

## Schedule 3 – Payment

### 1. Definitions and Interpretation

(a) In this Schedule:

- (i) all terms that have defined meanings in the Contract have the same meaning in this Schedule as they do in the Contract;
- (ii) a reference to a Clause is a reference to a Clause in the Contract; and
- (iii) a reference to a paragraph is a reference to a paragraph in this Schedule.

(b) In this Schedule, the following words have the following meanings:

**Annual Contract Price** means the amounts itemised in Annexure A to this Schedule as adjusted in accordance with this Schedule.

**On Demand Service Hrs** means any hour that an On Demand Vehicle is used to provide On Demand Services is absent from the Contract Depots in order to efficiently provide an On Demand Service, including time for that On Demand Vehicle to travel the most direct and practicable route between:

- (A) the finishing point of that On Demand Service and the starting point of the next On Demand Service; or
- (B) the starting or finishing point of that On Demand Service and a Contact Depot,

excluding time allowed for unpaid meal breaks or non-driving idle time.

**Monthly Contract Price** means the total amount to be paid by TfNSW to the Operator for the performance of all of the Services in accordance with this Contract following the Service Commencement Date, which is equal to the Annual Contract Price divided by 12. If the Service Commencement Date or the Termination Date occurs on a day other than the first of the month, the Monthly Contract Price will be adjusted on a pro rata basis accordingly.

**Service Bus Hrs** means any hour that a Contract Bus of a particular Bus type must be absent from the Contract Depots in order to efficiently provide the Bus Services including time for that Contract Bus to travel the most direct and practicable route between:

- (A) the finishing point of that Bus Service and the starting point of the next Bus Service; or
- (B) a Contract Depot and a starting or finishing point of that Bus Service,

excluding time allowed for unpaid meal breaks or non-driving idle time.

**Service Bus Kms** means any kilometre that a Contract Bus of a particular Bus type must travel outside of the Contract Depots in order to efficiently provide the Bus Services (other than Special Services) including distance for that Contract Bus to travel the most direct and practicable route between:

- (A) the finishing point of that Service and the starting point of the next Service; or
- (B) a Contract Depot and a starting or finishing point of that Service.

**Special Services Fees** means the fees for Special Services (other than Planned Events incorporated in the Annual Contract Price as contemplated by Schedule 2B), as calculated in accordance with paragraph 5 and Clause 9.5 of the Services Contract.

**Unit Rate** means the rates contained in Annexures B and C to this Schedule.

**Written Off Bus** means a Contract Bus which is irretrievably lost, stolen,

destroyed or damaged beyond economic repair during the Service Term.

## 2. General Requirements

- (a) In accordance with Clauses 37.2 (Invoices and time for payment) and 37.3 (Set-off) of the Contract and paragraph 2(b) below, the Operator must, within five Business Days after the last day of each month during the Service Term, provide a valid Tax Invoice to TfNSW, in a form approved by TfNSW from time to time, which identifies:
- (i) the amount of the Monthly Contract Price for the previous month;
  - (ii) any positive price adjustments applicable to previous periods, calculated in accordance with paragraph 4;
  - (iii) any Performance Payments to which the Operator is entitled in respect of previous periods;
  - (iv) the Net Financial Impact of Contract Variations calculated and paid in accordance with Schedule 7 (Net Financial Impact); and
  - (v) reimbursement of Withholding Amounts;
- less
- (vi) any negative price adjustments applicable to previous months, calculated in accordance with paragraph 4;
  - (vii) any Abatements to which TfNSW is entitled in respect of previous months;
  - (viii) any Withholding Amounts to which TfNSW is entitled in respect of previous periods;
  - (ix) any Ticketing System Income (net of GST) remitted to the Operator in previous months in accordance with paragraph 4(a) of Schedule 1C (Ticketing and Revenue Protection),
- and the net Payment payable by TfNSW to the Operator, having regard to paragraphs (i) to (ix) above.
- (b) For the avoidance of doubt, the amounts referred to in paragraphs (a)(iv) to (viii), including the Ticketing System Income, will be set off and reduced from the amounts otherwise payable to the Operator. If the Ticketing System Income in any month exceeds the amount otherwise payable by TfNSW to the Operator under paragraph (a) for that month, the Operator must pay to TfNSW the amount of that excess within 20 Business Days after the end of that month.
- (c) The Operator must provide TfNSW with supporting evidence showing that the amounts identified in paragraph 2(a) are correctly calculated in accordance with the Contract and this Schedule and details identifying and clarifying changes from the prior month's invoice line item charges.
- (d) The Tax Invoice must be addressed to the TfNSW officer nominated by TfNSW in writing from time to time.
- (e) The Tax Invoice must be paid by TfNSW within 10 Business Days of receipt of a valid invoice.
- (f) The Operator acknowledges that other than as expressly set out in this Schedule 3, no other fees, expenses or charges are payable to the Operator in connection with the Services.

## 3. Annual Contract Price

- (a) The Annual Contract Price set out in Annexure A applies to each Contract Year and is fixed for the Service Term, unless varied in accordance with this Schedule.
- (b) The parties acknowledge there will be no renegotiation of the Annual Contract Price.

- (c) In respect of any New Buses that are TfNSW New Buses or any New Depots that are owned by TfNSW, the amounts to be paid to the Operator in respect of each of the State Asset Access Agreements in Annexure A and B to this Schedule from the date of execution of this Contract will be \$1.00 per item per month, fixed over term of this Contract (on fleet basis and not for individual vehicles). If TfNSW restructures the arrangements for State Asset ownership as contemplated by Clauses 1.6 (Transfer of functions) and 25 (Asset restructure by TfNSW), TfNSW may alter the amount in Annexure A and B to this Schedule (including by moving from a fleet based payment to a per asset based payment) and amend paragraphs 4.3 and 4.4 (to provide for price adjustment in respect of Written Off Buses) subject to the requirements of Clause 25. The Operator will not be paid a margin on any additional rental amount payable in respect of State Assets under any restructured arrangements.
- (d) For clarity, no fees or amounts are payable in relation to the Transition Period, and the Monthly Contract Price and the Annual Contract Price commences from the Service Commencement Date.

## 4. Price adjustments

The parties acknowledge and agree that the Annual Contract Price payable by TfNSW to the Operator may vary due to price adjustments, calculated in accordance with this paragraph 4. However, any price adjustments to the Annual Contract Price apply on a prospective basis only and do not impact on amounts of the Monthly Contract Price paid prior to the date of the relevant adjustment event.

### 4.1 Price Adjustments for Service Variations to Bus Services and Planned Events and escalation for Unit Rates

- (a) The price adjustment for a Service Variation for Bus Services (other than On Demand and Special Services) approved by TfNSW will be calculated by applying the following calculation(s):
- (i) the change in daily Service Bus Kms as a result of the Service Variation, multiplied by the Unit Rate per Service Bus Km (for the applicable Bus type and day type), multiplied by the number of days in the year for which the Service Variation will operate;
  - (ii) the change in daily Service Bus Hrs as a result of the Service Variation, multiplied by the Unit Rate per Service Bus Hr (for the applicable Bus type and day type), multiplied by the number of days in the year for which the Service Variation will operate.
- (b) Unit Rates will be inflation adjusted by application of the inflation indices in paragraph 4.4(c), applied in the following manner:

Unit Rate	Inflation Indices to be Applied
Per Bus Km	[xx%] of rate inflated by index in paragraph 4.4(c) Table Ref 1 [xx%] % of rate inflated by index in paragraph 4.4(c) Table Ref 4 [xx%] of rate inflated by index in paragraph 4.4(c) Table Ref 5
Per Bus Hr, Supervisor Hr or Marshall Hr	100% of rate inflated by index in paragraph 4.4(c) Table Ref 1

- (c) If the Annual Contract Price has been varied due to a Service Variation, any future inflation adjustment for the varied Annual Contract Price will be treated in accordance with paragraph 4.4 of this Schedule.

- (d) At any given time, TfNSW shall record the inflation adjusted value of the Annual Contract Price, as at the Service Commencement Date, separately from the inflation adjusted total value of all Service Variations.
- (e) TfNSW must notify the Operator of the variation to the Annual Contract Price by notice in writing and adjust the Monthly Contract Price accordingly for payment purposes.
- (f) The price adjustment for changes to the Planned Events contemplated by Schedule 2B as approved by TfNSW will be calculated by applying the following calculation(s), as calculated by TfNSW within 30 days of the end of the relevant Contract Year based on all such Planned Events occurring within that Contract Year:
  - (i) the change in aggregate Service Bus Kms as a result of the TfNSW-approved changes to Planned Events, multiplied by the applicable Unit Rate for Special Services; and
  - (ii) the change in aggregate Service Bus Hrs as a result of the TfNSW-approved changes to Planned Events, multiplied by the applicable Unit Rate for Special Services.
- (g) The parties acknowledge that the adjustment contemplated by paragraph (f) above will apply a one-off, retrospective true-up in respect of such Planned Events and will not impact or adjust the Annual Contract Price for future Contract Years.

**4.2 Price Adjustment for Service Variations to On Demand Services**

- (a) On and from the date that On Demand Services initially commence under this Contract, where there is subsequently a Service Variation to such On Demand Services approved by TfNSW, the price adjustment for that Service Variation will be calculated by applying the following calculation(s):
  - (i) the change in daily On Demand Service Bus Hrs as a result of the Service Variation, multiplied by the On Demand Unit Rate per On Demand Service Bus Hr (for the applicable Bus type and day type), multiplied by the number of days in the year for which the Service Variation will operate;
  - (ii) for any Service Variation requiring an increase in the number of On Demand Vehicles, the price for the agreed required number of new On Demand Vehicles for On Demand Services as a result of the Service Variation will be agreed between the parties.
- (b) On Demand Unit Rates will be inflation adjusted by application of the inflation indices in paragraph 4.4(c) of this Schedule, applied in the following manner:

Unit Rate	Inflation Indices to be Applied
Per On Demand Service Hr	[X%] of rate inflated by index in paragraph 4.4(c) Table Ref 1
	[X%] of rate inflated by index in paragraph 4.4(c) Table Ref 4
	[X%] of rate inflated by index in paragraph 4.4(c) Table Ref 5
	The parties will agree the percentage values identified as "X%" above as part of a Service Variation or Contract Variation which introduces the initial scope of On Demand Services into this Contract

**4.3 Price Adjustment for Written Off Bus**

- (a) The Price for a Contract Bus (other than Legacy Buses and TfNSW New Bus) calculated in accordance with paragraph 4.5 that subsequently becomes a Written Off Bus will cease from the first day of the month in which such Contract Bus becomes a Written Off Bus.

- (b) The Operator must replace any Written Off Bus that was a Contract Bus (other than a Legacy Bus) in accordance with Clause 22.2 of the Contract and will receive a Price Adjustment in accordance with paragraph 4.5 for the replacement Operator New Bus.
- (c) Any Written Off Bus that is a Legacy Bus must be replaced by the Operator and there will be no Price Adjustment for that replacement Legacy Bus.
- (d) There is no adjustment to the Monthly Contract Price in the event of a Contract Bus becoming a Written Off Bus where the Written Off Bus was a New Bus that TfNSW has elected to procure and lease or licence to the Operator in accordance with Clause 22.4 (TfNSW New Buses) of the Contract.
- (e) In accordance with Clause 40.4(b) (Claims and proceeds) of the Contract, the Operator must remit to TfNSW the insurance proceeds received and deductible loss incurred for any Contract Bus (other than a Legacy Bus, Existing Bus or Operator New Bus) that is a Written Off Bus (including TfNSW New Buses).

#### 4.4 Price Adjustments for Inflation, Fuel Taxes and Credits, and Contract Buses

- (a) The Monthly Contract Price must be adjusted to take into account inflation.
- (b) At the periods as specified in the table in paragraph 4.4(c), TfNSW must apply the inflation index and multiplier specified in the table in paragraph 4.4(c) to the relevant items specified in the table in paragraph 4.4(c) and notify the Operator in writing of the adjusted Monthly Contract Price.
- (c) For the purposes of this paragraph 4.4, the following inflation indices will be adopted and applied to the prices shown in Annexure A (other than the prices in relation to the State Bus Leases, State Existing Facility Leases and State Bus Depot Leases).

Ref	Item (from tables in Annexure A)	Inflation Adjustment Mechanism	Adjustment Timing, Base and Multiplier
1	<b>Drivers - Salaries and Wages (including labour on-costs)</b>	ABS Quarterly Wage Price Index; Cat 6345.0, Table 5b, Total hourly rates of pay excluding bonuses; Private and Public; Transport, postal and warehousing A2603469T	To be applied on 1 July 2021 and every 1 July thereafter.  The Multiplier is to be determined as the published March Quarter index most recent to the date of the adjustment divided by 134.4 (being the quarterly index for March 2020)
2	<b>Contract Bus Maintenance and Repair - Salaries and Wages (including labour on-costs)</b>	ABS Quarterly Wage Price Index; Cat 6345.0, Table 5b, Total hourly rates of pay excluding bonuses; Private and Public; Transport, postal and warehousing A2603469T	To be applied on 1 July 2021 and every 1 July thereafter.  The Multiplier is to be determined as the published March Quarter index most recent to the date of the adjustment divided by 134.4 (being the quarterly index for March 2020)
3	<b>Management and administration staff - Salaries and Wages (including labour on-costs)</b>	ABS Quarterly Wage Price Index; Cat 6345.0, Table 5b, Total hourly rates of pay excluding bonuses; Private and Public; Transport, postal and warehousing A2603469T	To be applied on 1 July 2021 and every 1 July thereafter.  The Multiplier is to be determined as the published March Quarter index most recent to the date of the adjustment divided by 134.4 (being the quarterly index for March 2020)

4	<b>Contract Bus Maintenance and Repair (non-labour)</b>	ABS Consumer Price Index (CPI), Cat 6401.0, - quarter, Index Numbers; All groups CPI; Sydney; Series ID: A2325806K	To be applied on 1 July 2021 and every 1 July thereafter.  The Multiplier is to be determined as the published March Quarter index most recent to the date of the adjustment divided by 117.4 (being the quarterly index for March 2020)
5	<b>Diesel Fuel and Oil</b>	Monthly Average Mobil Terminal Gate Price Silverwater NSW Diesel exclusive of GST and net of Fuel Tax Credit	To be applied every month from Service Commencement Date in arrears.  The Multiplier is determined as the Average Diesel price in cents per litre excluding GST and less the Fuel Tax Credit in cents per litre as applicable in the month, divided by the base index value of [xx.xx] (being the average November 2020 price in cents per litre excluding GST and Fuel Tax Credit of [xx.x] cents per litre).
6	<b>Contract Bus Energy</b>	ABS CPI electricity price index: Cat: 6401.0 - Consumer Price Index, Australia, Time series spreadsheet: TABLE 7. CPI: Group, Sub-group and Expenditure Class, Weighted Average of Eight Capital Cities, Index Numbers; Electricity; Australia, Series ID: A2328141J	To be applied every year from 1 July.  Base June 2020.  Multiplier to be applied for the subsequent 12 months = The most recent published Quarterly index to the date of the adjustment (1 July each year) divided by the Quarterly index for June 2020.
7	<b>Contract Bus Principal and Interest Costs</b>	N/A	The Contract Bus Principal and Interest Costs in Annexure A will be adjusted as follows:  a) The Contract Bus Principal and Interest Costs for an Existing Bus as set out in Annexure D will cease from the first day of the month after the Final Payment Month set out in Annexure D.  b) The Contract Bus Principal and Interest Costs for an Existing Bus as set out in Annexure D or an Operator New Bus calculated in accordance with paragraph 4.5 that subsequently is no longer in service will cease from the first day of the month in which the Existing Bus or Operator New Bus is no longer in service; and,  c) The Contract Bus Principal and Interest Costs for an Existing Bus as set out in Annexure D or an Operator New Bus calculated in accordance with paragraph 4.5 that subsequently becomes a Written Off Bus will cease from the first day of the month in which the Existing Bus or Operator New Bus becomes a Written Off Bus;
8	<b>Other</b>	ABS Consumer Price Index (CPI), Cat 6401.0, - quarter, Index Numbers; All groups CPI; Sydney; Series ID: A2325806K	To be applied on 1 July 2021 and every 1 July thereafter.  The Multiplier is to be determined as the published March Quarter index most recent to the date of the adjustment divided by 117.4 (being the quarterly index for March 2020)



#### 4.5 Price Adjustment for Operator New Buses

- (a) The price adjustment for an Operator New Bus (other than an On Demand Vehicle) (PARB) will be calculated in accordance with the following formula:

$$PARB = NFPP_n$$

Where:

$NFPP_n$  = The new monthly vehicle periodic payment ( $NFPP_n$ ) for an Operator New Bus calculated using the following formula:

$$NFPP_n = \frac{i_n \times (CC_n)}{1 - (1 + i_n)^{-M}}$$

Where:

$i_n$  is the monthly interest rate (for payment) calculated in accordance with the following formula:

$$i_n = (1 + r_n)^{1/12} - 1$$

where:

$r_n$  is the 10 year Commonwealth Treasury Bond Rate (expressed as a decimal) at the end of the first month in which TfNSW is satisfied that Bus (n) is a Contract Bus plus **0.0###**.

$M$  is 180 (or such other amount as is determined by TfNSW) for Buses used to provide Route Services, Headway Services, Dedicated School Services and On Demand Services; and

$CC_n$  is the Capital Cost<sub>n</sub> for the Operator New Bus as charged by the Bus Procurement Panel at the time of replacement.

#### 4.6 Not Used

#### 4.7 Vehicle Termination Payments

- (a) Subject to paragraph 4.7(b), the Vehicle Termination Payment payable under Clause 51.1 of the Contract for the sale of an Operator Owned Bus (other than an On Demand Vehicle), will be determined by TfNSW in accordance with the following formula:

$$VTP_n = (CC_n) \times (1 + i)^m - \frac{(NFPP_n \times ((1 + i)^m - 1))}{i_n}$$

where:

$VTP_n$  is the Vehicle Termination Payment for the Operator Owned Bus;

$m$  is the number of months that the Operator Owned Bus has been in service, the maximum number being 180 months or such other period as is determined by TfNSW;

$CC_n$  is the capital cost for the Operator Owned Bus as charged by the Bus Procurement Panel at the time of purchase or replacement; and

“ $NFPP_n$ ” and “ $i_n$ ” will be calculated using the relevant formulas in paragraph 4.5(a) (but by reference to any corresponding definitions under this paragraph).

- (b) Subject to paragraph 4.7(c), the Vehicle Termination Payment payable, under Clause 51.1 of the Contract, for the novation of an Operator Bus Lease in respect of an Operator Novation Bus will be the amount determined by TfNSW in accordance with paragraph 4.7(a) minus the net present value of any remaining payment obligations under the Operator Bus Lease (including any end of term purchase option over the Operator Novation Bus or, where there is no express purchase option in the relevant Operator Bus Lease, assuming acquisition of the Operator Novation Bus at its assumed residual value (using a discount rate equal to the implied discount rate under the relevant Operator Bus Lease)).
- (c) No Vehicle Termination Payment will be payable in connection with any Operator New Bus or related Operator Bus Lease where the Operator New Bus has been in service for more than 180 months or such other period as is determined by TfNSW.
- (d) TfNSW or the Purchaser must pay any Vehicle Termination Payment on or within the period of 30 days immediately preceding the Termination Date.

## 5. Special Services

- (a) Within 30 days of completion of Special Services, the Operator must submit a valid Tax Invoice for Special Services Fees, based on the Unit Rates for Special Services at Annexure D and in a form approved by TfNSW. However, payments to the Operator under or in connection with Emergency Bussing Services must be assessed in a manner which avoids double counting. In particular, Contract Buses or Drivers reallocated from another Bus Service to provide Emergency Bussing Services must not result in double recovery by the Operator. Emergency Bussing Services using Contract Buses removed from a regular service will only be paid at the Special Services unit rates after the time the regular shift finishes.
- (b) The Operator must direct the valid Tax Invoice to the authorised representative of the entity who ordered the Special Services named in Item 1 on the Special Services Order Form.
- (c) The Operator must provide TfNSW and the relevant entity ordering the Special Services with supporting evidence showing that the amounts in the valid Tax Invoice are correctly calculated in accordance with the Contract and this Schedule.
- (d) The Tax Invoice must be paid by within 15 Business Days of receipt of a valid Tax Invoice by the relevant entity in accordance with paragraph (b) above.



**Annexure A - Annual Contract Price**

Ref	Item	Annual Contract Price (\$)
1	Drivers - Salaries and Wages (including labour on-costs)	
2	Contract Bus Maintenance and Repair - Salaries and Wages (including labour on- costs)	
3	Management and Administration Staff - Salaries and Wages (including labour on-costs)	
4	Contract Bus Maintenance and Repair (non-labour)	
5	Diesel Fuel and Oil (Diesel Buses)	
6	Electricity (Operational)Bus Contract Energy)	
7	Contract Bus Principal and Interest Costs	
8	Other (non-labour)	
9	Annual Contract Price	

**Annexure B - Unit Rates for Service Variations**

Day Type	Resource Measure	Midi Bus	Standard and School Bus
<b>Weekday Timetable Days</b>	Bus Hours 0500-2400		
	Bus Hours 0001-0459		
<b>Saturday Timetable Days</b>	Bus Hours		
<b>Sunday Timetable Days</b>	Bus Hours		
<b>All days</b>	Bus Kms - Diesel		

**Annexure C - Unit Rates for Special Services**

Day Type	Resource Measure	Midi Bus	Standard and School Bus
<b>Weekdays</b>	Bus Hours 0500-2400		
	Bus Hours 0500-2400 - Standby Bus		
	Bus Hours 0001-0459		
	Bus Hours 0001-0459 – Standby Bus		
<b>Saturdays</b>	Bus Hours		
	Bus Hours – Standby Bus		
<b>Sundays</b>	Bus Hours		
	Bus Hours – Standby Bus		
<b>All days</b>	Bus Kms - Diesel		

**Unit Rates for Special Services - Supervisors and Marshalls**

Day Type	Resource Measure	Supervisors	Marshalls
<b>Weekdays</b>	Supervisor hours 0500-2400		
	Supervisor hours 0001-0459		
<b>Saturdays</b>	Supervisor hours		
<b>Sundays</b>	Supervisor hours		

