



## SCHEDULE 3: PAYMENT SCHEDULE

### 1 Definitions and Interpretation

1.1 In this Schedule:

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

1.2 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.

**Monthly Contract Price** means the sum to be paid by TfNSW to the Operator for the Contract Bus Services provided in any month, which is equal to the Annual Contract Price divided by 12.

**Patronage Incentive Payment** means a payment by TfNSW to the Operator in accordance with paragraph 4.6 of this Schedule.

**Peak Bus** means a Bus of a particular Bus type that must be absent from the Bus Depot at the same time that the maximum number of Buses of that Bus type must be absent from the Bus Depot in order to efficiently provide the Contract Bus Services.

**Service Bus Hrs** means any hour that a Bus of a particular Bus type must be absent from the Bus Depot in order to efficiently provide the Contract Bus Services.

**Service Bus Kms** means any kilometre that a Bus of a particular Bus type must travel outside of the Bus Depot in order to efficiently provide the Contract Bus Services.

**Unit Rate** means the rates contained in Annexure B to this Schedule.

**Written Off Contract Bus** means a Contract Bus which is irretrievably lost, stolen, destroyed or damaged beyond economic repair during the Term.

### 2 General Requirements

2.1 In accordance with Clause 20.2 of the Contract, the Operator must include in its Tax Invoice:

- (a) separate items for:
  - (1) the amount of the Monthly Contract Price for the previous month;
  - (2) the amount of the Patronage Incentive Payment for the previous month;
  - (3) the amount to be deducted from the total Payment for the revenue received by the Operator from Ticket sales

in the previous month (in accordance with Item 10 of the Services Schedule); and

- (4) any amount to be deducted from the total Payment for a KPI Credit in the previous month;
  - (b) supporting evidence showing that the amounts specified in the Tax Invoice are correctly calculated in accordance with the Contract and this Schedule; and
  - (c) the total Payment owed from TfNSW to the Operator, based on the sum of the amounts referred to in paragraphs 2.1(a)(1) and 2.1(a)(2), less the amounts referred to in paragraphs 2.1(a)(3) and 2.1(a)(4).
- 2.2 The Tax Invoice must be addressed to the TfNSW nominated officer.

### **3 Annual Contract Price**

- 3.1 The Annual Contract Price is fixed for the Term, unless varied in accordance with this Schedule.
- 3.2 The parties acknowledge there will be no negotiation of the Annual Contract Price, other than variations in accordance with this Schedule.

### **4 Variation to Annual Contract Price**

The parties acknowledge and agree the Annual Contract Price may be varied in accordance with this paragraph 4.

#### **4.1 Price Adjustments for Service Variations**

- (a) The Annual Contract Price may be adjusted if TfNSW provides notice of or approves a Service Variation.
- (b) For each approved Service Variation, TfNSW will increase or decrease the Annual Contract Price, for the duration of the Service Variation, by applying the following calculation(s):
  - (1) the agreed 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;
  - (2) the agreed 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;
  - (3) for any Service Variation requiring an increase in the number of Peak Buses, the price for the agreed required number of Growth Contract Buses as a result of the Service Variation will be calculated in accordance with Paragraph 4.3 of this Schedule:
    - (A) In agreeing the required number of Growth Contract Buses, an allowance will be

incorporated for additional spare Buses. This allowance will be applied on the basis of one additional spare Bus of the same Bus type being required for each ten extra Peak Buses required in the Fleet; and

- (4) for any Service Variation allowing a decrease in the number of Peak Buses, the Annual Contract Price will be reduced by excluding the price for the Contract Buses removed from the Contract Bus Fleet, in accordance with paragraph 4.3 of this Schedule:
  - (A) In agreeing the number of Buses no longer required, an allowance will be incorporated for a reduction in the number of spare Buses required. This allowance will be applied on the basis of one less spare Bus of the same Bus type being required for each ten less Peak Buses required in the Contract Bus Fleet.

- (c) Unit Rates will be inflation adjusted by application of the Inflation Indices in paragraph 4.5(c), applied in the following manner:

<b>Unit Rate</b>	<b>Inflation Indices to be Applied</b>
Per Bus Km	40% of rate inflated by index in paragraph 4.5 (c) Table Ref 1 20% of rate inflated by index in paragraph 4.5 (c) Table Ref 2 40% of rate inflated by index in paragraph 4.5 (c) Table Ref 3
Per Bus Hr	80% of rate inflated by index in paragraph 4.5 (c) Table Ref 1 20% of rate inflated by index in paragraph 4.5 (c) Table Ref 2

- (d) 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 4.5.
- (e) At any given time, TfNSW shall record the inflation adjusted value of the Annual Contract Price, as at the Services Commencement Date, separately from the inflation adjusted total value of all Service Variations.
- (f) 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.

4.2 **Price Adjustments for Failure to Achieve Key Performance Indicators**

- (a) The Monthly Contract Price may be adjusted in the event that the Operator fails to meet a Key Performance Indicator subject to a Service Credit, in accordance with the KPI Schedule.
- (b) In the event the Operator fails to meet a KPI subject to a Service Credit, the monthly Payment due to the Operator will be reduced by the amount of the KPI Credit, calculated in accordance with the KPI Schedule.

4.3 **Price Adjustment for a Scheduled Replacement Contract Bus or for a change in the number of Peak Buses as a result of a Service Variation**

- (a) The price adjustment for a Bus which reaches its maximum age and is replaced in accordance with Clause 13.2(a)(i) of the Contract, or the price adjustment for a change in the number of Peak Buses as a result of a Service Variation (**PARB**), will be calculated in accordance with the following formula:

$$\text{PARB} = \text{NFPP}_n - \text{CC}_0/12$$

Where:

$\text{CC}_0$  = For a Bus replaced due to age requirements, or removed due to a decrease in the number of Peak Buses required as a result of a Service Variation - the capital charges as defined in:

- i. Annexure C if it is a Transfer In Contract Bus;
- ii. Annexure D if it is an Existing Bus that will not reach 26 years of age during the Term;
- iii. Annexure E if it is an Existing Bus that will reach 26 years of age during the Term; or
- iv. Annexure F if it is a New Bus.

For a Growth Contract Bus which is added due to a Service Variation -  $\text{CC}_0$  will be zero.

$\text{NFPP}_n$  = For a Bus removed due to a decrease in the number of Peak Buses required as a result of a Service Variation - the new monthly vehicle periodic payment ( $\text{NFPP}_n$ ) will be zero.

For a Bus replaced due to age requirements, or a Growth Contract Bus added due to a Service Variation - NFPP<sub>n</sub> will be worked out using the following formula:

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

and is the new monthly vehicle periodic payment.

Where:

*i<sub>n</sub>* is the monthly interest rate (for payment) calculated in accordance with the following formula:

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

where:

*r<sub>n</sub>* 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 % [Guide note: x% to be inserted based on percentage nominated by Operator].

*M* is 180.

*CC<sub>n</sub>* is the Capital Cost<sub>n</sub> for the Bus as charged by the Bus Procurement Panel at the time of replacement.

#### 4.4 Price Adjustment for Written Off Contract Bus

- (a) A Written Off Contract Bus must be replaced in accordance with Clause 13.2(a)(ii) of the Contract. A Written Off Contract Bus will have an existing cash flow and will be subject to an insurance payout.
- (b) Accordingly, when a Written Off Contract Bus is replaced with a New Bus (which must be acquired from the Bus Procurement Panel), the contract bus capital charge for the Written Off Contract Bus must be discontinued and the payment for the New Bus must be adjusted by the current book value of the Written Off Contract Bus (to reflect any insurance payout).
- (c) The price adjustment for a Written Off Contract Bus (**PAWOB**), from the month of replacement, will be calculated in accordance with the following formula:

$$PAWOB_n = NFPP_{WO} - CBCC_n/12$$

Where:

$$NFPP_{WO} = \frac{i \times (CC_n - BPV)}{1 - (1 + i_n)^{-M}}$$

$CBCC_n$  = The contract bus capital charge for each year, as defined in:

- v. Annexure C if it is a Transfer In Contract Bus;
- vi. Annexure D if it is an Existing Bus that will not reach 26 years of age during the Term;
- vii. Annexure E if it is an Existing Bus that will reach 26 years of age during the Term; or
- viii. Annexure F if it is a New Bus

$BPV$  = The initial capital value of the Written Off Contract Bus depreciated at a rate of 1.27% per month for each month the Written Off Contract Bus formed part of the Contract Bus Fleet.

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

#### 4.5 Price Adjustments for Inflation

- (a) The Annual Contract Price must be adjusted to take into account inflation.
- (b) At the appropriate periods as specified in the table in paragraph 4.5.(c), TfNSW must apply the appropriate inflation index to the appropriate cost items and notify the Operator in writing of the adjusted Annual Contract Price and Monthly Contract Price.
- (c) For the purposes of this paragraph 4.5, the following inflation indices will be adopted and applied to the prices shown in Annexure A.

Ref.	Item (from table in Annexure A)	Inflation Mechanism	Inflation Timing and Base
1	<b>Salaries and Wages (including labour on-costs)</b>	Latest ABS Quarterly Index; Total hourly rates of pay excluding bonuses; Private and Public; Transport, postal and warehousing A2603469T	To be applied annually in arrears. Base.
2	<b>Contract Bus Maintenance and Repair (non-labour)</b>	Latest Australian Bureau of Statistics Consumer Price Index (CPI), - quarter All groups Sydney based on 2012/13.	To be applied annually in arrears. Base.

Ref.	Item (from table in Annexure A)	Inflation Mechanism	Inflation Timing and Base
3	<b>Fuel and Oil</b>	<p>Monthly Average Mobil Terminal Gate Price Silverwater NSW Diesel Any changes in the Fuel Tax Credit, other than for any changes in the Fuel Tax Credit caused by the Carbon Tax*, will be adjusted if and when they apply in the corresponding month.</p> <p>* "Carbon Tax" means the price on carbon emissions introduced by the <i>Clean Energy Act 2011</i> (Cth) and any related Acts and Regulations which have the effect of introducing a price on carbon emissions.</p>	To be applied monthly in arrears. Base = cents per litre GST inclusive.
4	<b>New Bus Principal Prices</b>	Actual Bus Procurement Panel price for that Bus type at that time c.f. equivalent	To be applied at time of purchase
5	<b>New Bus Interest Prices</b>	the change in RBA 10 years Australian Government bonds , plus 3.75% (as nominated in paragraph 4.3) above the RBA 10 years Australian Government bond rate	To be applied at time of purchase
6	<b>Bus Principal plus Interest Prices for Transfer In Contract Buses</b>	No inflation indexation to be applied	Not applicable
7	<b>Bus Principal plus Interest Prices for Existing Buses that Will Not Reach 26 years of age during the Term</b>	No inflation indexation to be applied	Not applicable
8	<b>Bus Principal plus Interest Prices for Existing Buses that Will Reach 26 years of age during the Term</b>	No inflation indexation to be applied	Not applicable
9	<b>Contract Depot Ownership Charges</b>	Latest Australian Bureau of Statistics Consumer Price Index (CPI), quarter All groups Sydney based on.	To be applied annually in arrears. Base.
10	<b>Any allowance for Passenger Incentive Revenues</b>	No inflation indexation to be applied	Not applicable
11	<b>Any allowance for KPI Credits</b>	No direct inflation indexation – will occur as a result of inflation indexation of the contract price	Not applicable



Ref.	Item (from table in Annexure A)	Inflation Mechanism	Inflation Timing and Base
12	Other	Latest Australian Bureau of Statistics Consumer Price Index (CPI), March quarter All groups Sydney based on.	To be applied annually in arrears. Base.

#### 4.6 Price Adjustment for Patronage Incentive Payment

- (a) In addition to any other payments made by TfNSW to the Operator under this Schedule, the Operator will also receive a payment sum for each Fare paying passenger traveling on the Contract Bus Services.
- (b) The Patronage Incentive Payment will be at the rate of \$0.05 (GST exclusive) per Fare paying passenger.
- (c) The Operator must accurately record the total number of Fare paying passengers traveling on the Contract Bus Services each month and submit those total numbers to TfNSW in its monthly Tax Invoice to TfNSW.
- (d) The parties acknowledge the Patronage Incentive Payment will not be adjusted for inflation.

#### 4.7 Vehicle Termination Payments

- (a) Subject to paragraph 4.7(c), the Vehicle Termination Payment payable under paragraph 5.2 of the Contract Buses and Contract Depots Schedule for the sale of a Transfer Out Contract Bus, will be determined by TfNSW in accordance with the following formula:

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

Where:

**$VTP_n$**  is the Vehicle Termination Payment for the Transfer Out Contract Bus;

**$m$**  is the number of months that the Transfer Out Contract Bus has been in service, the maximum number being 180 months;

**$CC_n$**  is:

- (i) in respect of Transfer Out Contract Bus that is or was a New Bus, Replacement Contract Bus or Growth Contract Bus, the capital cost for the Bus as charged by the Bus Procurement Panel at the time of purchase or replacement; and

- (ii) in respect of a Transfer Out Contract Bus that is or was a Transfer In Contract Bus, the Initial Capital Value for that Bus.

“*NFPP<sub>n</sub>*” and “*i*” will be calculated using the relevant formulas in paragraph 4.3 (but by reference to any corresponding definitions under this paragraph).

- (b) Subject to paragraph 4.7(c), the Vehicle Termination Payment payable, under paragraph 5.2 of the Contract Buses and Contract Depots Schedule, for the novation of a Bus Lease in respect of a Transfer Out Contract 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 Bus Lease (including any end of term purchase option over the Transfer Out Contract Bus or, where there is no express purchase option in the relevant Bus Lease, assuming acquisition of the Transfer Out Contract Bus at its assumed residual value (using a discount rate equal to the implied discount rate under the relevant Bus Lease)).
- (c) No Vehicle Termination Payment will be payable in connection with any Transfer Out Contract Bus or related Bus Lease where the Transfer Out Contract Bus has been in service for more than 180 months.
- (d) TfNSW or the Successor Operator must pay any Vehicle Termination Payment on or within the period of 30 days immediately preceding the Termination Date.

**Annexure A – Annual Contract Price (\$000)**

		<b>Year</b>								
<b>Ref.</b>	<b>Item</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
1	<b>Salaries and Wages (including labour on-costs)</b>									
2	<b>Bus Maintenance and Repair (non-labour)</b>									
3	<b>Fuel and Oil</b>									
4	<b>New Bus Principal Prices</b>									
5	<b>New Bus Interest Prices</b>									
6	<b>Bus Principal plus Interest Prices for Transfer In Contract Buses</b>									
7	<b>Bus Principal plus Interest Prices for Existing Buses that Will Not Reach 26 Years of Age During the Term</b>									
8	<b>Bus Principal plus Interest Prices for Existing Buses that Will Reach 26 Years of Age During the Term</b>									
9	<b>Contract Depot Ownership Charges</b>									
10	<b>Any allowance for Passenger Incentive Revenues</b>									
11	<b>Any allowance for KPI Credits</b>									
12	<b>Other</b>									
	<b>Annual Contract Price</b>									

**Annexure B**

**Gross Unit Prices for Service Variations - Mini Bus**

Day Type	Resource Measure	Year (\$)								
		1	2	3	4	5	6	7	8	9
Weekday Timetable Days	Bus Kms									
	Bus Hrs 0500-2400									
	Bus Hrs 0001-0459									
Saturday Timetable Days	Bus Kms									
	Bus Hrs									
Sunday Timetable Days	Bus Kms									
	Bus Hrs									

**Gross Unit Prices for Service Variations - Midi Bus**

Day Type	Resource Measure	Year (\$)								
		1	2	3	4	5	6	7	8	9
<b>Weekday Timetable Days</b>	<b>Bus Kms</b>									
	<b>Bus Hrs 0500-2400</b>									
	<b>Bus Hrs 0001-0459</b>									
<b>Saturday Timetable Days</b>	<b>Bus Kms</b>									
	<b>Bus Hrs</b>									
<b>Sunday Timetable Days</b>	<b>Bus Kms</b>									
	<b>Bus Hrs</b>									

**Gross Unit Prices for Service Variations - Standard Bus and School Bus**

Day Type	Resource Measure	Year (\$)								
		1	2	3	4	5	6	7	8	9
Weekday Timetable Days	Bus Kms									
	Bus Hrs 0500-2400									
	Bus Hrs 0001-0459									
Saturday Timetable Days	Bus Kms									
	Bus Hrs									
Sunday Timetable Days	Bus Kms									
	Bus Hrs									

**Gross Unit Prices for Service Variations - Long Rigid Bus**

Day Type	Resource Measure	Year (\$)								
		1	2	3	4	5	6	7	8	9
Weekday Timetable Days	Bus Kms									
	Bus Hrs 0500-2400									
	Bus Hrs 0001-0459									
Saturday Timetable Days	Bus Kms									
	Bus Hrs									
Sunday Timetable Days	Bus Kms									
	Bus Hrs									

**Gross Unit Prices for Service Variations - Articulated Bus**

Day Type	Resource Measure	Year (\$)								
		1	2	3	4	5	6	7	8	9
Weekday Timetable Days	Bus Kms									
	Bus Hrs 0500-2400									
	Bus Hrs 0001-0459									
Saturday Timetable Days	Bus Kms									
	Bus Hrs									
Sunday Timetable Days	Bus Kms									
	Bus Hrs									



**Gross Unit Prices for Service Variations – Double Deck Bus**

Day Type	Resource Measure	Year (\$)								
		1	2	3	4	5	6	7	8	9
Weekday Timetable Days	Bus Kms									
	Bus Hrs 0500-2400									
	Bus Hrs 0001-0459									
Saturday Timetable Days	Bus Kms									
	Bus Hrs									
Sunday Timetable Days	Bus Kms									
	Bus Hrs									



**Annexure D**

**Contract Bus Capital Charges (Principal plus Interest) for Existing Buses That Will Not Reach 26 Years of Age During the Term (\$'000)**

<b>Contract Bus Capital Charges (Principal plus Interest) for <u>Existing Buses</u> That <u>Will Not</u> Reach 26 Years of Age During the Term (\$'000)</b>						
	<b>Year</b>					
<b>Bus No.</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Sub-Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Annexure E**  
**Contract Bus Capital Charges (Principal plus Interest) for Existing Buses That Will Reach 26 Years of Age During the Term (\$'000)**

<b>Contract Bus Capital Charges (Principal plus Interest) for <u>Existing Buses</u> That <u>Will</u> Reach 26 Years of Age During the Term (\$'000)</b>						
	<b>Year</b>					
<b>Bus No.</b>	1	2	3	4	5	6
<b>Sub-Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Annexure F**  
**Price Adjustment for a Contract Bus that is Replaced, Including Growth Contract Buses**

<b>Price Adjustment for a Contract Bus that is Replaced, Including Growth Contract Buses</b>									
<b>(\$000)</b>									
<b>Year</b>									
<b>Bus No.</b>	1	2	3	4	5	6	7	8	9
<b>Sub-Total</b>									