

SCHOOL BUS CONTRACTS

1547. Hon MURRAY CRIDDLE to the parliamentary secretary representing the Minister for Planning and Infrastructure:

The minister's communication to school bus operators prior to the election indicated that contracts would not be unilaterally altered and that investment by contractors in school buses would be taken into account in any renegotiations.

- (1) How much money has the Government spent on reviewing the school bus contracts and composite rates since coming into office?
- (2) How can the minister claim that she will deal with contracts expeditiously when the Government is now working on the fourteenth draft of the new contract and bus operators still claim there is no equity or fairness in the process?
- (3) How can the minister indicate that perpetuity can be extended to pastoralists, and insist that bus contracts cannot be rolled over every five years in perpetuity?

Hon KEN TRAVERS replied:

I thank the honourable member for some notice of this question.

- (1) The Government has invested \$913 478 in sorting out the problem in the school bus industry that was not addressed by the previous Government. Some \$304 198 was spent on accurately mapping the routes and determining distances. It was found that a third of the distances were out by more than five per cent. Correcting these errors means that we now have a system that is fair to contractors and taxpayers.
- (2) The Government has taken a highly consultative approach in preparing the new contracts for school bus services. In addition to working closely with industry representatives via the contract working group, the Public Transport Authority of Western Australia also provided drafts in March and October 2003 to all contractors for their input. The number of drafts simply reflects the Government's willingness to listen to feedback from industry and make changes accordingly. Comments received from the industry in the past 24 hours - I add that that was from the notice given yesterday - do not demonstrate any real issue with regard to equity and fairness. Indeed, these new contracts offer far more protection than previous contracts; for example, new termination provisions, access to exit payments, appeal provisions and rolling reviews of composite rate model elements.

In addition to a much fairer contract, the school bus industry has also won significant increases in contract payments. The Government has committed an additional \$4.85 million, which represents an average increase of 9.15 per cent for contractors with many receiving much more. Individual contractors responded to the Government's package in June 2003 when they confirmed their agreement in principle to the increased payments and the key aspects of the contract document. An offer encapsulating the features previously agreed to by individual contractors will be made in mid December 2003.

The Government will continue to consult with industry in finalising the contract document. However, consultation has to be completed by the end of November to enable offers to be made and a new contract to be put in place by the start of the 2004 school year.

- (3) The State Supply Commission has advised that the practice of rolling over contracts is contrary to state supply guidelines established under the State Supply Commission Act. Crown Solicitor's advice confirms that there is no entitlement to a contract in perpetuity. The independent Shanahan report, commissioned in 2000 by the member when he was the Minister for Transport, found that the principle of perpetuity was no longer appropriate and should be discarded in favour of suitable contract arrangements primarily based on the life of the bus.

Genuine security of tenure will not be available other than by long-term contract. The 20 to 25-year contract being offered will apply only if the contractor accepts it. The contractor's contractual position will not be altered unilaterally without his agreement.

Pastoral leases involve issues of land tenure rather than contracts for service and are not comparable.