

## NOTICE

### Inquiry on School Bus Operators' Charter Bus Operations

The Treasurer of Western Australia gave written notice to the Economic Regulation Authority (**Authority**), dated the 22 January 2007, to undertake an inquiry into school bus operators' charter bus operations. The inquiry has been referred to the Authority under Section 38(1)(a) of the *Economic Regulation Authority Act 2003* (Act), which provides for the Treasurer to refer to the Authority for an inquiry any matter relating to an industry that is not a regulated industry.

In accordance with the Terms of Reference (attached), the Authority is to consider and report on:

- the impact that the participation by school bus contractors in the commercial bus charter industry has on competition, prices and pricing policy, investment and business practices, and service quality and reliability in the industry;
- the revenues and costs of school bus contractors under their contracts with the Public Transport Authority; and
- whether, and how, the service charge model in the school bus service contracts could be amended to remedy any competitive unfairness which might arise from the participation by school bus contractors in the commercial bus charter industry.

The Authority has published an [issues paper](#) to assist stakeholders to understand the nature of the issues under review and to facilitate public comment and debate. The issues paper including information on how to make a submission to the Authority is available on the Authority [web site](#). Submissions should be lodged no later than 4.00 pm (Western Daylight Saving Time) 26 February 2007.

Following consideration of the responses made to the issues paper, the Authority will publish a draft report on or before 30 March 2007 for further public consultation. The final report for the inquiry will be delivered to the State Government by 31 May 2007, after which the Government will have 28 days to table the report in Parliament.

For further information contact:

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LYNDON ROWE  
**CHAIRMAN**

30 January 2007

# **INQUIRY ON SCHOOL BUS OPERATORS' CHARTER BUS OPERATIONS**

## **TERMS OF REFERENCE**

I, ERIC RIPPER, Treasurer (following consultation with the Minister for Planning and Infrastructure), and pursuant to section 38(1)(a) of the *Economic Regulation Authority Act 2003* (the ERA Act), request that the Economic Regulation Authority (the Authority) undertake an inquiry into the participation by school bus contractors in the commercial bus charter industry.

In conducting its investigations the Authority is to report on the following matters:

- 1) the impact the participation by school bus contractors in the commercial bus charter industry has on:
  - (a) competition within the industry;
  - (b) prices and pricing policy in respect of services provided in the industry;
  - (c) investment and business practises in the industry, and
  - (d) quality and reliability of the services provided in the industry.
- 2) To the extent necessary to report on the previous matter, the Authority should consider and report on the revenues and commercially benchmarked costs of school bus contractors under their contracts (based on the payment model known as the Composite Rate Model) with the Public Transport Authority.
- 3) Whether a change in the calculation of the service charge paid to the school bus contractors under the contract, to reduce the extent to which the Public Transport Authority reimburses school bus contractors for fixed overheads (i.e. by adjusting components which form part of the composite rate model) by reference to the proportion of the kilometres travelled by the school bus for the purposes of charter work; whether such a change, could remedy any competitive unfairness which may otherwise arise from the participation by school bus contractors in the commercial bus charter industry.

If the Authority reports in the affirmative in relation to item 3, then the Authority ought give consideration to, but will not be limited to the following matters:

- The preferred methodology for calculating an appropriate reduction on the service charge with reference to charter work undertaken by school bus contractors.
- The dollar amount returned to government for charter work that allows commercial operators to compete competitively.

The Authority will release an issues paper as soon as possible after receiving the reference. The paper is to facilitate public consultation on the basis of invitations for initial written submissions from industry, government and all other stakeholder groups. The Authority will also release a draft report for further public consultation.

A final report is to be completed by no later than 31 May 2007.

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