as per normal.

ATG is eager to participate in any trials etc as we enter a lower emissions world and think this Committee is a good opportunity to explore the options for the entire industry.

- **Other leading-edge technology**

There are some other technologies including Vehicle Management Systems and Fatigue Management that are now standard issue on Mining Vehicles.

ATG believes that the role of Government should be to be a leader in the industry as opposed to completely absent in regards to these newer safety initiatives. ATG is able to demonstrate the industry benefits, which include numerous safety features.

- **Incompetency of PTA procurement department**

The PTA Procurement Department takes too long to complete its tender evaluations and still makes mistakes. ATG has twice been notified it has been successful in a tender to be subsequently informed that the wrong letter was sent out.

We have also been told that we did not win a tender because our submission was somehow lost during the evaluation process.

The most disturbing was when we lost 2 tenders where we were the cheapest submission on the basis we were supplying New Vehicles and being new had no Registration Numbers at the time of submission. The tender was awarded to a competitor at a more expensive price running older inferior vehicles.

Investment into the passenger transport industry is costly and requires significant investment into safety, sustainability and future proofing. ATG is committed to this industry and in particular to operating a safe and reliable service for school children within the context of PTA contracts. We believe the requirements of school bus services require reviewing from time to time and are more than willing to be part of all future decision-making process that adds value and benefit to communities

I can be contacted personally on [REDACTED] should you wish to pursue any of the content within this letter

Yours sincerely,

[REDACTED]

Ben Doolan

Director