

2.2.2 Regional Bus and Ferry Plan (and Procurement Strategy)

2.2.2.1 General

Relevant policies: Policy 4.6

The Regional Bus and Ferry Plan will identify the needs and proposed actions for development of the bus and ferry network over the long term and will be developed over time.

2.2.2.2 Bus Procurement Philosophy (BPP)

Relevant policies: Policy 4.6

The Bus Procurement Philosophy (BPP) provides a set of guiding principles for the contracting of passenger bus services in the Wellington Region¹.

The BPP has been developed to meet the requirements of Land Transport NZ² and to set the scene for the new trolley bus operating contract. The BPP also provides guiding principles for the contracting of other bus and ferry services.

The BPP includes the following procurement objectives:

- Enable the achievement of the Passenger Transport Plan and New Zealand Transport Strategy vision³ through facilitating service integration and the implementation of network-wide initiatives such as integrated fares and ticketing;
- Achieve value for money for Greater Wellington and Land Transport NZ, and a sustainable outcome for the parties involved, having regard to the Passenger Transport Plan, the Passenger Transport Operational Plan and the requirements of the Land Transport Management Act (including the risk of not achieving those objectives);
- Procure bus services through a process which:
 - Promotes partnership, openness and trust with service providers
 - Encourages competitive and efficient markets and enables persons to compete fairly; and
 - Mitigates risks of an interruption in service continuity.

Contract design will be guided by these procurement objectives. Other key parameters that will guide contract design include:

¹ Excluding Wairarapa

² Land Transport NZ board resolution on 14 July 2006

³ The New Zealand Transport Strategy vision is for an affordable, safe, responsive and sustainable transport system

- A preference for area-wide contracts rather than route or service based contracts in order to facilitate service integration and planning (subject to allowing through services along strategic corridors);
- A mix of contract size and geographic boundaries which takes into account travel patterns, operational factors (e.g. dead running and economies of scale) and input from service providers (current and potential);
- The results of Greater Wellington’s strategic planning of the passenger transport network, in consultation with service providers;
- A preference for performance-based contracts under which there is clear reporting requirements and contract obligations and incentives linked to achievement of agreed and measurable performance benchmarks;
- An allocation of risk which reflects value for money for Greater Wellington and a sustainable outcome for all parties involved. In particular, given the objective to implement integrated ticketing and fares, mechanisms for sharing of revenue and patronage risk will be explored; and
- The safeguarding of service continuity through a combination of contract mechanisms relating to access to assets and business critical information, step-in and financial undertakings.

2.2.2.3 Bus Procurement Strategy and Plan (BPSP)

Relevant policies: Policy 4.6

Greater Wellington is required to complete a BPSP as it is currently prevented by Land Transport NZ from tendering bus services under existing competitive pricing procedures (CPP)⁴. This is due to Land Transport NZ not being convinced that current contracting methods create an ideal competitive environment.

The Bus Procurement Strategy and Plan (BPSP) will be based on the Bus Procurement Philosophy and will take into account factors such as the level of market interest and availability and cost of assets for potential bidders.

The BPSP is currently under development and when complete will identify how decisions on the procurement of bus services are to be made. Greater Wellington is currently evaluating what constitutes ‘best value for money’ and what would best achieve the goals and objectives of the New Zealand Transport Strategy, the Regional Passenger Transport Plan and the BPP. The evaluation includes:

- evaluation of the Wellington market
- public expectations

⁴ The ability to tender bus services was removed by Land Transport NZ board resolution on 14 July 2006

- contract framework
- lead-in and mobilisation timeframes
- key performance indicators
- performance management
- impacts on system-wide projects
- transition and implementation planning

The evaluation also includes ongoing consultation and partnering with:

- contracted bus and ferry operators
- LTNZ
- the Ministry of Transport
- the Commerce Commission

Targets

- The BPSP will be completed by June 2008.