

Public and Active Transport Committee

9 May 2024



Meeting will be held in the Council Chamber at Level 2, Philip Laing House
144 Rattray Street, Dunedin
[ORC Official YouTube Livestream](#)

Members:

Cr Alexa Forbes (Co-Chair)
Cr Andrew Noone (Co-Chair)
Cr Gary Kelliher
Cr Michael Laws
Cr Lloyd McCall
Cr Kevin Malcolm
Cr Tim Mephram
Cr Gretchen Robertson
Cr Bryan Scott
Cr Alan Somerville
Cr Elliot Weir
Cr Kate Wilson

Senior Officer: Richard Saunders, Chief Executive

Meeting Support: Trudi McLaren, Governance Support Officer

09 May 2024 01:00 PM

Agenda Topic

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1. WELCOME

2. APOLOGIES

No apologies were received at the time of agenda publication.

3. PUBLIC FORUM

No requests to speak at Public Forum were received at the time of Agenda publication.

4. CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

5. DECLARATION OF INTERESTS

Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have. [Councilor interests](#) are published on the ORC website.

6. PRESENTATIONS

No requests to present were received at the time of Agenda publication.

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	That the minutes of the Public and Active Transport Committee meeting held on 2 February 2024 be received and confirmed as a true and accurate record.	
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	There were no open actions from resolutions of the Committee to be reviewed.	
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9.2	Public Transport Network Performance Report Q1-Q2 2023/24	44
	The purpose of this report is to update the Committee on the performance of its Public Transport (bus and ferry) and Total Mobility services for Quarters 1, 2 and 3, of the 2023/24 financial year, being 1 July 2023 to 30 March 2024 and to present a review of customer feedback for the same period.	
9.3	Cruise ship season 2023/24: Public transport response	59
	The purpose of this report is to present information on the performance of 2023/24 Cruise Ship Public Transport services to the Committee.	
9.4	Transport Procurement Strategy new approval	67
	The purpose of this report is to recommend endorsement of changes to the draft Transport Procurement Strategy 2024-2027	
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10.	CLOSURE	



Public and Active Transport Committee MINUTES

Minutes of an ordinary meeting of the Public Transport Committee held in the Council Chamber, Level 2 Philip Laing House, 144 Rattray Street, Dunedin on Wednesday 7 February 2024, commencing at 3:02 PM. [Link to meeting on YouTube](#)

PRESENT

Cr Andrew Noone (Chairperson)

Cr Gary Kelliher

Cr Michael Laws

Cr Kevin Malcolm

Cr Lloyd McCall

Cr Tim Mephram

Cr Bryan Scott

Cr Alan Somerville

Cr Elliot Weir

Cr Kate Wilson

APOLOGIES

Cr Alexa Forbes

Cr Gretchen Robertson

1. WELCOME

Cr Noone welcomed Councillors, members of the public and staff to the meeting at 3.02PM and opened with a karakia. Staff present included Richard Saunders (Chief Executive), Nick Donnelly (GM Corporate Services), Anita Dawe (GM Policy and Science), Gavin Palmer (GM Operations), Amanda Vercoe (GM Governance, Culture and Customer), Trudi McLaren (Governance Support), Lorraine Cheyne (Manager Transport), Julian Phillips (Implementation Lead Transport), Varghese Thomas (Senior Transport Planner Transport), Jack Cowie (Transport Planner Transport) and Gemma Wilson (Senior Operations Analyst Public Transport).

2. APOLOGIES

Resolution: Cr Noone Moved, Cr Kelliher Seconded:

That the apologies for Cr Forbes and Cr Robertson be accepted.

MOTION CARRIED

PUBLIC FORUM *(Additional Item)*

Sarah Davie-Nitis and Paul Coffey were present to speak regarding Dunedin Tracks and Trails. Following an opportunity for questions, Cr Noone thanked both for attending. Cr Wilson sat back from the meeting table at this time.

3. CONFIRMATION OF AGENDA *(taken as Item 4)*

Mr Saunders updated the Committee on recent advice he and his staff had received regarding Item 7.3 Dunedin Fares and Frequency Business Case and this item was withdrawn from the agenda due to further information being received from NZTA to be considered and the report updated further before it was returned to this committee.

The remainder of the agenda was confirmed as published.

Resolution: Cr Noone Moved, Cr Weir Seconded

That the agenda Item 7.3 'Dunedin Fares and Frequency Business Case' be withdrawn from the agenda and tabled at a future meeting.

MOTION CARRIED

4. DECLARATIONS OF INTERESTS *(taken as Item 5)*

The Chair reminded the Committee of their obligations to work through their conflicts of interest.

5. CONFIRMATION OF MINUTES *(taken as Item 6)*

Resolution: Cr Wilson Moved, Cr Weir Seconded

That the minutes of the Public and Active Transport meeting held on 9 November 2023 be received and confirmed as a true and accurate record.

MOTION CARRIED

6. ACTIONS FROM RESOLUTIONS OF THE COMMITTEE *(taken as Item 7)*

There were no open actions from resolutions of the Committee to review.

7. MATTERS FOR CONSIDERATION *(taken as Item 8)*

7.1. Transport Operating Environment

This report highlighted and/or summarised recent activities including legislative and policy changes impacting on Council's transport operating environment. The report also updated the Committee on recent and upcoming public and active transport workstreams.

Lorraine Cheyne (Manager Transport) and Varghese Thomas (Senior Transport Planner) were present to speak to the report and respond to questions.

Resolution PAT24-102: Cr Kelliher Moved, Cr Wilson Seconded

That the Committee:

- 1) **Notes** this report.

MOTION CARRIED

7.2. Public Transport Network Performance Report Q1-Q2 2023/24

The purpose of this report was to update the Committee on the performance of its Public Transport (bus and ferry) and Total Mobility services for the first half, Q1 and Q2, of the 2023/24 financial year, being 1 July to 31 December 2023. This report also presented a review of customer feedback for the same period, together with the results of the recent Mosgiel (route 77) passenger survey.

Lorraine Cheyne (Manager Transport), Jack Cowie (Transport Planner), Julian Phillips (Implementation Lead Transport) and Gemma Wilson (Senior Operations Analyst Public Transport) were present to speak to the report and respond to questions.

Resolution PAT24-103: Cr Wilson Moved, Cr Malcolm Seconded

That the Committee:

- 1) **Notes** the report summarising public transport activity in Otago for the first two quarters of the 2023/2024 year.

MOTION CARRIED

7.3. Dunedin Fares and Frequency Business Case

Item withdrawn from agenda.

7.4. Queenstown Public Transport Business Case Update

This paper presented the Queenstown Public Transport Business Case to the Committee and recommended it be sent to full Council for endorsement.

Lorraine Cheyne (Manager Transport), Varghese Thomas (Senior Transport Planner), Shaun Hubbard (MWH New Zealand Ltd) (online) and Eric Whitfield (WSP New Zealand Ltd) (online) present to speak to the report and respond to questions.

Resolution PAT24-104: Cr Weir Moved, Cr Wilson Seconded

That the Committee:

- 1) **Notes** this report.
- 2) **Recommends** to Council that it endorses the Queenstown Public Transport Business

Case.

- 3) **Notes** the financial, management and commercial cases are only in final draft form.

MOTION CARRIED

7.5. Transport Procurement Strategy

The purpose of this report was to recommend Council endorsement of the Transport Procurement Strategy 2024-2027.

Lorraine Cheyne (Manager Transport) and Jack Cowie (Transport Manager) were present to speak to the report and respond to questions.

Resolution PAT24-105: Cr Weir Moved, Cr Somerville Seconded

That the Committee:

- 1) **Notes that:**
 - a. *In order to receive Waka Kotahi funding for transport procurement activities, Council must have an up-to-date Transport Procurement Strategy*
 - b. *Council is mandated to take a strategic approach to procurement in order to achieve best value for money*
 - c. *The current procurement environment has significant uncertainties around the implementation of the Sustainable Public Transport Framework, the change of government, and risks around service growth and electrification*
- 2) **Recommends** that Council endorse the Transport Procurement Strategy 2024-2027
- 3) **Recommends** that Council delegate authority for the Chief Executive to finalise the Transport Procurement Strategy, with minor editorial changes, prior to submission of the document for NZTA endorsement.

MOTION CARRIED

8. CLOSURE *(taken as Item 9)*

There was no further business and Cr Noone declared the meeting closed at 5:00 pm.

Chairperson

Date

9.1. Transport Operating Environment

Prepared for: Public and Active Transport Committee

Report No. PPT2405

Activity: Transport: Transport Planning

Author: Lorraine Cheyne, Transport Manager

Endorsed by: Richard Saunders, Chief Executive

Date: 9 May 2024

PURPOSE

- [1] This report highlights and/or summarises recent developments including legislative and policy changes impacting on Council's transport operating environment.
- [2] The report also updates the Committee on recent and upcoming public and active transport workstreams.

EXECUTIVE SUMMARY

- [3] Recent developments at national level that have affected the transport operating environment in the past three months include:
 - Release of the Government Policy Statement on Land Transport (GPS)
 - NZ Transport Agency's (NZTA) revised timeline for the adoption of the National Land Transport Programme (NLTP)
- [4] ORC transport workstreams of particular interest to the public or specialist transport interest groups across the Otago regional community include:
 - Update on the Regional Land Transport Plan (RLTP) process
 - Installation of E-signage
 - Dunedin Bus Stop Audit
 - Update from South Island Regional Council Chairs Group (SI RTC Chairs)

RECOMMENDATION

That the Committee:

- 1) **Notes** this report.

DISCUSSION

- [5] **Release of the Government Policy Statement on Land Transport (GPS)** - on 4 March 2024 the Minister of Transport released a (new) draft GPS for consultation.
 - [6] Key take-outs from the GPS that will impact on ORC's transport delivery include:
 - The earlier Strategic Priority of "*Sustainable Urban & Regional Development*" has been replaced with the Strategic Priority of "*Economic Growth & Productivity*". In line with this priority the GPS includes 15 Roads of National Significance (RoNS), and five Public Transport projects. All these projects are located in the North Island, bar the Hope Bypass (Tasman) and Belfast to Pegasus Motorway/Woodend Bypass (Canterbury).
 - "*Emissions Reduction*" is no longer a Strategic Priority. The GPS defers to the Emissions Reduction Plan 2 (ERP2) review as the primary vehicle to address greenhouse gas (GHG) emissions from Transport.
-

- Outside of Auckland and Wellington, investment in Public Transport (PT) is not seen as a priority for Government investment
 - The GPS suggests that there may not be a separate funding activity class for PT service improvements. Further, it appears that there will only be sufficient funding available from the National Land Transport Fund (NLTF) to support existing PT services as they currently operate (ie our continuous programmes).
 - It is a priority for the Government to see increased fare box recovery and third-party revenue from local government for PT services, with potentially increased local share signalled.
 - The GPS moots a review of the Land Transport Management Act 2003 (LTMA), and it is unclear where this leaves the Sustainable Public Transport Framework, recently introduced with the 2023 changes to the LTMA.
- [7] Regional impacts, not for ORC specifically but for the RLTP:
- Crown funding for the “Queenstown Package” is included in the GPS and we understand this to include, at least, the first stages of New Zealand Upgrade (NZUP) being the Frankton round-about and Bus Hub works, although it is not completely clear that the funding will be sufficient to fully cover the Frankton Bus Hub works.
 - Bridge upgrades and replacements for Otago & Southland on State Highways (SH), which support Regional resilience, are included. The recent release of the State Highway Investment Proposal (SHIP) has included the specific bridge replacements to be funded.
 - For the Road Controlling Authorities (RCAs) there is a significant focus on potholes for both SH and Local Roads. Very significant funding is available for pothole prevention (not necessarily fixing).
 - The GPS signals to NZTA to return to its core activities of *“maintain[ing] and developing the SH network”*
 - The GPS also signals “System Reform” and announces the establishment of National Infrastructure Agency (NIA)
- [8] ORC is a signatory to four submissions on the GPS, being ORC’s own submission; a submission by the joint Otago and Southland Regional Transport Committees (RTCs); a submission from the South Island RTCs, and a submission from the regional staff Transport Special Interest Group (TSIG).
- [9] In summary ORC’s own submission acknowledges the very clear expression of the Government’s transport investment priorities in the GPS. It supports the introduction of road pricing, in principle supports the Minister’s intent to move towards a 10-year (national) transport investment programme, and supports the Minister’s expectation of a more efficient business case process. Further, ORC:
- notes a lack of alignment with the Ministry of Transport’s Outcomes Framework, which in turn underpins the joint Otago Southland RLTP;
 - expresses concern around the removal of funding and priority for coastal shipping which is increasingly important in terms of resilience for the South Island transport network;
 - suggests that Queenstown PT should be regarded as a PT project of national significance and notes the efficiency of the Dunedin PT network and its demonstrated contribution to economic prosperity through the Fares & Frequency Business Case;
 - submits that active transport investments can have substantial positive economic impacts and suggests increased funding for walking and cycling;

- notes that while supporting a continued priority for safety, ORC is concerned about the lack of direct reference to the safety of public and active-mode trips;
 - requests a carefully thought-out approach is taken to fare setting and farebox recovery policies.
- [10] In summary the Joint Otago & Southland RTC's submission on the GPS supports the system reform signalled in the GPS and generally supports the strategic priorities and direction of the GPS along with the strong focus on maintenance and renewals across both local roads and State highways. However, the RTCs suggest that the focus on potholes might create unrealistic expectations of road maintenance standards. The RTCs support a focus on value for money and improving safety through greater police enforcement, but express concern about a lack of ambition for safety in the GPS. The RTCs however, were unable to comment on significant parts of the GPS due to the lack of relevance of the priorities and information for the southern part of the South Island in the GPS, that is, the lack of RoNS or priority PT projects, and uncertainty about the "Queenstown package" and bridge replacements.
- [11] In summary the South Island RTC Chairs' submission on the GPS strongly supports the increased focus on maintenance and resilience in the GPS, but is concerned that many key South Island resilience projects are not noted in the GPS. The RTC Chairs urge the government to invest in a reliable freight link between the North and South Islands and to continue investment in the rail freight network. The submission suggests that the lack of mention of PT investment outside Auckland and Wellington is a concerning omission and requests the funding be available for the PT activity class at the upper range and for PT in all main centres. The RTC Chairs support the system reform signalled in the GPS and urge the Government and NZTA to ensure there is equitable investment directed to the South Island.
- [12] In summary, the TSIG submission on the GPS supports the signalled system reforms and requests confirmation of the direction for the Sustainable Public Transport Framework (SPTF). TSIG requests clarification if accessibility, equity and social cohesion remain government priorities on the direction and requirements of environmental and emissions targets. It requests and recommends:
- That the GPS recognises the importance of PT to achieving economic growth and productivity as sought by the Minister;
 - That PT is funded at the upper funding range;
 - That early clarity is provided around fare box recovery;
 - That the GPS recognise the importance of PT in all key urban centres; and
 - That incorrect text and data relating to PT patronage in the GPS is amended.
- [13] Copies of the full submissions are provided in the attachments.
- [14] **Revised time-frame for the adoption of the NLTP** – NZTA as a RCA had delayed work on its SHIP until after the release of the new draft GPS. This was done to allow the SHIP to give effect to the GPS. However, in order to meet the deadline for submitting RLTPs to NZTA set by NZTA, RTCs (with the exception of Auckland Transport and Greater Wellington) needed to begin public consultation on our draft RLTPs (in the form of a mid-term review). The consequence of this was that the public was being asked for feedback on draft RLTPs that did not include any SHIPs for the region.

- [15] On 29 February, the sponsor of TSIG wrote to the Secretary of Transport and NZTA to express the regional sector concern that this would mean that the RLTP process could confuse the public, trigger additional work for RTCs, and even result in some SHIP projects not being included within RLTPs, and therefore the NLTP.
- [16] On 12 March the NZTA released an updated timeframe for the adoption of the NLTP, giving Regional Councils a further six weeks, to 30 June, to adopt and submit their RLTPs.
- [17] Consultation on the joint Otago Southland draft RLTP had been scheduled to close on Friday 15 March. Following NZTA's revised timeline the RTC Chairs determined to extend consultation until Friday 19 April. This has allowed NZTA to finalise the SHIP and make a submission setting out the investment programme for Otago and Southland. This will enable the programme to be included in the RLTP and thus subject to deliberation and recommendation by the Hearings Panel.
- [18] **Update on the Joint Otago Southland RLTP** – following from NZTA's notification of its revised time-line for the adoption of the NLTP/RLTPs and as noted, the RTCs extended consultation on the draft RLTP (mid term review). Consultation closes on 19 April with hearings scheduled for late May.
- [19] **Update on E-signage** – Staff are currently working with DCC, QLDC and Queenstown Airport Corporation (QAC) on the installation of electronic, solar powered bus stop information displays (e-stops). The displays provide real time information, with tracking data streamed to the units every 5 to 10 seconds.
- [20] Installation of our initial batch of 10 stops is in progress, with an additional 60 units expected to arrive in May. QAC and DCC completed installations in March, with the QAC e-stop located on their property directly outside the main arrivals area). Staff are awaiting the trial results and timeframes from QLDC for installation at the Stanley Street bus hub. Installations made to date are as follows:

Dunedin

- 145 Rattray Street, Dunedin
- Hospital North, Great King Street
- Hospital South, Great King Street
- Gordon Rd, Clocktower, Mosgiel
- Princes St, 151
- 2 further e-stops to be installed at the Union Street Super Stop in April (the site is currently completing construction).

Fig. 1 Princes Street

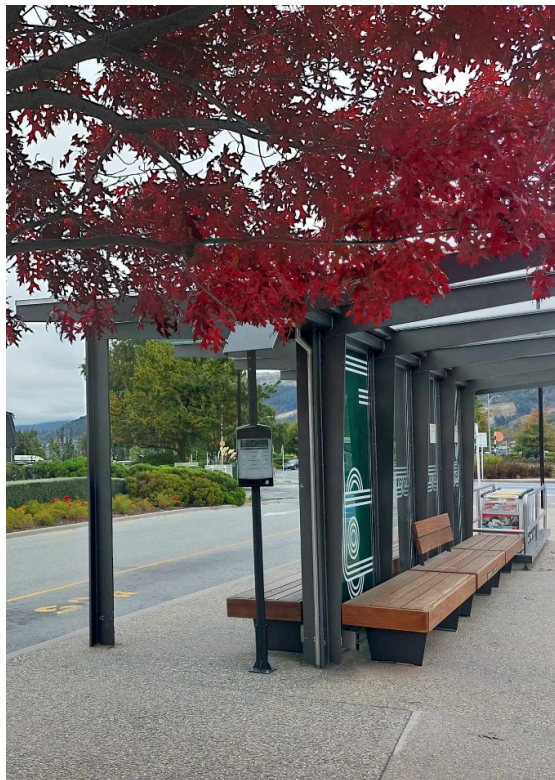


[21] These signs are additional to existing e-signage at Macandrew Bay outside Ralph Ham Park, and the 10 hard-wired (non-solar) e-stops at the Dunedin Bus Hub.

Queenstown

- Queenstown Airport
- 2 further e-stops to be installed at Stanley Street scheduled for the end of April.

Fig. 2 E-signage at Queenstown Airport



- [22] Feedback to date has been very positive, in particular for the QAC location. Pending the information collected on the performance of these initial installations, further installations will be determined by a combination of strategic importance, patronage and the outputs of the recent Bus Stop Audit project.
- [23] **Update on the Dunedin Bus Stop Audit** – staff have been managing an audit of some 837 bus stops (50m radius) in Dunedin. This audit and assessment is being undertaken by Via Strada, a Christchurch consultancy, who won a well-contested, competitive tender ahead of six other bids.
- [24] Fieldwork was supported by 3-4 students, who evaluated stops in Dunedin, excluding the Bus Hub and a few other stops due for removal. Along with a dataset of current bus stop states, the project will include a report on deficiencies in bus stops across Dunedin, relative to NZTA’s Public Transport Design Guidelines (PTDG). The outputs of the bus stop audit will be used as
- An evidence base to support ORC’s Low Cost, Low Risk bid for NZTA funding for bus infrastructure improvements
 - A starting point for the prioritisation of bus stop investments
 - An ongoing basis for bus stop management, through our Geographic Information Systems (GIS).
- [25] The work been closely supported by Dunedin City Council staff, who have provided valuable input and direction from their role as the Road Controlling Authority (RCA) and their strategic interest in supporting the provision of quality bus stop infrastructure.
- [26] The project team has produced a draft report on the assessment. Preliminary findings indicate that all bus stops in the Dunedin bus network have some room for

improvement, with no stop fully complying with the PTDG. The best stop in the network has a 72% compliance rate (i.e. 72% of the components surveyed have no deficiency), and the worst stops have no compliant components. Over half of all stops have less than 30% compliance to the PTDG. The final audit results will be reported to the next PTAC meeting.

- [27] **Update on the SI RTC Chairs Group** - The South Island Regional Transport Committee Chairs met in Christchurch on Monday 15 April. At the meeting the Chairs had presentations from the Ministry of Transport, guest David Wood Acting Chief Executive, on the Government Policy Statement on Land Transport (GPS). The Chairs were able to ask questions and seek clarifications.
- [28] Following MoT's presentation, the NZTA Regional Relationship Managers, James Caygill (West Coast, Canterbury, Otago, Southland) and Emma Speight (Wellington and Top of the South), provided commentary on their operating environment under the new government and the implications of the GPS on the current round of Transport funding. The Group was advised that the clear intention of the Government as set out in the GPS to progress Roads of National Significance (RoNS) will mean a constrained situation for many activities nationally and particularly for the South Island.
- [29] Following the damage sustained to the Rangitata Bridge on 12 April, the Group also received a presentation from Gary Ikin, KiwiRail's South Island Infrastructure.
- [30] The final presentation of the day was from Chris Allington, CEO at Holmes Solutions. Holmes Solutions specialize in the design, development, and testing of innovative engineering and transport products. Chris updated the Group on the development stage of the "Whoosh" transport product that Holmes Solutions has been developing. With private sector support, the company is hopeful to prototype the product in the Remarkables Park area of Queenstown.
- [31] The Group a conversation about future opportunities for engaging and advocating to central government and what the final GPS will mean for the South Island. A copy of a map which visually captures the Chairs Group's work programme latest iteration, showing the South Island significant transport activities is shown in Attachment 5.
- [32] The final item of the day was a follow-on item from the guest presentation from Emily Jones at the November 2023 SI RTC Chairs meeting on school bus safety. NZTA advised the group on a report that it has completed making recommendations to both the Minister of Transport and Minister of Education.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [33] This report does not raise strategic framework or policy considerations but the finalisation of the GPS and the resolution of the RLTP process will set new parameters for ORC's transport activities. These will be referenced and adhered to in on-going and future activities such as the development of the Regional Public Transport Plan (RPTP).

Financial Considerations

- [34] There are no direct financial considerations as this report is for information only. The development of RLTP has financial implications. These are articulated through Council's Long Term Plan, currently out for consultation.

[35] Other workstreams are being completed within current approved funding.

Significance and Engagement

[36] The report does not raise issues of significance or engagement as it only for noting. The RLTP is addressing significance and engagement issues in the programme of the development of the Plan.

Legislative and Risk Considerations

[37] The report does not raise legislative and risk considerations.

Climate Change Considerations

[38] Public Transport supports the reduction of GHG emissions from transport across the region.

Communications Considerations

[39] Public consultation on the RLTP was open from 12 February until 19 April. Hearings will now be scheduled for all submitters who indicated that they wished to be heard on their submission.

[40] A public awareness campaign to inform the public about changes to fares has been running throughout April.

NEXT STEPS

[41] Further reporting to Council and the Committee on:

- The final format of the GPS
- Updates on the RLTP
- The installation of e-signage.
- Final reporting on the Dunedin Bus Stop audit.

ATTACHMENTS

1. ORC Submission on the 2024 draft GPS for land transport [9.1.1 - 8 pages]
2. RTC Chairs GPS 2024 Submission v 1 [9.1.2 - 7 pages]
3. SI RTC Chairs Group submission on the Draft GPS on land transport 2024 [9.1.3 - 5 pages]
4. TSIG submission draft GPS 2024 [9.1.4 - 6 pages]
5. South Island Major Transport Projects 3 FINAL MAPS (1) [9.1.5 - 3 pages]



Otago Regional Council Submission - Draft Government Policy Statement on land transport 2024- 2034

Background and context

1. The Otago Regional Council (ORC) thanks the Ministry of Transport for the opportunity to submit on the Draft Government Policy Statement on land transport 2024- 2034.
2. The mid-term review of the joint Otago Southland Regional Land Transport Plan 2021/2031 (RLTP) is currently out for consultation. The mid-term review RLTP has been drafted to take account of the previous draft GPS directions.
3. The programme of activities for the Otago region includes proposed major public transport service improvements in Dunedin and Queenstown for this period for ORC to support these centres as well-functioning urban environments. The territorial authorities' (TAs) and Road Controlling Authorities' (RCAs) programmes include several walking and cycling and corridor improvement projects which are essential for the mode shift objectives, bus priorities, safety, and last mile connections.

Submission

4. This submission gives some overall comments on the GPS, along with comments on the Systems Reform chapter, and on each of the Strategic Priorities. There is also a comment about the overall process of the current GPS.

Overall comments

5. The GPS provides a clear and stark expression of government priorities for the transport sector. Such clear intent inevitably raises questions as to what this will mean in practice for ORC, our partners and our communities. This is particularly so given the omission of a number of topics that are of day-to-day concern for Otago communities' transport networks.
6. The GPS gives limited mention to the following significant drivers of ORC's transport policy and investment objectives (in turn derived from the Ministry of Transport's Outcomes Framework):
 - (a) Inclusive access – travel choice;

- (b) Climate Change – response to climate change and decreasing transport emissions;
 - (c) Proactive responses to change and challenges - a multi-modal transport system that is safer, more accessible and which reduce harm to people and the environment.
7. ORC considers that there are significant potential disconnects between the GPS and the Ministry of Transport’s Outcomes Framework. ORC appreciates that a change of government will involve a reprioritisation and new approaches to the challenges facing transport for New Zealanders. **However, the level of omission for the topics above in the GPS creates risks both for communities and for local, regional, and national governments unable to meet well-understood community expectations.**
 8. ORC are particularly concerned with the position of smaller centres in Otago that have no public transport services other than Total Mobility and a small number of exempt regional services. ORC draw particular attention to the position of Wanaka and Oamaru. ORC are looking to fund on-demand service to these centres in order to create a baseline level of public transport coverage, but are concerned that the GPS fails to value the community connectivity and inclusive access this would create. In particular, for Oamaru, Total Mobility usage is high relative to the population level, indicating there may significant latent demand for public transport connections.
 9. **ORC recommends changes to the GPS to better articulate how the important considerations of climate change, equity, inclusivity and well-functioning urban environments are addressed under the government’s new priorities.** This will enable organisations such as ORC to better understand how our community’s transport priorities can be reconciled with those of the government.
 10. Added to this, and also of concern to our local communities, is the apparent disparity in the level of priority for transport investment given to different parts of the country.
 11. ORC considers that the place of the South Island in New Zealand’s transport network appears to be diminished by this GPS. Only two of the 15 Roads of National Significance (RoNS) and none (0) of the out of five national major public transport projects are in the South Island. Te Waipounamu’s (South Island) transport network has significant and resilience issues both in road and rail.

12. We are also concerned at the lack of mention of coastal shipping and the Cook Strait ferry services, which are an essential connection between the South Island and the rest of the country.

System Reform

13. With regards to Road User charges, while we appreciate that the need for electric vehicles to contribute to road maintenance costs as the fleet share increases, we are concerned that the decarbonisation of the country's vehicle fleet will be slowed by this rebalancing of costs, and recommend that the benefits of decarbonisation are still taken into account.
14. In our public transport program, an increase in electric bus costs will increase the costs of our ongoing transition to zero-emission buses. This could threaten levels of service if ORC or NZTA are unable to provide sufficient funding to cover costs.
15. Charging RUC to electric buses in public transport fleets is essentially taking money from councils and then giving it back in a different form through NLTF share of operating costs. Therefore, we ask that electric buses in public transport fleets be excluded from RUC, or that some other mechanism be introduced to represent the value of electrification.
16. **ORC supports the introduction of road pricing.** We draw attention to the comparison with public transport fares: road pricing ensures that a more reasonable share of travel costs is absorbed by users, while accepting that the economic benefits of a connected transport network justify a level of subsidy.
17. We assume that the public transport would be exempt from such road pricing. Public Transport has the ability to increase throughput in congested corridors for which road pricing would be applied, and users already pay a share of costs through fares.
18. ORC notes with interest the intent to shift towards a 10-year investment program. There are clear potential benefits in this approach to major infrastructure programs, **which ORC supports in principle.** It may prove useful in creating a less loosely defined long-term plan for public transport service improvements too. There are potential risks to such an approach, if say, some authorities are not well-positioned to articulate future plans in detail at a point in time. However, in principle, we view this as a positive development that would encourage a long-term outlook with joined-up, realistic and integrated transport planning.

Strategic Priority – Economic Growth & Productivity

19. The ORC appreciates the MOT's understanding of the economic value of public transport, which comes from the benefits of mode choice, travel times, congestion, emissions, and efficient land-use.
20. Due to Queenstown and Central Otago's significance to economic growth and productivity in the form of the tourism industry, **we submit that the Queenstown Public Transport Services Business Case improvements should be regarded as a major public transport project of national significance.** This project is necessary to mitigate infrastructure constraints and existing congestion in Queenstown, while supporting future housing and development.
21. In accordance with the assessment of Monetised Benefits and Costs, proposed PT service improvements in Otago have been shown to be high value-for-money investments. For Queenstown's constrained transport network, PT service improvements deliver on-the-ground outcomes with a relatively light level of investment in infrastructure, compared to an infrastructure-focused approach that could take many years to come to fruition and prove an economic constraint until they are complete.
22. The text states that public transport patronage has not increased back to pre-COVID levels nationwide, but this appears to be based on old data. **Public transport patronage in Dunedin and Queenstown networks is now well above pre-covid levels.** We understand that although they may have reached this milestone more recently than Otago, many regions are now in the same position.
23. ORC notes that public transport patronage benefits from investment in active transport? There is a strong co-benefit as walking and cycling provide the 'last mile' connections between PT stops and the origin or destination of a trip. This investment must include improving investment into street environments and foot/cycle pathways. For this reason, ORC are concerned that public transport will suffer from low levels of investment in walking and cycling. Otago's recent experience is that active transport investments have had substantial and positive economic impacts. **ORC submits that the funding allocation to walking and cycling should be increased.**

Strategic Priority, Increased Maintenance and Resilience

24. With regards to the signalled return of NZTA to "core activities" around maintaining and developing the state highway network, ORC supports the consideration of the role of current and prospective future government agencies in the transport and infrastructure.

25. **ORC emphasises that considerations of integration between transport modes, between transport services and transport infrastructure, and between transport and land use policy, all need to be taken into consideration.**
26. ORC would like to better understand the role and function of the National Infrastructure Agency.
27. We see that there is a need for national coordination of local and regional functions such as local roading and public transport. NZTA has previously undertaken useful work in areas such as design guidelines and funding. An evidence-based reassessment of where such functions could fall in future could produce positive outcomes, but of course comes with new risks.
28. We seek clarification on the scope and timing of the bridge upgrades and replacements signalled for Otago & Southland in the GPS.
29. We note the comments on reducing the cost of temporary traffic management. ORC has, in our public transport program, felt some frustration at the impacts of temporary traffic management, both in terms of delays on bus services, and costs on our own infrastructure projects. As such, **ORC supports improved temporary traffic management methodologies.**
30. However, there is also a need to be cautious about this topic. Efficiencies in this area could easily prove to be false and the price of errors could be paid in lives.
31. We also note that a focus on maintenance and pothole prevention, and on infrastructure investments, will create new traffic management demands. In our interactions with local projects in Dunedin and Queenstown, we have seen that there are difficult decisions to be made to minimise the level of disruption at any given time. We note that though that poor or insufficient temporary traffic management contributes to congestion and highly inefficient urban network performance, which can last for a long time.
32. We also note that prioritisation of public transport in traffic management can help mitigate the impact on the public, as PT has the ability to move a large number of people through limited road space, if given sufficient priority.
33. Temporary traffic management can also be a great opportunity to encourage and change travel behaviour. However, such positive outcomes can only come from thoughtful advanced planning and a strategic mindset.
34. Temporary traffic management efficiencies are examples of an area where national guidance and best practice could be helpful. While local authorities and private companies

- can innovate, only a national agency has the capacity to develop and improve national guidelines and standards, so that national improvements can be made.
35. Outside Otago's borders, **ORC supports a Second Ashburton Bridge**. The link between the freight hubs around Christchurch and the rest of the South Island is considered critical by the Otago and Southland RTCs. When the bridge was closed during a weather event the options for maintaining access to the lower South Island were severely compromised. Either provision of a second bridge or replacement of the existing bridge with upgraded capacity and designed to accommodate future climatic events, is supported by the RTCs.
 36. We are concerned by the lack of mention for the Cook Strait Ferry in this GPS. Without this essential link being secure, the entire South Island economy will lack resilience even to relatively routine disruptions.

Strategic Priority, Safety

37. We note the signal towards a change in focus on safety, and the emphasis given in the text towards policing, enforcement, and road infrastructure.
38. Road safety is a complex topic and we support whole-of-systems thinking that acknowledges that a mix of policy interventions is required.
39. With regard to the GPS's signalling of a less blanket approach to speed limits, we appreciate the desire for more targeted interventions. In particular we appreciate that drivers will be less likely to drive at the speed limit when there is a disconnection between a road's posted speed limit and the design speed of the road. Therefore, there is a need to maintain a focus on design speeds: speed limits should be reduced where road designs do not fit the posted speed limits, and new or rebuilt sections of road should be designed to safe speeds.
40. We are concerned that there is no direct reference in the text to the safety of public and active-mode transport users. Safety (and perceived safety) are important drivers of low mode-share for walking and cycling in Otago, as throughout the country. The GPS's clear scepticism towards the value of walking and cycling investments may prove to be self-fulfilling if the lack of care towards vulnerable road users results in the further suppression of demand for active trips along car-focused corridors.
41. Such a negative impact will also be keenly felt on public transport, given that practically every public transport trip involves an active-mode connection (usually walking). This will be particularly felt by disabled people and road users who do not drive, whose freedom to navigate cities will be diminished.

42. For these reasons, **we request that this approach is reconsidered** and that the safety of public and active transports is given a priority.

Strategic Priority, Value for Money

43. We agree that fare revenue is important consideration in the affordability of public transport services, with highly patronised services being more cost-effective to run. ORC has had success in both Queenstown and Dunedin under a relatively low-fare regime, in which we still maintain a higher farebox recovery rate than similar councils. **We submit that a carefully thought-out approach is taken**, that acknowledges that different types of PT services, serving different goals in different places, are likely to have their own characteristic levels of achievable farebox recovery.
44. We also note that farebox recovery is a surface-level indicator of value for money. While this is a useful statistic to collate and make use of in high-level comparisons between councils, significant investment decisions need to consider more rigorous economic methodologies, such as cost-benefit ratios. For this reason **ORC supports the Minister's expectation of a more efficient business case process** that can allow greater economic rigour to be applied with greater ease.
45. ORC notes that there is little direct comment about the Sustainable Public Transport Framework, which is a significant and ongoing piece of work. Although it is acknowledged that a change of government will result in some changes in thinking on certain elements of the SPTF, much of the SPTF in its current form should be appropriate to changed strategic priorities of the new government. **We submit that further work should be undertaken on SPTF** that builds on and acknowledges what has already been done, just as the SPTF in practice builds on the work that went into the previous Public Transport Operating Model.
46. Ancillary to this, it is noted that in its current draft format, the GPS does not provide a clear activity class to provide for PT service improvements. As such, this challenges the confidence we have in the delivery of the economically significant public transport improvements planned through the Queenstown Public Transport Services Business Case. The Queenstown Future Development Strategy is predicated on strong public and active transport networks that cannot be funded by rates alone: these investments are necessary to sustain the economic productivity of Queenstown.
47. Likewise, the identified wider economic productivity and employment impact (and health) benefits of proposed PT improvements that would support New Zealand's largest ever health infrastructure project, the New Dunedin Hospital, have no clear funding sight-line.

The inability to extend PT service spans to cater for shift workers, will diminish the Hospital's access to workers who cannot or choose not to drive (nursing staff, cleaners and catering staff).

48. **We submit that a clear activity class be provided for PT service improvements.**

Future GPS processes

49. Finally, we wish to comment on the process and future of the GPS. Through the fault of neither the previous nor the current government, this GPS was severely impacted by the uncertainty of a general election, which has resulted in draft RLTPs that are almost entirely developed under the previous GPS, albeit with an eye to the August draft.
50. Since the general election results were clear, a significant change in approach from the new government has been anticipated. Some pragmatic adaptations in approach can be made ahead of a GPS, but formally authorities are ultimately only able to operate under official government policy.
51. There is no easy solution to the problem of election-year GPS; it is clear that a new government will want to begin on policy changes, and there are clear dependencies between RLTPs and LTPs, along with many other processes of local and national government.
52. ORC suggests that to enable RLTPs to be better timed with a future GPS, that the Minister work closely to ensure the time-line set by NZTA for the adoption of the NLTP be amended where required, as early as possible to facilitate aligned processes.

Conclusion

53. The Otago Regional Council (ORC) thanks the Ministry of Transport for the opportunity to submit on the Draft Government Policy Statement on Land Transport.
54. If you require any further information please contact Lorraine Cheyne, Manager Transport, Otago Regional Council lorraine.cheyne@orc.govt.nz
55. If there is the opportunity to speak to ORC's submission, we would welcome this.

Yours sincerely



Gretchen Robertson
Chairperson



Our Reference: A972657

20 March 2024

Te Manatū Waka Ministry of Transport
3 Queens Wharf
Wellington 6011
PO Box 3175
Wellington 6140

Via email: gps@transport.govt.nz

Otago & Southland Regional Transport Committee Chairs combined Feedback on the Draft Government Policy Statement on Land Transport 2024.

1. The Otago and Southland Regional Transport Committee Chairs (RTC Chairs) thank the Ministry of Transport (MoT) for the opportunity to provide feedback on the Draft Government policy Statement on Land Transport 2024 released on 6 March 2024.

Background and context

2. The RTCs are committees of their respective Regional Councils. The RTCs comprise the authorised organisations who plan transport activities in the Otago and Southland regions. The members are representatives of the five territorial authorities in Otago, three territorial authorities in Southland, the Otago Regional Council, Southland Regional Council (Environment Southland) and the New Zealand Transport Agency. The purpose of the committee is to set the direction for transport investment in the regions in a combined Regional Land Transport Plan and monitor the implementation of the Plan to meet the needs of Otago and Southland communities.
3. However, due to timing of the release of this Government Policy Statement (GPS) and scheduled meeting dates this submission has been prepared on behalf of the Committees for the Combined RTC Chairs. It will be formally presented to the next Combined RTC meeting in early July 2024.
4. We note that member organisations may also be making their own submissions. This submission does not necessarily reflect any individual member organisation responses.

General Comment

5. The RTC Chairs acknowledge the importance of the GPS in setting short term direction for funding of the National Land Transport Programme through Regional Land Transport Plans. However, the three-year term of the GPS makes long term investment decisions difficult



without some level of continuity being shown in funding decisions. Councils are required to produce long term plans with a 30-year horizon that is not usually reflected in the short-term GPS approach. Delays for whatever reason in delivery of the GPS and in particular the current signal that a final GPS will not be available till mid-2024 mean long-term planning for Councils that will align with Government GPS outcomes are very difficult to achieve or work towards.

6. Support for the future of funding projects signalled in the draft GPS 2024. The current funding system based on fuel excise and road user charges is currently under extreme pressure due in large part to the additional activities being funded from the National Land Transport Fund over and above those anticipated when hypothecation of funds for transport was put in place. The Regional sector wish to work with the Ministry of Transport and the Government in a collaborative process to investigate and implement a new transport funding system that is fit for purpose.
7. The RTC chairs support the System Reform signalled in the draft GPS 2024. Although the GPS has had a ten-year focus for strategic outcomes the reality is that the focus has always been on short term funding outcomes that have the potential to change with successive governments. This has created a very short-term focus for transport planning based around the funding requests in the RLTP six-year cycle and mid-term reviews.

Ensuring the GPS requires Approved Organisations prepare and submit detailed ten-year transport programmes for inclusion in Regional Land Transport Plans will provide the Government with long term funding requirement forecast that can be relied on. This requirement should apply to local government and the state highway sector.

System reform is more than just adopting a focused ten-year strategic programme of works. The current misalignment of the GPS with Road Controlling Authority Activity Management Plan cycles and subsequent Regional Land Transport Planning legislative timeframes is almost guaranteed to result in the Governments strategic outcomes from the GPS not being reflected in the planning documents that should underpin the National Land Transport Plan that gives effect to the GPS.

8. Response To Questions

a) **Do you agree with the strategic priorities and direction that are outlined in GPS 2024?**

The strategic priorities outlined in the GPS are generally supported by the mid-term review of the Otago Southland RLTP.

The apparent reduction in emphasis on public transport in areas outside the South Island is a major concern. A combination of Public Transport expansion and related investment in associated infrastructure in Queenstown will result in the town and immediate surrounding communities becoming grid locked.



- b) Do you agree with the overarching priority of economic growth and productivity outlined in the draft GPS 2024?**

The economic growth priority is supported.

- c) Do you agree that the 15 Roads of National Significance and the Roads on Regional Significance will boost economic growth and productivity?**

For the Otago Southland Regions the detail around what and where investment is planned is not included in the GPS. The Committees are therefore not able to comment on how any investment will affect the Regions.

- d) Do you have any comments on the intention to improve public transport through completing Rapid Transit Corridors set out in the draft GPS 2024?**

The Committees are not able to comment on this specific project. Major investment is also required in regions with high growth rates and significant transport issues. The committees are concerned that a focus on single areas will limit investment across the remainder of the Country.

- e) Do you have any comments on the intention to support completion of the City Rail Link and Eastern Busway and planning for delivery of the Northwest Rapid Transit Corridor and Airport to Botany Busway set out in the draft GPS 2024?**

The Committees are not able to comment on this specific project. Major investment is also required in regions with high growth rates and significant transport issues. The committees are concerned that a focus on single areas will limit investment across the remainder of the Country.

- f) Do you have any comments on the intention to support the Lower North Island Rail Integrated Mobility project and acceleration of Wellingtons North South, East West and Harbour Quays bus corridors set out in the draft GPS 2024?**

The Committees are not able to comment on this specific project. Major investment is also required in regions with high growth rates and significant transport issues. The committees are concerned that a focus on single areas will limit investment across the remainder of the country.

- g) Do you agree with the stronger focus on road maintenance outlined in the draft GPS 2024?**



The strong focus on maintenance and renewals across both local roads and state highways is supported. The NLTPs hypothecated funds were originally set up with the purpose of funding the maintenance and renewals required to maintain the transport network. An emphasis on maintenance and priority funding to the level required from the NLTF is supported.

- h) Do you have any comments on the Government's priority to create a Pothole Prevention Fund across two activity classes to ringfence maintenance funding to help address the record number of potholes on our roads?**

The strong focus on maintenance and renewals across both local roads and state highways is supported. Splitting the maintenance activity class to give greater transparency is supported.

However, using the term pothole in the activity class heading is likely to result in public expectation that potholes will miraculously disappear. Potholes have resulted from under investment in reseals and rehabilitations that will require some years of additional focus and investment to see a real change on the network. These will not be quick fix hole repairs as may be expected by the public.

- i) Do you have any comments on the Government's priority to achieve 2 percent rehabilitation and 9 percent resurfacing of our roading network per year?**

The level of rehabilitation and resurfacing required for any network is dependant on many factors. Setting a target such as that proposed is likely to result projects being completed ahead of network needs particularly in the local roads sector.

- j) Do you agree with the priorities in the draft GPS 2024 to improve safety on our roads through greater police enforcement targeting drink driving and excessive speeding?**

The priority to improve safety through greater police enforcement is supported. The priority should include drugged driving in addition to drink driving. Greater police activities on the network targeting known high risk areas would also be supported.

- k) Do you have any comments regarding the proposed plan in the draft GPS 2024 to review fines for traffic offences?**

The combined Otago Southland Regional Transport Committees have not had the opportunity to discuss and form a view on this proposal.



- l) Do you have any comments regarding the proposed plan in the draft GPS 2024 to review the vehicle regulatory system to better manage the safety performance of the vehicle fleet?**

The combined Otago Southland Regional Transport Committees have not had the opportunity to discuss and form a view on this proposal.

- m) Do you agree with the focus on value for money outlined in the draft GPS 2024?**

Support the strategic priority value for money. Value for money is more than lowest cost where long-term ownership costs can be significantly increased as a result of a short-term low-cost focus. Additional signals to reflect the governments expectations in terms of value for money are requested. For example, the local government sector is required to take the four well beings into account in their decision making. This means that additional benefits such as climate response, equity and transport choices need to be considered in any value for money calculation.

- n) Do you agree with the comments in the draft GPS 2024 that NZTA should explore a variety of funding and financing options for all major transport projects to help address New Zealand's infrastructure deficit?**

The combined Otago Southland Regional Transport Committees have not had the opportunity to discuss and form a view on this proposal.

- o) Do you agree with the outcomes expected to be achieved through the draft GPS 2024?**

The outcomes expected are supported. No further comment on the outcome's details.

- p) Do you agree with the proposed \$50 increase to annual motor vehicle licence fees (rego) spread across two \$25 increases in January 2025 and January 2026 as a way to help pay for transport investment?**

The combined Otago Southland Regional Transport Committees have not had the opportunity to discuss and form a view on this proposal.

- q) Do you agree with the plans in the draft GPS 2024 to return to the previous practice of regular excise duty (FED) and road user charge (RUC) increases from January 2027 as a way to help pay for transport investment?**

The combined Otago Southland Regional Transport Committees have not had the opportunity to discuss and form a view on this proposal.



r) Do you have any other comments on the proposed GPS funding package?

The funding package proposed in the draft GPS 2024 has a significant bias towards the North Island and in particular the upper North Island. Without being able to see the detail on how the major North Island projects are being funded or in fact the detail on any proposed State Highway projects it is difficult to make meaningful comment on the funding package. On the face of it there is a real issue of equity on where funds are collected and where they are proposed for spending.

s) Do you agree with the proposed Activity Class descriptions and funding ranges?

Funding for public transport and required infrastructure investment is a concern for the Otago and Southland Regions.

For the Otago and Southland Regions transport options are a high priority whether for people or freight. The current activity class descriptions do not appear to provide any avenue for projects to address these priorities to be explored.

t) Do you agree with the ministerial expectations as outlined in the draft GPS 2024?

The combined Otago Southland Regional Transport Committees have not had the opportunity to discuss and form a view on these expectations.

u) Do you have any further comments on GPS 2024?

We acknowledge the work that the Ministry of Transport have put in to produce the draft GPS document in what turned out to be very trying circumstances. It is easy to read, easy to understand and comprehensive.

We have concerns about the apparent reduction in the focus on safety and more ambition should be shown in the Safety GPS strategic priority and direction.

There does not appear to be any benefit to the Otago Southland Regions in the GPS other than the possibility of increased funding for continuous programmes should local authorities be able to fund their share.

Before commencing development of GPS 2027 we suggest the Ministry visit each Region in the Country to discuss their priorities and aspirations to allow the GPS to more accurately reflect the communities needs that the transport network provides. This approach would likely result in different advice being provided to Ministers and may result in better outcomes across the country.



We ask the Ministry of Transport commence work in conjunction with the Ministry of Education to investigate ways of integrating school bus and public transport services. There are significant inefficiencies in the current model that a better integrated system would likely resolve. There are still major concerns in the rural community around the speed of vehicles around school buses and the safety of children on school buses operating in rural areas at open road speeds without safety restraints.

Conclusion

The Otago Southland RTC chairs thanks the Ministry of Transport for the opportunity to provide this feedback on the draft GPS 2024.

Thank you once again for the opportunity to provide feedback on the draft document. Should you require any further information please contact Russell Hawkes, Lead Transport Planner, Environment Southland on 021 970 997 or russell.hawkes@es.govt.nz.

A handwritten signature in blue ink, appearing to read "Jeremy McPhail".

Cr Jeremy McPhail
Chair
Southland Regional Transport Committee

A handwritten signature in blue ink, appearing to read "Kate Wilson".

Cr Kate Wilson
Chair
Otago Regional Transport Committee

28 March 2024

Ministry of Transport
PO Box 3175
Wellington 6140

By email: GPS@transport.govt.nz



Tēnā koe,

South Island Regional Transport Committee Chairs Group submission on the draft Government Policy Statement on land transport 2024

Thank you for the opportunity to provide feedback on the draft Government Policy Statement on land transport (GPS) 2024. This letter forms the submission from the South Island Regional Transport Committee Chairs Group (the Chairs Group), setting out the collective feedback of the Chairs from each of the Regional Transport Committees in the South Island.

The Chairs Group was formed in 2016 for the purpose of significantly improving transport outcomes to, from and within the South Island through stronger interregional collaboration and integration. This approach has sought to ensure that the needs and aspirations of our South Island communities – including those of more than 1.2 million people – for our transport system are well recognised and understood. While each region in the South Island is unique, they also share many of the same transport priorities and challenges.

The Chairs Group wishes to express support for the individual submissions provided by South Island Regional Transport Committees. This includes those made from Canterbury, Marlborough, Nelson/Tasman, and Otago/Southland.

This submission highlights and reinforces some of the shared views expressed by South Island Regional Transport Committees on the draft GPS. Our key points are set out below.

The South Island transport network is critical for unlocking the economic potential of New Zealand, but faces significant resilience issues that will impact our economic productivity and output if not addressed.

The South Island's transport network is vast. It includes around 5,000km of state highways, more than 35,000km of local roads and over 1,500km of railway lines (including two main lines, two secondary lines and several branch lines). It connects our communities and underpins their prosperity and wellbeing, while simultaneously being critical for supporting economic growth and productivity in the South Island and New Zealand. The South Island generated \$78.9bn of GDP during the year ended March 2022 – 22% of national GDP.

Current levels of road network maintenance and renewals are proving inadequate to maintain acceptable levels of service across the South Island. Underinvestment and constraints on the delivery of increased road maintenance and renewals, coupled with increases in travel from population, tourism and economic growth, is resulting in deteriorating conditions.

Our transport network is also highly vulnerable to disruption from a range of natural hazards – earthquakes, flooding, landslides and coastal erosion, to name a few. The NZ Transport Agency's National Resilience Programme Business Case (for state highways) identifies the top of the South, the West Coast, Canterbury and Otago as four of the top five 'at-risk' regions in New Zealand by number of natural hazards, and the top four regions by criticality (ie. the number of risks with a 'major' or 'critical' risk rating).

The impacts of climate change are only expected to increase the vulnerability of our transport network over time. Unplanned disruption on our network has significant impacts on the efficiency and reliability of freight movements, which reduces productivity and potential economic output. Longer disruptions greatly reduce visitor flows, which can have significant impacts on our local economies.

There is an extensive programme of work to increase the maintenance and resilience of the South Island's transport network that requires funding commitment from Government.

We strongly support the increased focus on maintenance and resilience in this draft GPS, and commitment made to progressing a number of key resilience projects in the South Island during this GPS period. This includes the Second Ashburton Bridge in Canterbury and investing in the resilience of a number of critically important bridges across the island. Replacing our ageing bridge infrastructure is of particular importance to the South Island.

However, we are concerned a number of other key resilience projects across the South Island are not identified in the draft GPS. This includes, for example, moving SH6 in the West Coast south of the Waiho River away from the floodplain. These projects are also important for helping to address the resilience issues we face in the South Island, and reduce the economic and social impacts of disruption from extreme events.

The South Island freight task is forecast to grow significantly over the coming decades. Continued investment in our rail network is required to support the efficient movement of goods and reduce the pressure on our roads.

In addition to our road and rail networks, the South Island has a long-haul international airport in Christchurch, two short-haul international airports in Dunedin and Queenstown, and eight domestic airports. We also have two major container ports at Lyttelton, Christchurch and Port Chalmers, Dunedin, and six regional ports.

We are linked to the North Island via coastal shipping and road/rail ferries between Picton and Wellington. There is a strong reliance on the ferry link for inter-island freight and passenger travel, and it is well known that the ferry fleet requires upgrading. With the cancellation of the Inter-island Resilient Connection (iReX) project, the number of trucks travelling on state highways in the South Island are likely to increase at a faster rate than previously estimated.

We urge the Government to invest in freight to ensure that there is a reliable link between the South and North Islands that has the capacity to meet future demands for moving both freight and people. This is critical for both the South Island and national economies. We support the Hope Bypass in Nelson/Tasman being identified as a Road of National Significance in the draft GPS, noting that this represents a significant investment at a key location in the network that is currently delaying a significant number of journeys daily.

In 2017, the total freight movements in the South Island (to, from and within) represented approximately 32 percent of the national total. A significant share of this freight movement is internal to the South Island (ie. inter- or intra-regional movements). South Island freight volumes are projected to increase substantially over the coming decades. Having freight and supply chain systems that efficiently move goods across the South Island, and beyond to the North Island and international markets, is crucial for our continued economic growth and productivity.

While our road freight sector will remain the dominant mode for moving goods into the foreseeable future, rail and coastal shipping also play a role in moving freight, and there are opportunities to increase the share of the freight task moved by these modes. Shifting freight from road to rail and coastal shipping has a number of benefits for our economy, communities and environment; for example, reducing the pressure on our road network, improving safety in our communities, and reducing emissions and pollution from heavy vehicles.

We support the commitment made in the draft GPS for continued investment in the national rail freight network. While the draft GPS makes a particular point about the importance of moving goods by rail in the Auckland, Hamilton and Tauranga triangle, we stress the importance of rail for also moving freight to, from and within the South Island. We expect to see continued investment in the South Island rail network during this GPS period, noting that not all regions in the South Island have rail and there may be differing views across regions about how investment in our rail network should be funded.

Public transport is a key enabler of growth and productivity in the South Island's main urban areas. Underinvestment in public transport risks the future of our urban areas.

No mention of public transport investment outside Auckland and Wellington is a stark omission of this draft GPS. Public transport comes in various forms in the South Island and is a key enabler of growth and productivity in our main urban areas of Greater Christchurch, Dunedin, Nelson/Tasman and Queenstown. There are strong expectations from our communities to see enhanced public transport in our urban areas in the near future.

We would expect that the GPS, at a minimum, recognises the importance of public transport in all main urban areas in New Zealand. This includes the main urban areas in the South Island noted above. It should also acknowledge that public transport plays a role in supporting people and communities to access their needs in a number of smaller urban areas, and that investment in these services will be continued.

There is constrained funding for public transport in this draft GPS. Couple this with the additional activities now funded through the public transport activity classes (ie. inter-regional

rail), and escalated costs for service delivery and infrastructure improvements, means the available funding to improve, or even just operate existing services, will be limited. The focus on farebox recovery and increased expectations for 'user pays' is concerning, and likely to create barriers to increasing patronage, reducing congestion, and implementing or trialling new services in some urban areas.

If funding for public transport is reduced, the only way to make savings will be to reduce our levels of service (ie. reduce frequency and/or remove lower patronage services).

We ask that the public transport activity classes are funded at the upper ranges.

A fit-for-purpose land transport funding system in New Zealand is urgently required.

It is clear that New Zealand's land transport funding system is under extreme pressure and is no longer fit-for-purpose. This is due in large part to the additional activities being funded from the National Land Transport Fund over and above those anticipated when the hypothecation of funds for transport was put in place.

We remain deeply concerned about the medium- to long-term land transport funding situation and urge that the work on the Future of the Transport Revenue System review be progressed as a priority by the Ministry of Transport, ideally in time to inform the 2027 GPS. Through this work, we expect that the Regional Transport Committees in the South Island are involved in a collaborative way. This will support alignment between revenue, funding and pricing expectations across both central and local government.

We support the system reform signalled in the draft GPS. While the GPS has had a ten-year focus for strategic outcomes, the reality is that the focus has always been on short-term funding outcomes that have the potential to change with successive governments. This has created a very short-term focus for transport planning in New Zealand based around funding requests included in the Regional Land Transport Plan six-year cycle and mid-term reviews.

Ensuring the GPS requires Approved Organisations submit detailed ten-year transport programmes for inclusion in Regional Land Transport Plans will provide the Government with a forecast of required long-term funding that can be relied on. This requirement should apply to both local government and the state highway sector.

The current misalignment of the GPS with Road Controlling Authorities' Activity Management Plan cycles and subsequent Regional Land Transport Plan legislative timeframes is almost guaranteed to result in the Government's strategic outcomes from the GPS not being reflected in the planning documents that should underpin the National Land Transport Programme. We support legislative changes signalled in the draft GPS that support greater alignment between the various national, regional and local transport planning processes.

For this GPS period, we strongly support the commitment made in the draft GPS to progressing a number of major transport projects in the South Island (eg. the Belfast to Pegasus Motorway including Woodend Bypass in Canterbury and the Hope Bypass in Nelson/Tasman). However, we note that not all regions in the South Island benefit from this

proposed investment programme and the number of major transport projects identified in the South Island is relatively small when compared with the North Island.

We continue to urge that the Government and NZ Transport Agency ensures that the level of investment directed into the South Island is equitable and at least commensurate with the contribution the South Island makes to the national economy. The right investment in our transport network provides a significant opportunity for the Government to unlock the economic potential of New Zealand.

Closing remarks

We thank all those involved in preparing this draft GPS document and for the opportunity that has been afforded to provide feedback on it.

We ask that you note that while the NZ Transport Agency is invited to attend the meetings of the Chairs Group, this submission does not reflect their views.

The Chairs Group's secretariat is available to clarify or answer any questions that the Ministry may have about our submission. Please contact Jesse Burgess, Senior Strategy Manager at the Canterbury Regional Council on 027 381 5102, jesse.burgess@ecan.govt.nz if you have any questions or would like to discuss the submission further.

Yours sincerely



Kate Wilson

Chair, South Island Regional Transport Committee Chairs Group
Councillor, Otago Regional Council

TSIG submission on the draft Government Policy Statement on Land Transport 2024-34 (Te Tauākī Kaupapa Here a te Kāwanatanga mō ngā waka whenua)

The Transport Special Interest Group (TSIG) is a peak body for local and regional council officers' transport interests. Our members are responsible for regional transport planning, identifying regional transport investment priorities, and provision of public transport services. TSIG is a key stakeholder for central government agencies in relation to issues affecting New Zealand's transport system.

The below is TSIG's submission on the draft Government Policy Statement on Land Transport 2024 (GPS 2024).

System reforms

We are supportive of making land transport planning and delivery more efficient and effective and we are supportive of a streamlined business case process, and a more stable long term funding system for investing in the land transport network.

Recommendations

- Through the fast-track consenting process we need to ensure Public Transport (PT) is considered at the early planning stage and that new subdivisions etc are designed with PT in mind, recognising we struggle to retrofit public transport after the fact.
- Confirm what is expected from the build own operate transfer model for PT.
- Confirmation of the direction for the Sustainable Public Transport Framework (SPTF) and any change proposed. The SPTF has broad support in the local government sector and work is progressing at speed and has been incorporated into our Long-Term Plans.

Strategic Direction

A good PT network sits at the heart of economic growth and productivity. Frequency, reliability and speed increases will drive the planned intensification on main corridors. If we are to fast-track urban development the supporting public transport network will require additional funding, recognising the importance of multi-modal planning supporting last and first mile. Bus priority lanes and rapid transit are examples of measures that can utilise existing PT assets to boost congestion-free travel.



We also encourage the government to be strategic in its approach to increasing housing supply. We welcome Government support for 'greater intensification' and urge caution on focusing too heavily on unlocking access to greenfield land for housing development; providing more, affordable higher-density housing will provide significantly better value for money than 'unlocking greenfield land' when infrastructure cost and efficiency are considered. For example, providing good, frequent public transport services is much more efficient and cost effective along corridors with higher and less dispersed population densities.

Recommendations

- GPS 2024 to recognise the importance of PT to meet the outcomes sought by the Minister of Transport.

PT investment

We understand that it is unlikely that the funding ranges will be allocated at top end of activity class range. Comparing the mid-ranges means a reduction in both PT activity classes, this coupled with additional activities now funding through public transport such as inter regional rail, and the cost increases for service delivery and infrastructure improvements means the available funding to run the existing services or to improve services will be limited across the country. There are limited opportunities for third party investment.

We note that if funding is reduced the only way to make savings is to reduce levels of service i.e. reduce frequency and remove lower patronage services.

We also note that the Total Mobility programme assists eligible people to access appropriate transport to meet their daily needs and enhance their community participation. The scheme is funded in partnership with local and central government in New Zealand.

Recommendations

- PT activity classes funded at the top upper funding range.
- Clarification on activity classes and what is covered i.e. inter-regional rail activity class no longer being funded and the National Ticketing Solution (NTS).
- Early clarity around fare box recovery targets and expectation for services failing to meet targets. The potential negative impact on patronage through increasing user pays needs to be recognised.
- The GPS 2024 talks to investment in metro rail network Auckland and Wellington at a minimum we would like it to recognise the importance of PT and Rapid Transit in particular, in all key urban centres.



- Quick resolution of the total mobility review as PTAs need to understand the funding level and future direction for Long-Term Plans.
- Remove the requirement that multimodal investment be excluded from Local Road Improvements and Maintenance Activity Classes as this makes low-cost low risk improvements to the PT network a lot harder.

Accessibility and equity

Recognising the focus on economic growth, GPS 2024 is silent on accessibility, equity, and the important societal function PT plays in responding to community need and providing connectivity for the transport disadvantaged, particularly considering the aging population.

Our members are concerned that if funding remains around the 'mid-point' of public transport services funding class, many public transport authorities (PTAs) will be unable to maintain existing services levels and coverage. While inflationary costs pressure are starting to return to normal levels, 'the lag effect' from service contracts will continue to place pressure on existing costs at a time in which we also need to fund a rapid growth as patronage levels rises above pre-COVID levels for many of our services. Given pressure on both existing services costs and required growth expectations, it is unlikely that any funding shortfall can practically mitigated without 'private share' increases, i.e. further rises to public transport fares.

While farebox recovery levels vary across the country, it is widely considered that many PTAs may need to increase fares from anywhere between 25% and 80% to cover immediate funding shortfalls. Any increase of this magnitude would likely come with significant negative social and economic outcomes as affordability would drive many to migrate to other forms of transport as well as being unable to afford to travel for learning, employment opportunities etc.

Recommendations

- Clarification if accessibility, equity and social cohesion is still a government priority as higher fares and potentially reduced levels of service will disproportionately impact on those who are already transport disadvantaged. We note that a lot of PT services provided in disadvantaged areas are coverage rather than patronage driven therefore could conflict with the GPS focus on better farebox recovery.
- That the 'PT services' funding class must be at or above the upper end of the indicated range to ensure sufficient funding is available for most PTAs to keep future fares rises reasonable for residents to absorb.



Environmental/Climate change

GPS 2024 is silent on environmental and emission reduction targets, noting that an Emission Reduction Plan 2 is scheduled for release.

Recommendations

- Clarity around the direction and requirements from the emission reduction plans are critical for Long-Term Plan conversations. This plan is therefore required with urgency.

Patronage figures

We note that most regions are back to or exceeding pre-covid levels with some areas experiencing growing demand. We note that patronage on buses in the Wellington region are at 112% of pre-COVID levels.

Another example of the grow patronage is in Nelson and Tasman, where they launched a new expanded public transport service in August 2023, using a largely electric fleet, operating over a greater area and at increased frequency. The first four months of the new eBus service saw a continual climb in patronage numbers. February 2024 had a patronage of 90,811 an increase of 6,946 above the previously highest month in November 2023, and February saw the service experience its busiest day so far with one day tipping the 4,000 number. February 2024 had a 126% increase on February 2023. This patronage growth would not be possible without strong commitment from each Council and co-investment from central government.

Recommendations

- Amend GPS 2024 which incorrectly states that the country is not yet back to pre-COVID PT patronage levels.

Additional points

First, we would like to highlight a significant emerging risk that the draft GPS is silent on, rising insurance costs. We urge the Minister to urgently look at insurance as an emerging risk for whole of transport system operational costs.

The draft GPS is silent on the Government's implementation of the National Ticketing Solution (NTS) a major Crown transport investment nationally, and one that has major implications for public transport operations and funding nationwide.

Considering the significant implementation and ongoing maintenance costs NTS will take from the overall public transport activity classes, we ask that the Minister considers how the draft GPS can be amended to both recognise this major investment



programme and provide clarity on how the ten-year spend on the project fits within the activity class funding ranges outlined in the draft.

Our members who co-fund and manage metropolitan passenger rail services believe that the draft GPS is not providing sufficient funding for the Rail Network, where the NLTF should be funding the backlog renewals to the rail network. We note that many 100s of millions of dollars of planned improvement work to lift the rail network to an agreed serviceable standard has yet to be delivered despite being agreed to by the Crown in 2009.

It is not foreseeable that this level of investment in nationally significant infrastructure will be possible through rate payers alone. Our members strongly believe that direct Crown support outside of NLTF is required to enable KiwiRail to both renew and enhance existing rail infrastructure.

We note that under previous GPSs approximately 90% of rail funding came from government funding. The changes propose that a proportion of this funding, currently unclear, will come from track user charges. We are concerned that this announcement via the GPS without more precise guidance on the quantum of charging, and how (and by whom) it will be calculated, has created a degree of uncertainty for financial planning at a point in the local government triennial cycle when all authorities are finalising, and in many cases have completed their public engagement on, their Long Term Plans.

We note from Ministry-led information sessions on the draft GPS that the intent is broadly that changes to the way rail has been funded in general will be addressed through future appropriations in addition to the funding covered by the NLTF.

Recommendations

- We urge the Minister to urgently look at insurance as an emerging risk for whole of transport system operational costs.
- We recommend that NTS is identified in its own unique and separate activity class in the final GPS.
- We urge the Minister to ensure the Crown's intentions around future rail funding are clarified by the time Budget 2024 is released.

Please contact Dr Emmet McElhatton, TSIG Public Transport Lead (emmet.mcelhatton@gw.govt.nz) in regard to any clarification on any issue raised in this submission.





Yours sincerely

A handwritten signature in blue ink, consisting of a large, stylized initial 'N' followed by a long horizontal line extending to the right.

Nigel Corry
Chief Executive Greater Wellington Regional Council
TSIG RCEO Co-Sponsor



WORKING DRAFT

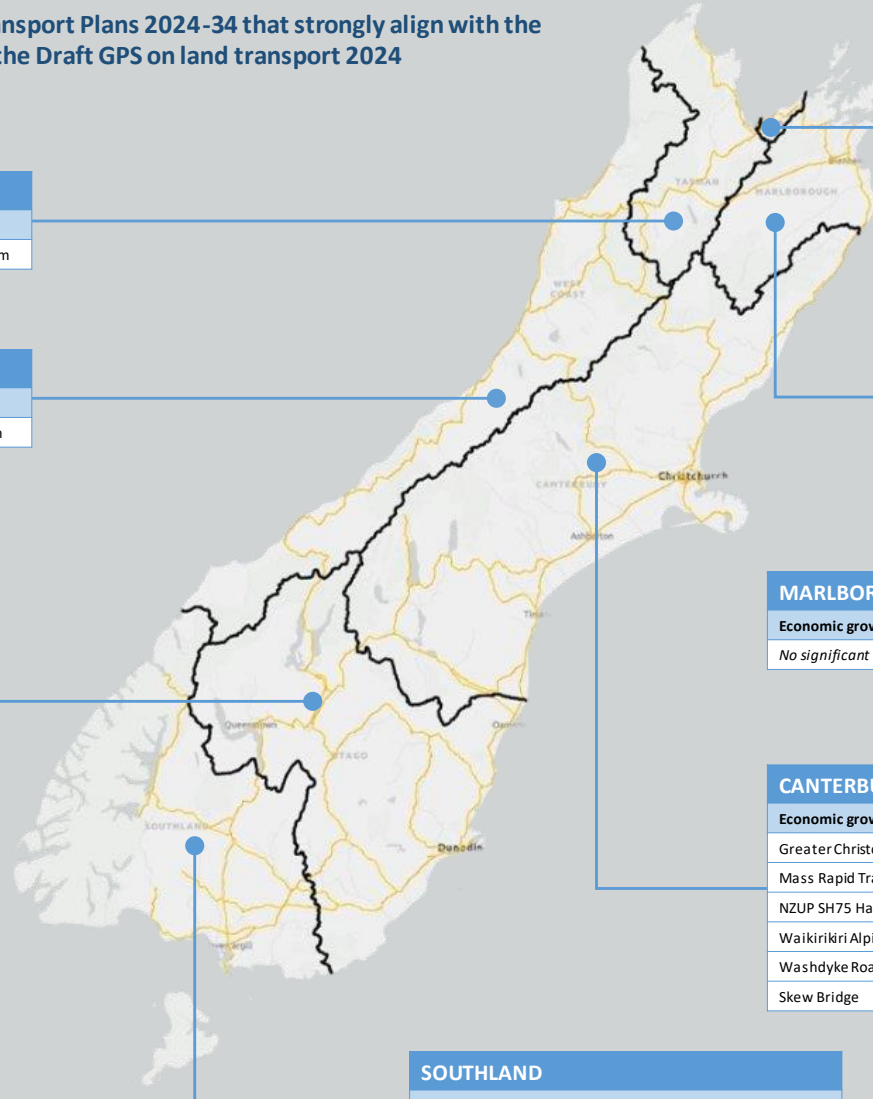
South Island Significant Transport Projects: Economic Growth and Productivity

Significant activities included in Draft Regional Land Transport Plans 2024-34 that strongly align with the economic growth and productivity strategic priority in the Draft GPS on land transport 2024

OTAGO	
Economic growth and productivity	
Queenstown PT Improvements	\$88.5m
SH6/6A Queenstown Offline High-Capacity PT IMP	\$34.5m
Arthurs Point Bridge Pre-Implementation	\$29.6m
Shaping Future Dunedin Transport Programme	-
Princes St Bus Priority and Corridor Safety Plan	\$8.2m
Harbour Arterial Efficiency Improvements	\$9.8m
Central City Parking Management Plan	\$1.3m
Dunedin PT Improvements	\$195.9m
SH1 Dunedin City and Hospital	\$38.9m
SH88 Dunedin City and Hospital	\$12.4m
Stanley St Corridor Improvements (Queenstown Town Centre DBC)	\$38.5m
SH6 Albert Town Bridge Improvement	\$48.6m
VKT Reduction Plan Programme	\$5.2m
Bus Infrastructure Improvements	\$23.6m
Rail and Freight Improvements	\$7.8m
Capell Avenue Road Formation	\$3.2m
City to Harbour Cycle/Pedestrian Connection	\$13.5m

TASMAN	
Economic growth and productivity	
SH6 Hope Bypass	\$496.0m

WEST COAST	
Economic growth and productivity	
SH7 Stoney Creek Bridge Replacement	\$16.1m



NELSON	
Economic growth and productivity	
Waimea Road Priority Lanes	\$24.0m
Millers Acre Bus Interchange	\$4.0m

MARLBOROUGH	
Economic growth and productivity	
<i>No significant activities related to this GPS priority identified</i>	

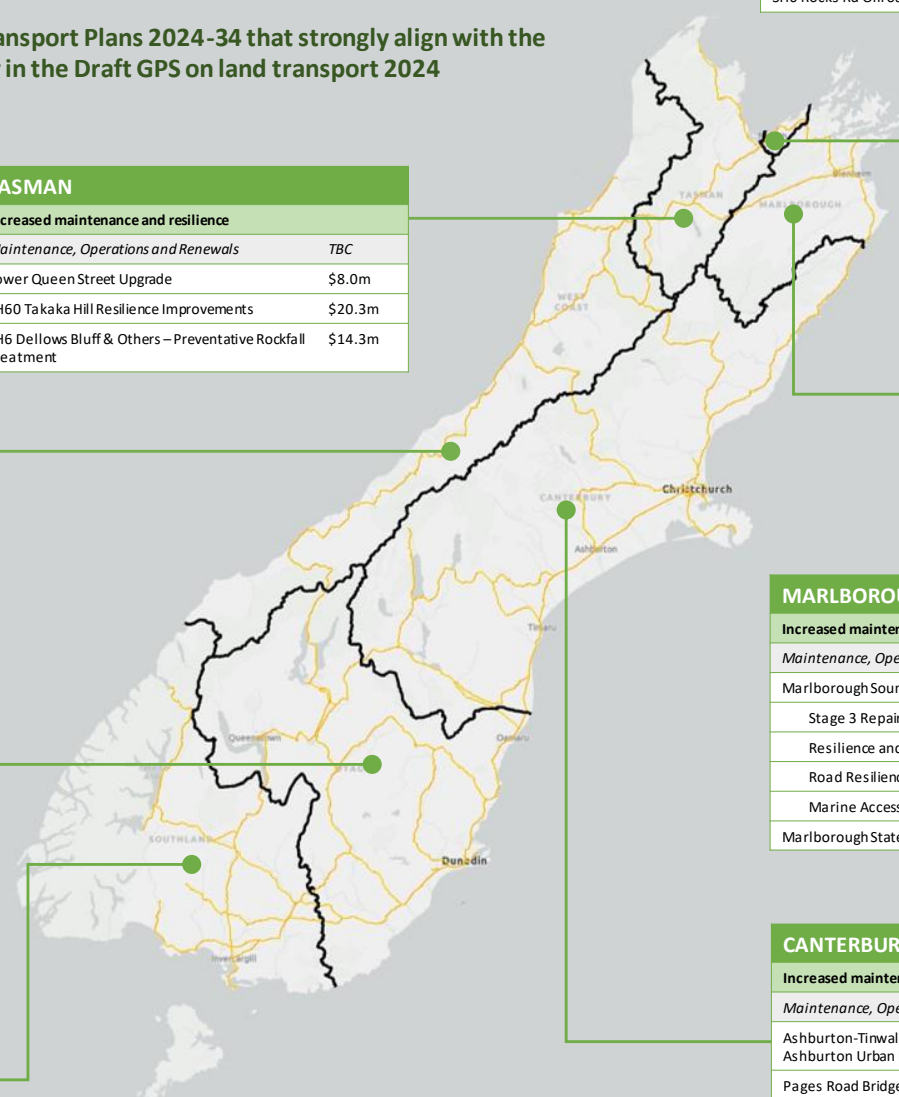
CANTERBURY	
Economic growth and productivity	
Greater Christchurch Public Transport Futures	\$737.3m
Mass Rapid Transit	\$828.2m
NZUP SH75 Halswell Road Imp	\$24.9m
Waikirikiri Alpine to Sea Trail	\$22.0m
Washdyke Road Link	\$3.0m
Skew Bridge	\$11.0m

SOUTHLAND	
Economic growth and productivity	
<i>No significant activities related to this GPS priority identified</i>	

WORKING DRAFT

South Island Significant Transport Projects: Maintenance and Resilience

Significant activities included in Draft Regional Land Transport Plans 2024-34 that strongly align with the increased maintenance and resilience strategic priority in the Draft GPS on land transport 2024



WEST COAST	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	TBC
SH6 Franz Josef Resilience Masterplan	\$2.0m
SH6 WTCT Haast to Hawea RESIL IMPR	\$19.3m
SH67 Granity Seawall	\$11.7m
Karamea Highway Resilience Improvements	\$5.5m
Jackson Bay Road Resilience Improvements	\$6.0m

TASMAN	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	TBC
Lower Queen Street Upgrade	\$8.0m
SH60 Takaka Hill Resilience Improvements	\$20.3m
SH6 Dellows Bluff & Others – Preventative Rockfall Treatment	\$14.3m

NELSON	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	TBC
SH6 Rocks Rd Offroad Shared Pathway	\$204.0m

OTAGO	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	TBC
SH6 Cromwell to Frankton Resilience	\$13.9m
SH6 Frankton to Kingston Resilience	\$9.0m
SH6 OTA Haast to Hawea RESIL IMPR	\$19.3m
Crown Range Slope Resilience	\$0.8m
Shepherds Creek Hut Bridge Resilience	\$2.2m
Inner Harbour Seawall Renewals	\$6.2m
Bennetts Bluff Resilience	\$0.2m
SH1 Katiki Resilience (Rock Armouring)	\$3.8m

MARLBOROUGH	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	TBC
Marlborough Sounds Future Access Study	-
Stage 3 Repairs	\$141.4m
Resilience and Marine Infrastructure Studies	\$9.7m
Road Resilience Improvements	\$44.6m
Marine Access Improvements	\$33.5m
Marlborough State Highway Resilience Programme	\$155.0m

SOUTHLAND	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	TBC
SH94 Milford Road to Te Anau Downs	\$25.7m
SH94 Homer Tunnel Rockfall/Avalanche Protection	\$37.5m

CANTERBURY	
Increased maintenance and resilience	
Maintenance, Operations and Renewals	\$4,635.4m
Ashburton-Tinwald Connectivity (Second Ashburton Urban Bridge)	\$130.0m
Pages Road Bridge Renewal (OARC)	\$58.0m
Conway Bridge	\$10.0m
Heaton Hayes Rail Crossing	\$3.0m

WORKING DRAFT

South Island Significant Transport Projects: Safety

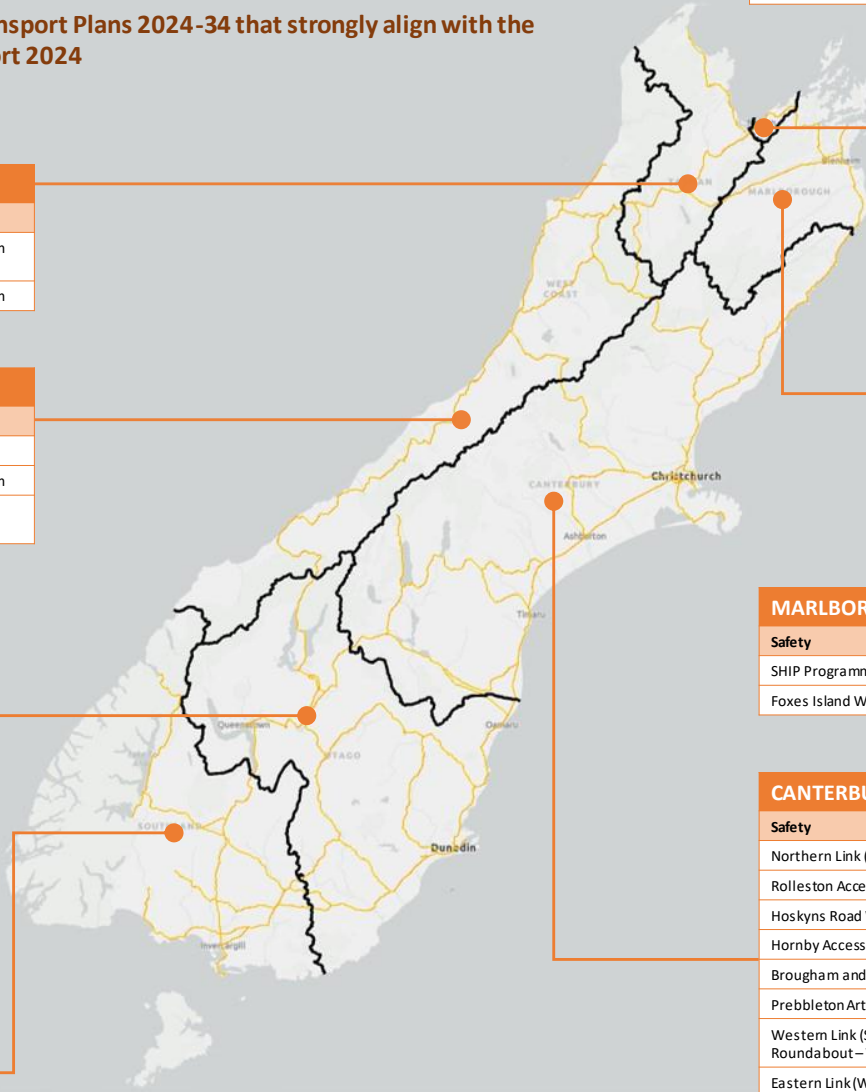
Significant activities included in Draft Regional Land Transport Plans 2024-34 that strongly align with the safety strategic priority in the Draft GPS on land transport 2024

TASMAN	
Safety	
SH6 Wakefield and Murchison Commercial Vehicle Regional Safety Centre	\$14.2m
Speed and Infrastructure Programme 2024-27	\$99.0m

WEST COAST	
Safety	
Karamea Highway Geometry Improvements	\$1.8m
Speed and Infrastructure Programme 2024-27	\$44.0m
SH6 Kumara Junction Commercial Vehicle Regional Safety Centre	\$7.0m

OTAGO	
Safety	
Dunedin Urban Cycleways	\$29.7m
Strategic Walking and Cycling Network Upgrades	\$94.5m
Centres Programme	\$19.6m
Speed and Infrastructure Programme 2024-27	\$326.3m
SH1 Oamaru to Dunedin – (Hampton to Palmerston)	\$1.8m
Shore St/Teviot St Safety Improvements	\$2.9m
SH1 Lake Waihola Commercial Vehicle Regional Safety Centre	\$7.7m
Central City Plan Upgrade	\$28.5m

SOUTHLAND	
Safety	
Speed and Infrastructure Programme 2024-27	\$161.8m
Southland Site 1 Commercial Vehicle Regional Safety Centre	\$6.9m



NELSON	
Safety	
SH6 Hira Commercial Vehicle Regional Safety Centre	\$6.5m
Speed and Infrastructure Programme 2024-27	\$11.0m

MARLBOROUGH	
Safety	
SHIP Programme 2024-27	\$77.1m
Foxes Island Weigh Station SH6	\$5.2m

CANTERBURY	
Safety	
Northern Link (incl Woodend SH1 Bypass)	\$714.8m
Rollleston Access Improvements	\$97.5m
Hoskyns Road Widening	\$6.5m
Hornby Access and Development	\$310.7m
Brougham and Moorhouse Area	\$82.3m
Prebbleton Arterial Intersection	\$10.2m
Western Link (Skew Bridge to Fernside/Flaxton Roundabout – Waimakariri)	\$3.7m
Eastern Link (Waimakariri)	\$35.0m
SH74 Lyttleton Commercial Vehicle Regional Safety Centre	\$8.2m

9.2. Public Transport Network Performance Report Q1-Q3 2023_24

Prepared for: Public and Active Transport Committee

Report No. OPS2414

Activity: Transport - Public Passenger Transport

Author: Julian Phillips, Implementation Lead - Transport
Gemma Wilson, Senior Operations Analyst - Public Transport
Jack Cowie - Transport Planner

Endorsed by: Richard Saunders, Chief Executive

Date: 9th May 2024

PURPOSE

- [1] To update the Committee on the performance of its Public Transport (bus and ferry) and Total Mobility services for Quarters 1, 2 and 3, of the 2023/24 financial year, being 1 July 2023 to 30 March 2024.
- [2] This report also presents a review of customer feedback for the same period.

EXECUTIVE SUMMARY

- [3] Dunedin bus patronage for Q1/2/3 2023/24 is 2,206,816 - an increase of 24% from 2022/23.
- [4] Queenstown bus patronage for Q1/2/3 2023/24 is 1,440,645 - an increase of 63% from 2022/23.
- [5] Queenstown Ferry patronage for Q1/2/3 2023/24 is 59,492 - a decrease of 24% from 2022/23.
- [6] Total Mobility patronage for Q1/2/3 2023/24 is 90,809 – an increase of 11.7% from 2022/23.

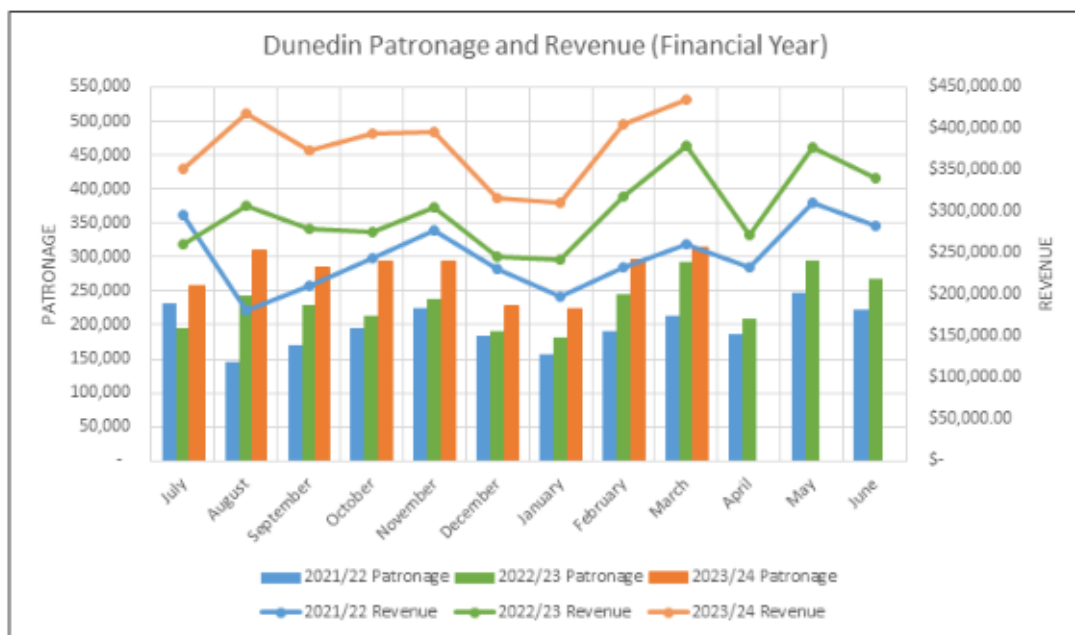
RECOMMENDATION

That the Council:

- 1) **Notes** the report summarising public transport activity in Otago for the first three quarters of the 2023/2024 year.

DISCUSSION - DUNEDIN

- [7] Figure 1 details patronage and revenue for Q1/2/3 of the 2023/24 financial year.



Dunedin	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2018/19 Patronage	195,272	235,930	221,438	212,965	223,894	177,520	172,142	213,992	246,593	198,745	245,477	204,362	2,548,330
2019/20 Patronage	220,652	235,666	230,329	224,285	226,692	182,910	181,525	228,477	175,526	26,802	68,709	197,681	2,199,254
2020/21 Patronage	293,294	278,162	209,278	224,799	223,263	190,821	160,848	201,611	250,266	195,795	243,550	234,783	2,706,470
2021/22 Patronage	231,082	144,505	170,397	196,538	223,952	185,219	156,857	190,746	213,639	185,831	246,438	221,895	2,367,099
2022/23 Patronage	194,544	242,825	229,954	213,011	237,385	189,812	181,899	244,977	291,825	208,030	294,188	268,850	2,797,300
2023/24 Patronage	256,596	310,050	285,998	293,805	294,909	229,261	224,020	297,223	314,954				2,506,816

Figure 1: Dunedin 2023/24 Patronage and Revenue

- [8] Total Dunedin bus patronage for Q1/2/3 2023/24 is 2,506,816.
- [9] This is a 24% increase from 2022/23, noting that full timetables were re-introduced to Dunedin in February 2023.
- [10] This also represents a 32% increase from the 2018/19 financial year, which is the last full year period where patronage was not disrupted by COVID restrictions and driver shortages.

- [11] February and March 2024 saw record patronage days with daily trips exceeding 14,000 on several days. Patronage on 29th February, 7th and 13th March 2024 all exceeded 14,500 trips, with the 14,696 trips taken on Wednesday 13 March setting the new record number of daily trips taken on the Dunedin network:

2024 Dates	Dunedin 2019	Dunedin 2020	Dunedin 2021	Dunedin 2022	Dunedin 2023	Dunedin 2024
Monday, 19 February 2024	10,007	10,281	9,040	8,243	11,482	11,613
Tuesday, 20 February 2024	10,544	10,723	9,411	8,879	11,777	13,343
Wednesday, 21 February 2024	10,418	11,001	9,933	9,227	10,748	12,791
Thursday, 22 February 2024	10,521	10,768	10,279	8,770	10,914	13,303
Friday, 23 February 2024	10,260	11,020	10,023	8,356	11,019	13,313
Saturday, 24 February 2024	5,954	4,537	4,195	2,748	5,741	6,452
Sunday, 25 February 2024	2,863	2,798	2,117	2,014	3,578	4,104
Monday, 26 February 2024	10,036	10,110	8,573	7,953	11,238	13,792
Tuesday, 27 February 2024	10,637	10,446	9,459	8,496	12,136	14,192
Wednesday, 28 February 2024	11,013	10,968	9,354	8,453	11,696	13,450
Thursday, 29 February 2024	10,543	10,652	9,261	8,639	12,143	14,549
Friday, 1 March 2024	10,478	10,689	9,175	8,049	12,279	13,728
Saturday, 2 March 2024	4,860	4,889	4,250	3,066	4,671	7,002
Sunday, 3 March 2024	2,297	2,635	2,471	2,199	3,367	4,375
Monday, 4 March 2024	9,735	10,111	9,136	7,870	11,517	13,394
Tuesday, 5 March 2024	10,565	9,990	10,289	8,717	12,042	13,628
Wednesday, 6 March 2024	10,588	10,663	10,034	8,700	12,194	13,696
Thursday, 7 March 2024	10,581	10,434	10,056	8,478	11,058	14,536
Friday, 8 March 2024	10,554	10,322	10,199	8,206	11,354	13,678
Saturday, 9 March 2024	4,119	4,628	4,357	3,015	5,674	6,016
Sunday, 10 March 2024	2,929	2,700	2,696	2,081	3,947	4,460
Monday, 11 March 2024	9,359	9,077	9,348	8,102	10,828	12,647
Tuesday, 12 March 2024	10,311	9,529	10,131	8,655	12,188	14,425
Wednesday, 13 March 2024	10,203	8,608	10,131	8,569	12,295	14,696
Thursday, 14 March 2024	10,617	8,136	10,496	8,637	11,198	14,258
Friday, 15 March 2024	10,181	7,505	10,089	8,272	11,096	12,904
Saturday, 16 March 2024	4,109	2,192	4,248	2,999	5,893	6,410
Sunday, 17 March 2024	2,669	1,644	2,630	2,062	3,749	3,838

Figure 2: Dunedin daily patronage records.

- [12] Q1 (July 2023) saw the introduction of Community Connect fare concessions.
- [13] Prior to the introduction of Community Connect, Adult fares in Dunedin would represent c.56% of all fare types, but the Youth Plus category now accounts for 16% of fares taken, with Community Service Cards representing 7%; The sum of these two concessions approximately corresponds to the drop in the share of standard Adult fares – noting that passengers benefitting from the Youth Plus concession would previously have paid the full Adult fare.
- [14] Crown funding for free fares for 5-12 year olds and half price fares for 13-24 year olds will end on 30 April 2024. Government support for half price public transport concessions for Community Services Card holders and Total Mobility services concessions (75% discount) remain. At its meeting of 20 March 2024, Council resolved to retain free bus fares for 5 to 12 year olds (at ORC's cost, some \$42,000 per annum)
- [15] The result of this will be that:
- Children under five are still free.
 - Fares for children 5-12 years remain free.
 - Fares for youth 13-18 years increase to pre-scheme levels, reverting to \$1.20 (Dunedin) and \$1.50 (Queenstown) per one-way trip.
 - Fares for adults 19+, in Dunedin and Queenstown, revert to \$2 per one way trip.

- e. No change to the free off-peak concessions for SuperGold card holders (\$2 during peak times with a registered Bee Card, free fares off peak).
 - f. No change for Community Services Card holders (half price adult fares with a registered Bee Card).
- [16] Transport staff will update the Committee on the impacts, if any, of these fare changes at the final 2023/24 PATC meeting.
- [17] In summary, Dunedin patronage has significantly recovered from recent periods of disruption. For Q1/2/3 2023/24, patronage across the network is comfortably exceeding the previous six years.
- [18] Figure 3 provides individual PTOM Unit information, noting that all Units are reporting patronage growth apart from Unit 3. Transport staff are investigating the causes for this, which are anticipated to be related to the transfer of ticketing equipment between older diesel fleet and the new Electric Vehicle fleet, which operates exclusively within the Unit 3 contract.

Unit 1	Unit 2	Unit 3	Unit 4	Unit 5
<ul style="list-style-type: none"> Balaclava Logan Park Concord Port Chalmers Northern services Peninsula 	<ul style="list-style-type: none"> St Clair Normanby Corstorphine Wakari St Clair Park Helensburgh 	<ul style="list-style-type: none"> Pine Hill Lookout Point Shiel Hill Opoho Ridge Runner 	<ul style="list-style-type: none"> Brockville/Half. Bush/St Kilda Waverley Ocean Grove Ross Creek Belleknowes Kenmure 	<ul style="list-style-type: none"> Mosgiel Mosgiel Express Mosgiel Loop Abbotsford

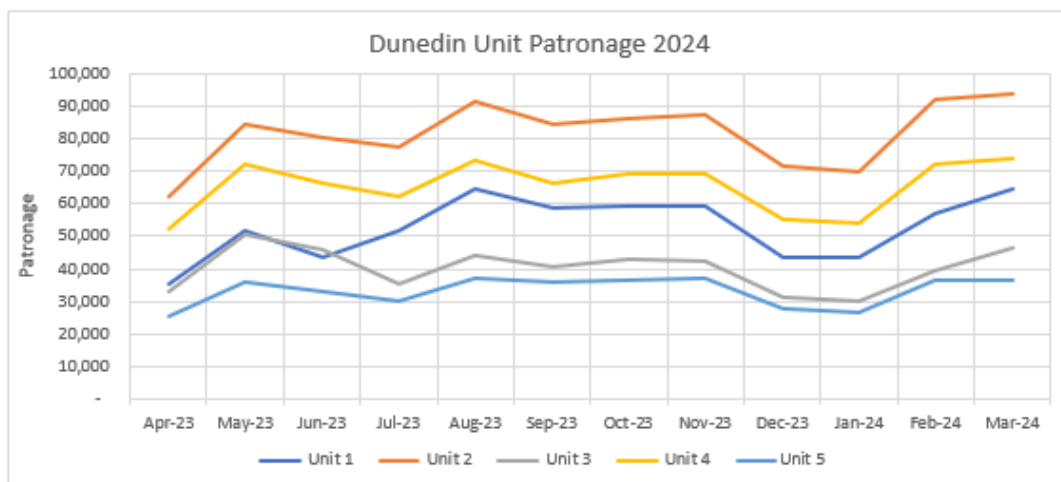
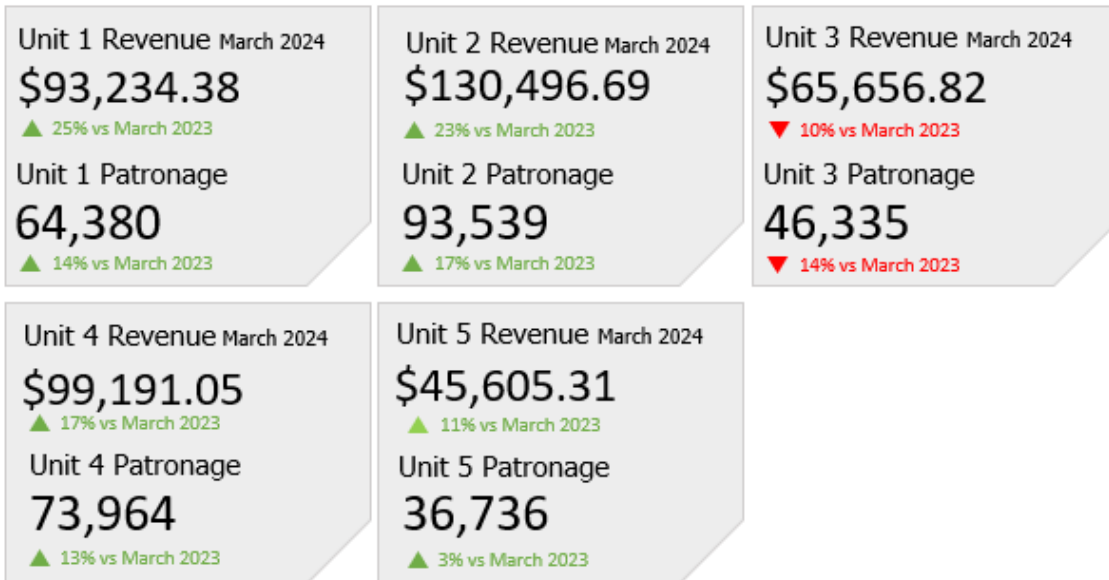


Figure 3: Dunedin 2023/24 PTOM Unit performance

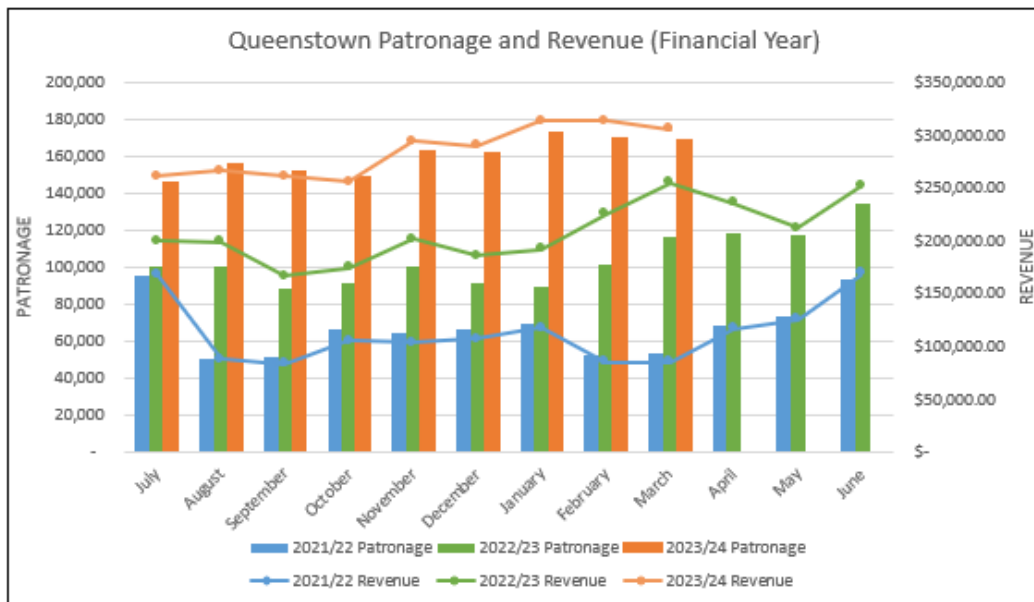
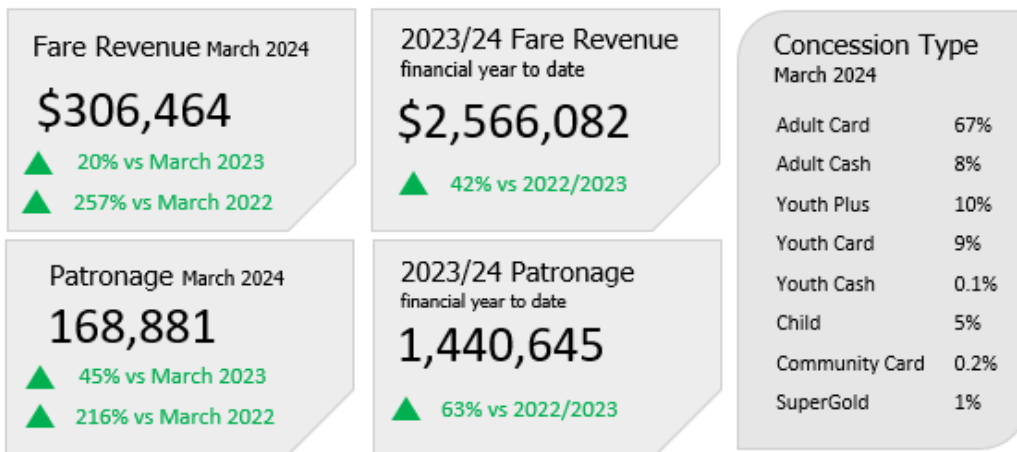
DISCUSSION - QUEENSTOWN

[19] Figure 4 details patronage and revenue for Q1/Q2/Q3 of the 2023/24 financial year.

Queenstown Public Transport

March 2024

Queenstown fare revenue and patronage for March 2024 is up compared to March 2023.



Queenstown	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2018/19 Patronage	122,752	117,442	103,974	111,657	125,600	118,997	136,055	129,439	134,084	125,244	118,077	124,736	1,468,057
2019/20 Patronage	136,766	129,011	121,416	120,662	128,440	128,282	136,985	131,102	90,746	9,919	42,577	73,597	1,249,503
2020/21 Patronage	100,951	98,102	72,143	73,385	71,464	69,096	68,550	60,717	62,613	65,928	66,863	79,251	889,063
2021/22 Patronage	95,248	51,010	51,987	66,690	64,895	66,507	69,147	52,471	53,524	68,158	73,786	93,367	806,790
2022/23 Patronage	100,966	100,668	88,268	91,277	100,579	91,940	89,306	102,118	116,667	118,955	117,645	134,593	1,252,982
2023/24 Patronage	145,759	155,936	152,621	148,964	163,182	161,886	173,398	170,018	168,881				1,440,645

Figure 4: Queenstown 2023/24 Patronage and Revenue

- [20] Total Queenstown bus patronage for Q1/2/3 2023/24 is 1,440,645.
- [21] This is a 63% increase from 2022/23, noting that full timetables were re-introduced to Queenstown in June 2023.
- [22] Patronage to date exceeds the full year patronage for the 2020/21, 2021/22 and 2022/23 financial years.
- [23] By the end of the financial year, patronage will exceed all previous years since the inception of the network. This is despite a short term driver shortage through March 2024, since resolved, resulting in a higher number of missed trips than usual.
- [24] Patronage to date also represents a 31% increase from the 2018/19 financial year, which is the last full year period where patronage was not disrupted by COVID restrictions and driver shortages.
- [25] Patronage has continued to exceed pre-COVID levels since June 2023, demonstrating the immediate impact of the resumption of full timetables in that month.
- [26] July 2023 saw the introduction of Community Connect fare concessions.
- [27] It is difficult to assess the impact of the new concessions in Queenstown to date, with the share of concession types being quite different to Dunedin. This could be due to the large proportion of tourists using the service and general awareness of the new concession types. Note that concessions require a Bee Card to be registered (usually on-line) to receive the reduced fare, otherwise the full \$2 fare applies.
- [28] Community Service Card holders represent just 0.2% of fares compared to 7% in Dunedin. However, the Youth Plus concession has been well adopted at 10% of fares.
- [29] Crown funding for free fares for 5-12 year olds and half price fares for 13-24 year olds will end on 30 April 2024. Government support for half price public transport concessions for Community Services Card holders and Total Mobility services concessions (75% discount) remain. At its meeting of 20 March 2024, Council resolved to retain free bus fares for 5 to 12 year olds (at ORC's cost, some \$42,000 per annum)
- [30] The result of this will be that:
- a. Children under five are still free.
 - b. Fares for children 5-12 years remain free.
 - c. Fares for youth 13-18 years increase to pre-scheme levels, reverting to \$1.20 (Dunedin) and \$1.50 (Queenstown) per one-way trip.
 - d. Fares for adults 19+, in Dunedin and Queenstown, revert to \$2 per one way trip.
 - e. No change to the free off-peak concessions for SuperGold card holders (\$2 during peak times with a registered Bee Card, free fares off peak).
 - f. No change for Community Services Card holders (half price adult fares with a registered Bee Card).

- [31] In summary, Queenstown patronage has fully recovered from the past couple of years of disruption. For Q1/2/3 2023/24, patronage across the network is comfortably exceeding the previous six years and points towards a record year-end total.
- [32] Figure 5 provides individual PTOM Unit information. Both Units 6 and 7 have increased in patronage, by 50% and 13% respectively when compared to March 2023.

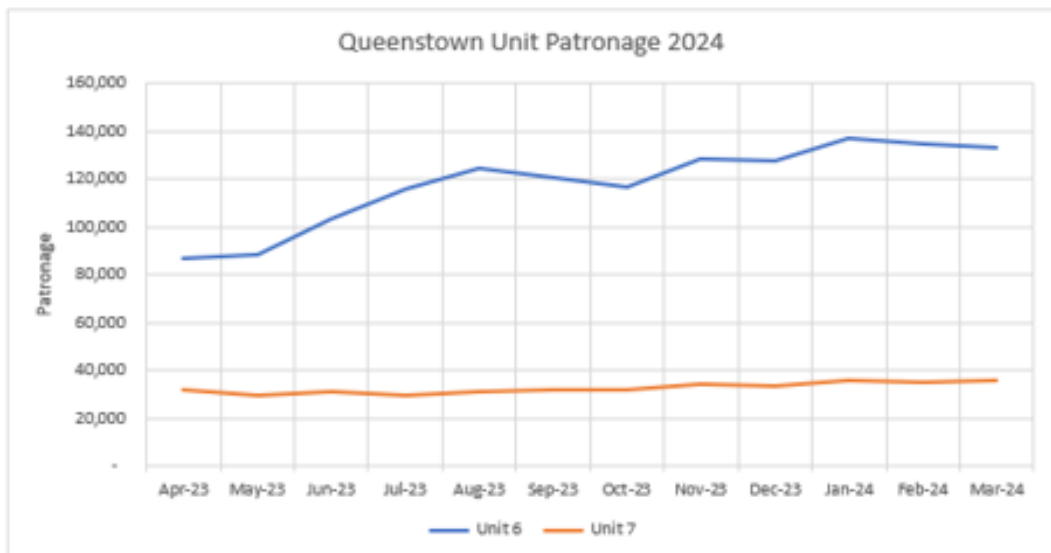


Figure 5: Queenstown 2023/24 PTOM Unit performance

DISCUSSION – QUEENSTOWN FERRY

- [33] Figure 6 details Queenstown Ferry patronage and revenue for the 2023/24 financial year.

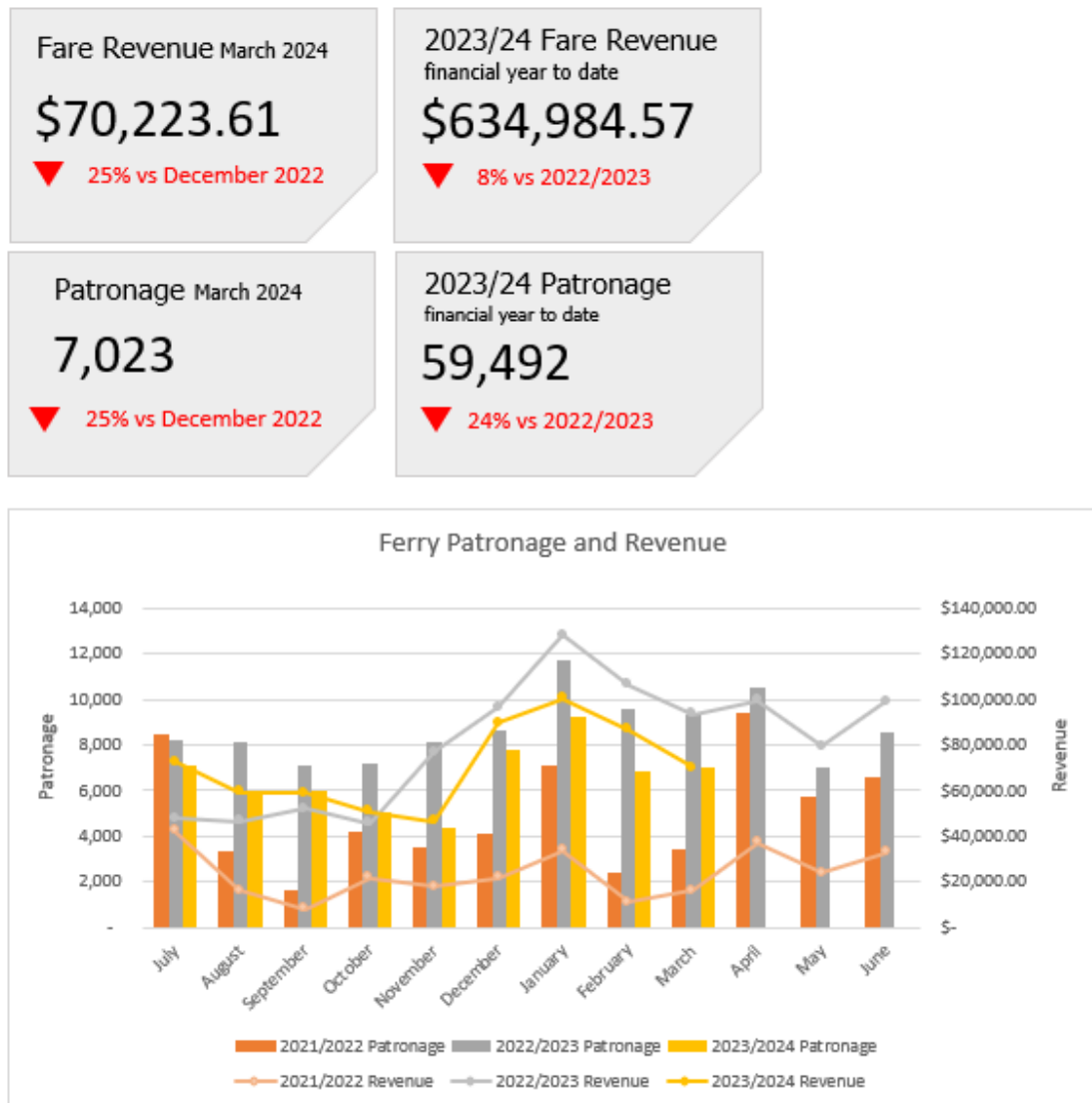


Figure 6: Queenstown Ferry 2023/24 Patronage and Revenue

- [34] Total Queenstown Ferry patronage for Q1/2/3 2023/24 is 59,492.
- [35] This is a 24% decrease from the same period in 2022/23.
- [36] The reasons for this result are likely the resumption of full priced fares in July 2023, together with Community Connect fare concessions not being applicable to Ferry services.
- [37] Bee Card fares on the Ferry have been fixed at \$10 since July 2023, following most of the previous financial year at the 50% reduced price of \$5. Cash fares are \$14, having previously been \$7. Therefore, the impact of the return to full fares is more keenly felt in dollar terms on the ferry service than the bus service.

[38] However, patronage has notably improved through 2024 to date.

DISCUSSION – SCHOOL SERVICE PERFORMANCE

[39] Figure 7 details school bus patronage for Term 1 2024 (February and March) versus the same period in 2023.

[40] The data is for bus services that have been introduced specifically to address local school needs. It does not include school aged children using other non-dedicated services.

[41] It includes two new routes in Dunedin which were not in place in Term 1 2023, being the Route 1 Warrington to Dunedin and Route 39 Green Island to Otago Boys High School services.

[42] Excluding these new services, patronage on Dunedin school routes has increased by 19%, noting that full timetables were introduced to the network on 1st February 2023.

[43] In Queenstown, patronage has increased by 334%. However, this increased should be reviewed in the context of the reduced timetables that were in place in early 2023 in Queenstown: full timetables were not reintroduced to the network until June 2023.

[44] Outside of dedicated school services, Transport staff are aware of high demand for other Orbus services at peak after-school travel times, in particular route 8 St Clair-Normanby and route 77 Mosgiel services. Staff are reviewing the operation of timetables at these times.

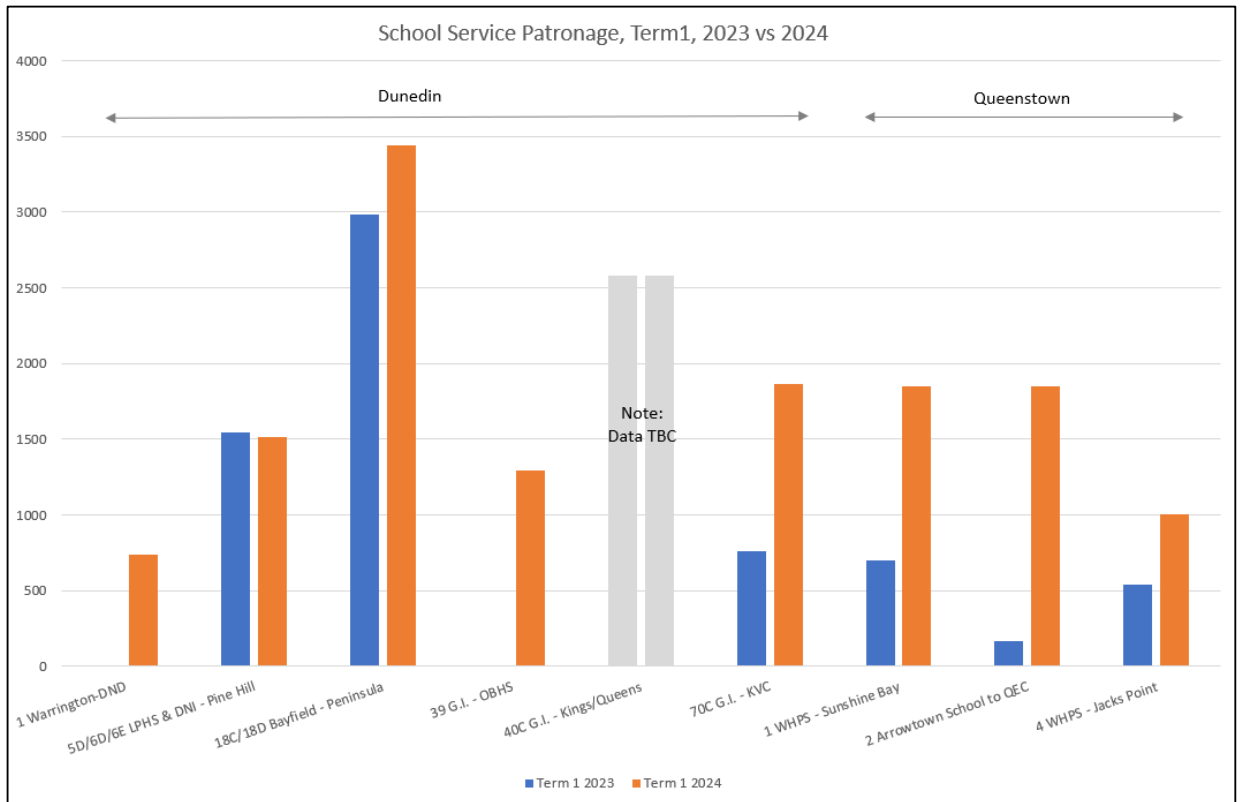


Figure 7: Dunedin and Queenstown School Service Term 1 comparison, 2023 and 2024.

DISCUSSION – TOTAL MOBILITY

- [45] Patronage for the Total Mobility scheme continues to track ahead of previous years.
- [46] Figure 8, below, shows patronage over the past 12 months. ‘Hoist’ refers to trips that require a wheelchair accessible vehicle to travel, for which suppliers receive a separate reimbursement.
- [47] For the 12 months to March 2024, the total number of trips was 118,875 (9906.25 per month, a 13.2% increase on the previous year) and 17,686 required a hoist (1473.83 per month, a 19.8% increase).

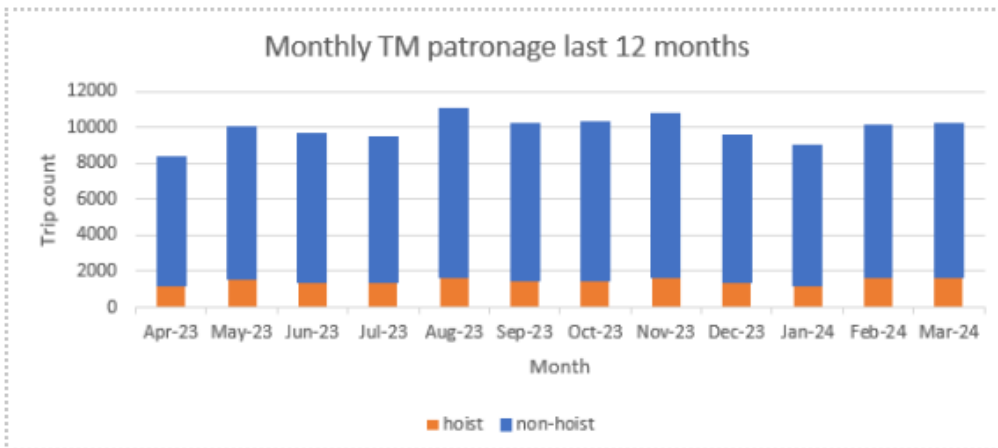


Figure 8: Total Mobility patronage, 12 months to March 2024.

[48] Figure 9 tracks 2023/24 patronage alongside previous financial years.

[49] Total Mobility patronage through Q1/Q2/Q3 2023/24 is 90,809.

[50] This is a 11.7% increase from Q3 2022/23.

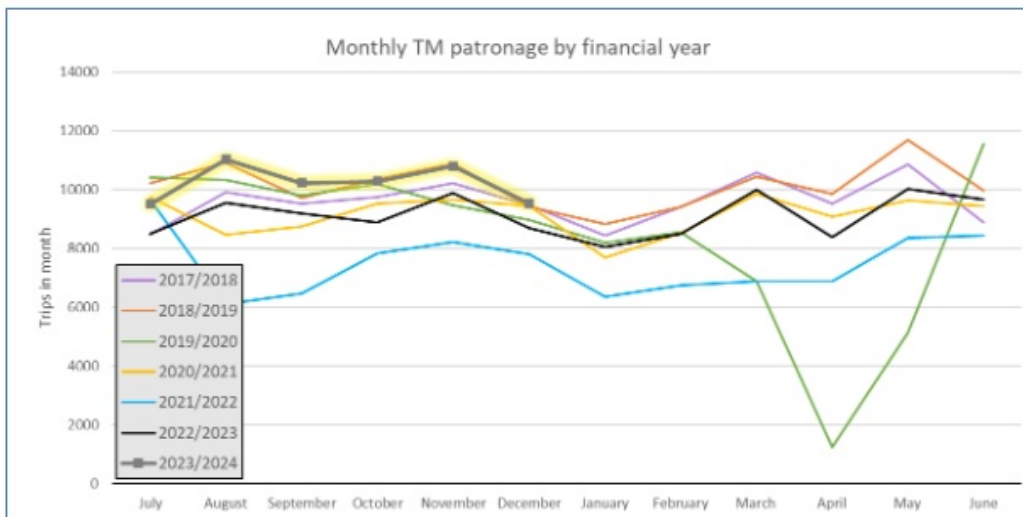
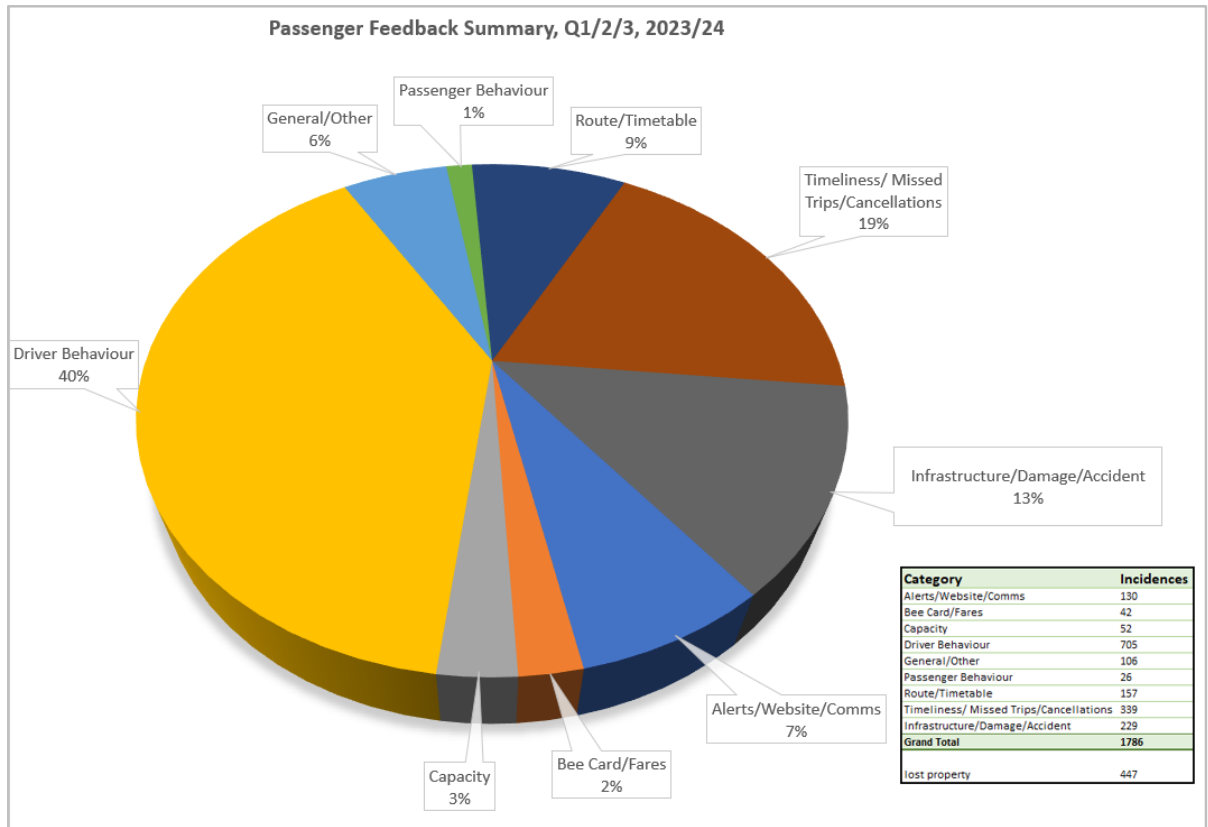


Figure 9: Total Mobility patronage, 2018/19 to 2023/24

DISCUSSION – CUSTOMER FEEDBACK

[51] The following chart provides an overview of customer feedback received by the Transport team through Q1/2/3 2023/24.



- [52] The total number of enquiries through this 6-month period is 1,786 which equates to ~6 per day.
- [53] Lost property is not represented on the chart and accounts for 447 additional enquiries. Most lost property enquiries are able to be resolved promptly with assistance from the transport operator depot local to the enquiry.
- [54] The predominant categories, all with greater than 100 pieces of feedback over the period are: Driver Behaviour (705), Timeliness/Missed Trips/Cancellations (339), Infrastructure/Damage/Safety (229), Route/Timetables (157) and Alerts/Website/Communications (130).
- [55] The **Driver Behaviour** category comprises matters such as customer service (e.g. a driver's interaction with a passenger) and on-road conduct (e.g. manoeuvring intersections or missing a bus stop), in addition to positive driver feedback.
- [56] All incidents are investigated thoroughly with the relevant transport operator. Most buses are equipped with several CCTV cameras, from which footage can be retained to validate enquiries.
- [57] Staff are working proactively with one Orbus operator which has a renewed focus on customer service. Through a national training position, in Otago the operator is providing additional de-escalation training, cycle-awareness training and SAFED (safe and fuel-efficient driving), focusing on customer experience and comfort.

- [58] Complaints related to on-road conduct are often due to a misunderstanding of road rules. For example, in certain circumstances buses and other heavy vehicles are allowed to straddle an adjacent lane in order to make a turn at an intersection.
- [59] **Timeliness/Missed Trips/Cancelations** refers to feedback, enquiries and complaints about the reliability of the service.
- [60] The volume of enquiries related to timeliness generally increases during periods of significant works or ongoing congestion, which has been the case in particular for Queenstown during this period – due to a short-term driver shortage through March 2024.
- [61] Complaints about non-running trips are cross-checked with real time tracking software to enable staff to establish whether a trip operated or was early/late, following up with the transport operator as required.
- [62] **Routes/Timetables** refers to feedback, enquiries and complaints about existing routes and timetables (e.g. variations to routes, amendments to timetables) and suggestions for new routes.
- [63] Ongoing feedback related to the same issue may be used to support or develop service improvements; examples of this are additional services to schools in Queenstown and Dunedin, together with the recent introduction of new and express services to Mosgiel.
- [64] **Infrastructure/Damage/Safety** relates to matters concerning the provision of new infrastructure (bus stops and their associated infrastructure such as seating, lighting and timetables) and also feedback related to existing infrastructure (maintenance/repairs/improvement suggestions), including the Bus Hub, and associated safety or security concerns.
- [65] **Alerts/Website/Communications** is feedback related to the methods of communication that our passengers have access to when using public transport; this would include the Transit app.
- [66] Staff are currently working with DCC and QLDC on the installation of electronic, solar powered bus stop information displays (e-stops).
- [67] This will expand the availability of real-time bus tracking information from websites, handheld devices and the Transit app, to physical on-street infrastructure.

OPTIONS

- [68] Note this report

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [69] The provision of public transport services in Otago is consistent with the vision to provide safe, sustainable, and inclusive transport.

Financial Considerations

[70] Detailed public transport financial performance information will be reported to the Finance Committee.

Significance and Engagement Considerations

[71] Not applicable.

Legislative and Risk Considerations

[72] Not applicable.

Climate Change Considerations

[73] Public Transport supports climate change aspirations within Otago.

Communications Considerations

[74] Not applicable.

NEXT STEPS

[75] A further update will be provided to the next Public and Active Transport Committee.

ATTACHMENTS

Nil

9.3. Cruise ship season 2023/24: Public transport response

Prepared for:	Public and Active Transport Committee
Report No.	OPS2417
Activity:	Transport: Public Passenger Transport
Author:	Julian Phillips, Implementation Lead Transport Sumit Saini, Implementation Advisor Transport
Endorsed by:	Richard Saunders, Chief Executive
Date:	18 April 2024

PURPOSE

- [1] To present information on the performance of 2023/24 Cruise Ship Public Transport services to the Committee.

EXECUTIVE SUMMARY

- [2] The cruise ship season operates for six months from November to April, and has just finished.
- [3] The Port Chalmers community has seen significant disruption to its bus services in recent years due to the influx of cruise ship passengers using up capacity on public Orbus services. In previous summers there have been attempts to add capacity with overflow buses, there were significant issues in 2022/2023, compounded by driver shortages.
- [4] ORC staff collaborated with DCC, Port Otago, and stakeholders to develop a Cruise Ship Action Plan that included proactively scheduling additional services and providing mechanisms to sell tickets off-bus to reduce delays to loading buses.
- [5] The result of this has been positive with significant positive community feedback, and with minimal complaints received relating to the Route 14 services in the past six months.
- [6] Cruise ship guests have generated an estimated 15,669 additional trips for additional fare revenue of \$45,808.

RECOMMENDATION

That the Committee:

- 1) **Notes** the report summarising the public transport response to the 2023/24 cruise ship season.

BACKGROUND

- [7] Dunedin is a key destination for cruise ship operators, with each season operating for six months from November to April. The majority of larger cruise vessels dock at Port
-

Chalmers, where significant numbers of passengers disembark and travel to the central city area and beyond.

- [8] On the busiest days, in excess of 5,000 cruise ship passengers disembark at Port Chalmers, with transport options to the city being primarily commercial shuttle operations or public transport.
- [9] The comparative expense of dedicated shuttle services to the fixed \$2 Dunedin bus fare, together with increased popularity and general awareness of Orbus services, contributed to exceptional demand for the Port Chalmers service. The Port Chalmers service on a regular timetable operates every 30 minutes on week days, and 60 minutes on weekends, with a bus capacity of ~55 passengers.
- [10] Until the 2022/23 cruise ship season, Council had not provided dedicated additional capacity outside of the existing Port Chalmers (route 14) bus service and occasional overflow services.
- [11] Post-COVID border closure, when cruise ships returned to Dunedin in 2022, public transport services quickly reached capacity on cruise ship days. Passengers waiting to board buses from Port Chalmers - and returning - resulted in substantial queues, leading to departure delays. On occasion, local residents were unable to board services at peak times, leading to dissatisfaction with Council's ability to provide a suitable service.
- [12] Frustrations were compounded by the national driver shortage, which meant that part of the 2022/23 cruise ship season took place during a period of reduced timetables, and in an environment whereby it was difficult for Council to deliver additional services.
- [13] The Transport and Customer Experience teams dealt with a substantial volume of complaints and the issue received substantive media coverage and requests to Council for support. Midway through the season, to support demand, Council were able to provide a limited number of 'overflow' buses. While well received, these services were insufficient to cater to demand.
- [14] At the end of the 2022/23 season, the Transport team began planning with key stakeholders for a robust solution to service the 2023/24 season. In July 2023, Dunedin City Council facilitated a Cruise Action Plan workshop, with attendees from DCC, ORC Transport, Port Otago, NZTA, Otago University, and Business South.
- [15] Experience from previous cruise ship seasons identified a number of key issues that needed to be addressed in order for Council to deliver a robust, reliable supplementary public transport service, including:
 - a. Significant variability between ship visits (size of vessel and number of vessels) making transport service planning challenging.
 - b. Lack of information about public transport options on-line and on site in Port Chalmers;
 - c. Pricing of shuttles vs public transport;
 - d. Lack of differentiation between shuttle services and public transport;

- e. Lack of on-street options for public transport ticket purchases, together with passengers using large note denominations, leading to significant queuing on bus services due to ticket purchases;
 - f. Congestion at and near to bus stop infrastructure;
 - g. Late changes to schedule due to weather or other factors;
 - h. Public buses leaving Port Chalmers at capacity, leading to local passengers unable to use the service further along the route;
 - i. Service delays;
 - j. Passenger behaviours leading to bus driver and passenger stress.
 - k. Bus Hub congestion.
 - l. Reputational risks for Dunedin stakeholders, including ORC/Orbus.
- [16] A further stakeholder meeting took place in August 2023, with representatives from ORC Transport, *i*-Site and Port Otago and a service plan was designed to provide capacity resilience on high-capacity vessel cruise ship days.
- [17] Over the 2023/24 82 cruise ship days, 97 ships were due to visit Dunedin. Of these ships, 41 would be higher capacity vessels of 2,000+ passengers. To meet the high demand days, an additional 275 bus trips on route 14 were provided for these 41 vessels. Services were added to peak morning and afternoon services, based on the cruise ship arrival times and passenger loadings.
- [18] A cruise ship fare was created, being \$3 for a one-way trip and \$6 for a return trip. Working with the RITS team, a dedicated electronic retail device was created to issue paper tickets to cruise ship passengers. NZTA agreed to co-fund the services where Orbus branded, accessible, Bee-card equipped urban fleet was used. The plan prioritised for these services, with alternatives such as coaches only used in extenuating circumstances (e.g. Fleet unavailable due to maintenance).
- [19] Retail space was secured at the Port Chalmers Library. This space was serviced by Ritchies Transport employees, supported by ORC Transport staff. The location, with an entrance at street level marked with external signage, was equidistant between the point of departure for cruise ship passengers at the Port, and the main Port Chalmers bus stop on George Street, relieving pressure on footpath congestion and on-bus ticket sales. Whilst tickets were available to purchase on-bus, all communications promoted the use of the on-street facility.
- [20] Bus drivers were instructed to fill buses to seated capacity only, leaving around 25% of bus capacity available to passengers who wished to board further along the route.
- [21] To reduce Bus Hub congestion, cruise ship passengers were advised to disembark at New World in the central city, embarking at the same location for the return trip to Port Chalmers. The seating capacity rule also applied to the return journey.
- [22] ‘Tear-off’ information pads were distributed at the retail point, to provide detailed service information, including disembarking locations, to cruise ship passengers. A dedicated Orbus cruise ship page was also created, containing schedules, maps, ticketing information, timetables and media release (figure 1, below), with further media releases and social media posted throughout the season.

This was supplemented by a pre-season media release and communications on Facebook,


Bus timetables for cruise ship days

Extra buses will be running at times Orbus expects there to be a need, the [normal Route 14 timetable](#) runs for the rest of the day.


Please select the appropriate timetable to see updated times. On days where an expected cruise ship has been delayed the additional buses may be changed - please check the [Orbus Facebook page](#) or call the customer service team: 0800 ORBUSDN (0800 672 8736)

Wind can affect cruise ships entering and departing the Otago Harbour and can result in late cancellations. If a ship cancels on a day when additional buses were scheduled, the additional buses will no longer run and the normal bus service will operate as usual.

Please note, some of these extra trips may be provided by buses without Orbus branding.



**February 2024 -
Route 14 extra
buses**



**March/April 2024 -
Route 14 extra
buses**

* These are days ORC expects to be the busiest days. Please plan ahead so you do catch your bus.

Date	Vessel	Route 14 – Port Chalmers to City	Route 14 – City to Port Chalmers
1 Feb 24	Pacific Explorer	No extra buses needed for this visit	
2 Feb 24	Noordam	No extra buses needed for this visit	
2 Feb 24	Norwegian Spirit		
4 Feb 24	Silver Whisper	No extra buses needed for this visit	
5 Feb 24	Ovation of the Seas	8:10 AM 8:25 AM 8:40 AM 8:55 AM	3:01 PM 3:16 PM 3:31 PM 3:46 PM
5 Feb 24	Queen Elizabeth	9:10 AM 9:25 AM 9:40 AM 9:55 AM 10:10 AM 10:25 AM	4:01 PM 4:16 PM 4:30 PM 4:46 PM 5:01 PM

Figure 1: Excerpts from Orbus cruise ship web-page

[23] Across the season:

- daily operational briefings with Transport staff and Ritchies Transport took place, along with on-site Transport staff present at Port Chalmers at the beginning of the season and when required thereafter. This resulted in some continuous improvements early in the season; including the introduction of the day-return ticket sales.
- Weekly update meetings were set up between ORC and Port Otago.

- Weekly briefings were held between Transport, Customer Experience, and Communications teams at ORC.

[24] Transport staff will meet with Port Otago in late April for a post-season de-brief, and to discuss initial planning for the 2024/25 season.

DISCUSSION

[25] The overall response to the transport plan was very positive, with any complaints received largely due to minor logistical issues, capacity, currency exchange and congestion at the Bus Hub.

[26] Summary of feedback received by ORC:

- General enquiries: Questions about times, fares, and logistics: 13.
- Complaints: Bus being full or overcrowded/timeliness/on-board behaviour: 43.
- Total: 56 responses (*note: excludes comments on social media posts*).

[27] Positive feedback was received from bus drivers, Port Otago, Port Chalmers Library, local bus users and stakeholders - and internally from the Customer Experience team. An example of positive local feedback is shown in figure 2, below.

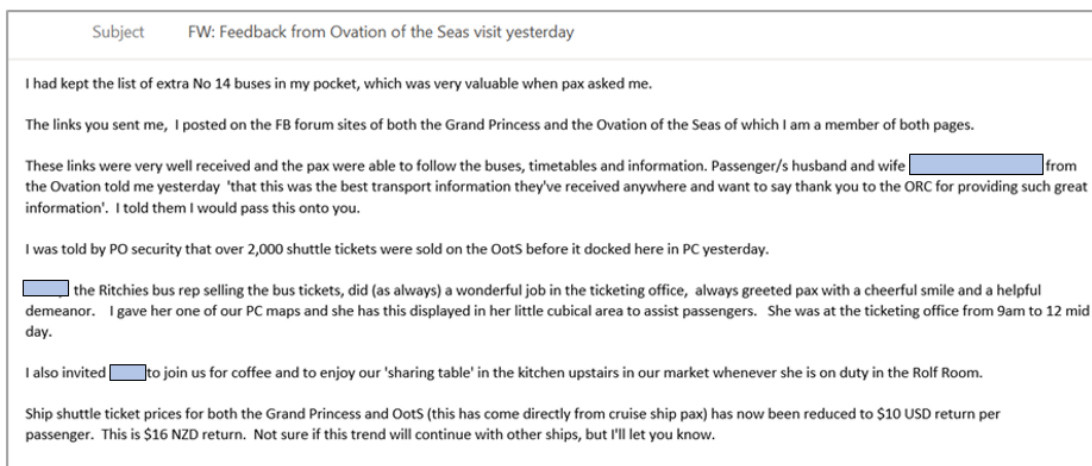


Figure 2: Local feedback following the Ovation Of The Seas cruise ship visit

[28] Figure 3 below shows how the number of Route 14 passengers varies with the number of cruise ship guests. The slope of the line (approximately 1 in 25) can be used to estimate that the total impact of cruise ships on route 14 trips was 9,552. Counting return tickets as two trips, this rises to 15,669 trips.

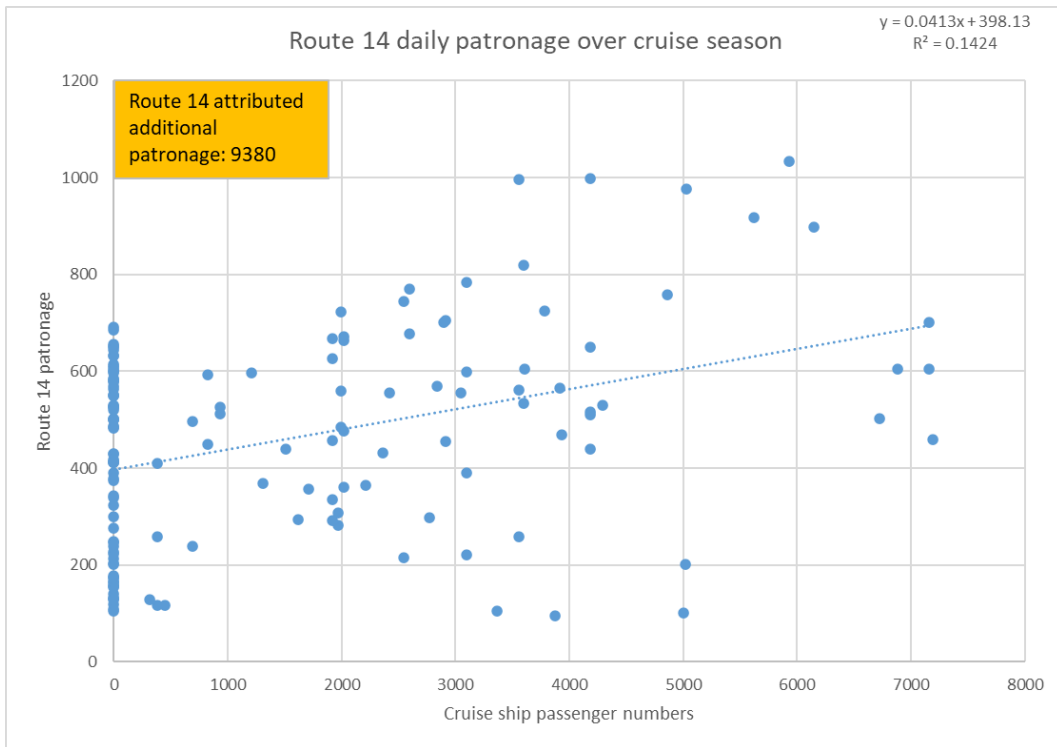


Figure 3: Daily route 14 patronage and cruise ship passenger numbers

- [29] 12,363 trips were sold on the portable ticket machine (counting return tickets as two trips).
- [30] Most cruise ship passengers pay in cash, while most locals pay with Bee Cards. There was no detected impact of cruise ship passengers on the numbers on Bee Card trips, indicating that Route 14 patronage of locals was sustained over the cruise ship period.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [31] The provision of public transport services in Otago is consistent with the vision to provide safe, sustainable, and inclusive transport.

Financial Considerations

- [32] The cost to ORC for operating the additional services was \$87,573. The cost for the retail device was \$8,125, giving a total operational cost, excluding internal staff time, of \$95,698.
- [33] Figure 4 tracks the revenue on Route 14 alongside cruise ship passenger numbers.

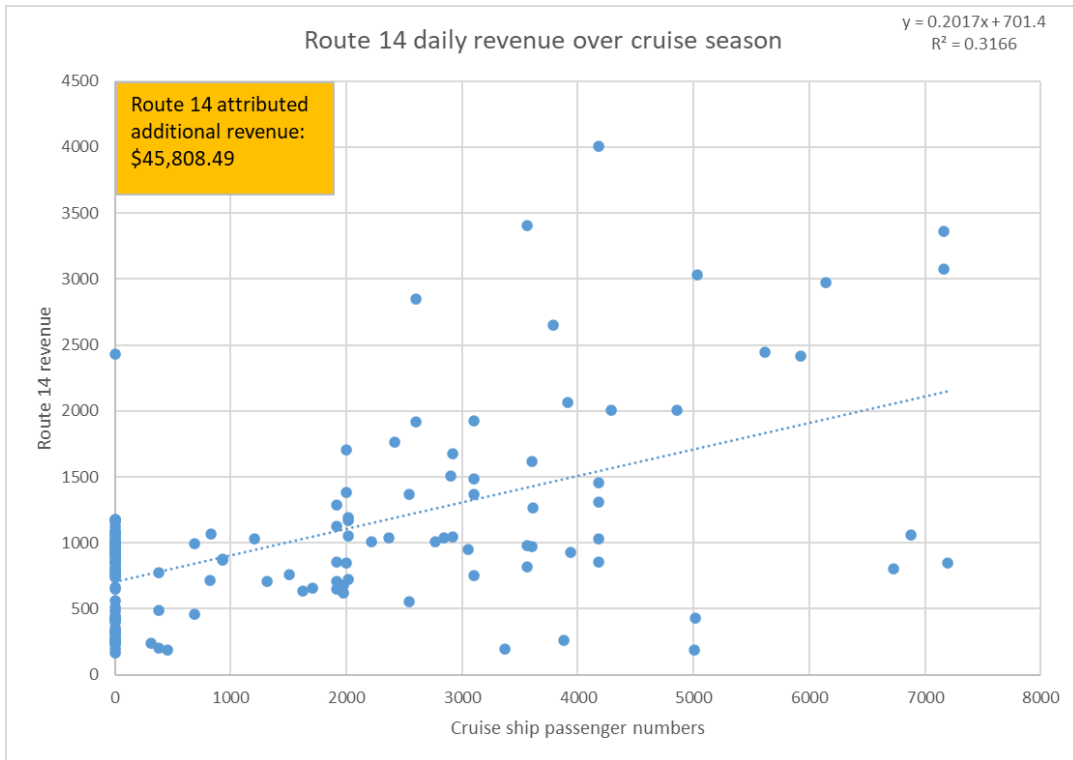


Figure 4: Route 14 revenue vs cruise ship passenger numbers.

[34] From these data, the estimated revenue increase attributed to cruise ship days is \$45,808, making the net cost of cruise ship days to ORC’s public transport program, including ORC’s response, \$51,036.

[35] NZTA has advised that these costs are eligible for regular co-funding if the contract-compliant urban fleet is used, as they were during the season. Therefore, the net public transport cost of cruise ships to ratepayers is 49% of this value, or \$25,007. This cost will be covered by Port Otago as part of their cruise ship operating costs.

Significance and Engagement

[36] Not applicable

Legislative and Risk Considerations

[37] None

Climate Change Considerations

[38] None

Communications Considerations

[39] None

NEXT STEPS

[40] A post-season debrief between ORC and Port Otago takes place on 23rd April.

[41] Transport staff will use the outcomes of the 2023/24 review in its planning for the 2024/25 cruise ship season, for future consideration by Council.

ATTACHMENTS

Nil

9.4. Transport Procurement Strategy new approval

Prepared for: Public and Active Transport Comm
Report No. OPS2415
Activity: Transport: Transport Planning
Author: Jack Cowie, Transport Planner
Endorsed by: Richard Saunders, Chief Executive
Date: Add date (e.g. 28 January 2021)

PURPOSE

- [1] To recommend endorsement of changes to the draft Transport Procurement Strategy 2024-2027

EXECUTIVE SUMMARY

- [2] Staff are seeking endorsement of changes to the draft Transport Procurement Strategy 2024-2027.
- [3] The Strategy has previously been approved, but per feedback from NZTA, some changes are recommended.
- [4] The changes consist of correcting some minor errors and omissions, and clarifying some phrasings to ensure intent is correctly expressed. While not significant, the changes are regarded as beyond the Chief Executive's delegation to approve minor editorial changes.

RECOMMENDATION

That the Committee:

- 1) **Recommends** that Council endorses changes to the draft Transport Procurement Strategy 2024-2027 and adopts the final Strategy

BACKGROUND

- [5] An up-to-date Procurement Strategy is required for Council to undertake procurement activities funded through the National Land Transport Fund. The Strategy needs to be endorsed by NZTA.
- [6] On February 7, the Public and Active Transport Committee recommended approval of the draft Transport Procurement Strategy 2024-2027. The recommendation was accepted by Council. Subsequently, NZTA provided feedback on the draft Transport Procurement Strategy. Staff have amended the Strategy in response to this feedback.
- [7] Although the changes are not major, they are beyond the delegation given by Council to the Chief Executive to approve minor editorial changes. Therefore, further approval of the draft Transport Procurement Strategy 2024 - 2027 is sought.

DISCUSSION

[8] A brief summary of changes is given in the table below.

Chapter	Section	Change
1. Strategic context	1.2 Strategic procurement outcomes	Added a section “fair competition among suppliers” as this was a requirement that had been missed
2. Bus and Ferry services	2.1 Current state	In “market analysis – bus”: Rephrasing to further clarify understanding of the barriers to entry for new suppliers.
		In “market analysis – bus” – added a paragraph about sustainable workforce challenges
	2.2 Future state	In “Units and contract design” indicating the possibility of setting market-share limits to maintain a two-operator environment in Dunedin
		In “Public transport assets” adding a comment that ORC will give consideration to end-of-contract transfer provisions for buses
		Added a section on sustainable workforce as this was not properly covered
3. Total Mobility	3.2 Future state	Added text to incorporate RPTP policy on criteria for new operators, to meet NZTA requirements
7. Procurement program	7.1 Procurement of contractual units – Dunedin urban	Added text to clarify understanding that bringing contract expiry dates together would require NZTA approval if the reasoning does not follow Procurement Manual Rule 10.24
	7.2 Procurement of contractual units – Queenstown buses	Added clarifying text for reasoning to bring contract expiries together, which will likely be compliant with Rule 10.24 due to service changes
	7.5 Procurement of Total Mobility services	Changed to match change in Chapter 3
	7.9 Implementation timeline	Changed indicative timeline with regards to land acquisition for a Queenstown depot, to make clearer the preparatory work that needs to be done to get to a decision
Whole document		Various minor changes to phrasing to correct errors and clarify points more clearly

[9] A few of these changes (in chapter 1, with regards to sustainable workforce and Total Mobility supplier criteria) address matters that were not properly addressed by the previously approved draft.

- [10] These changes are within the scope of existing Council policy, or else (like elsewhere in the document) they preview future topics where there is further work to be done, without making inappropriate commitments.
- [11] Most other changes listed above are simply to further clarify the intended meaning with improved wordings; as such they do not change the substance of the document but make intent clearer.

OPTIONS

- [12] Council can elect not to approve the changes. If this course were taken, ORC would not have an acceptable Procurement Strategy for NZTA, and would not attract NLTF funding for any procurement activities.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [13] The Procurement Strategy is a secondary transport policy document, supporting primary plans such as the Regional Land Transport Plan and Regional Public Transport Plan. Completion of the Strategy sets out ORC's strategic thinking about transport procurement.

Financial Considerations

- [14] Not applicable.

Significance and Engagement

- [15] Issues within the Procurement Strategy will undergo engagement through future Regional Public Transport Plan work.

Legislative and Risk Considerations

- [16] The Procurement Strategy is required to meet the terms of NZTA's Procurement Manual.
- [17] If there is no operative Procurement Strategy, ORC will be unable to conduct procurement activities funded by the NLTF.

Climate Change Considerations

- [18] The minor changes to the Procurement Strategy have no climate change implications.

Communications Considerations

- [19] There are no communications considerations.

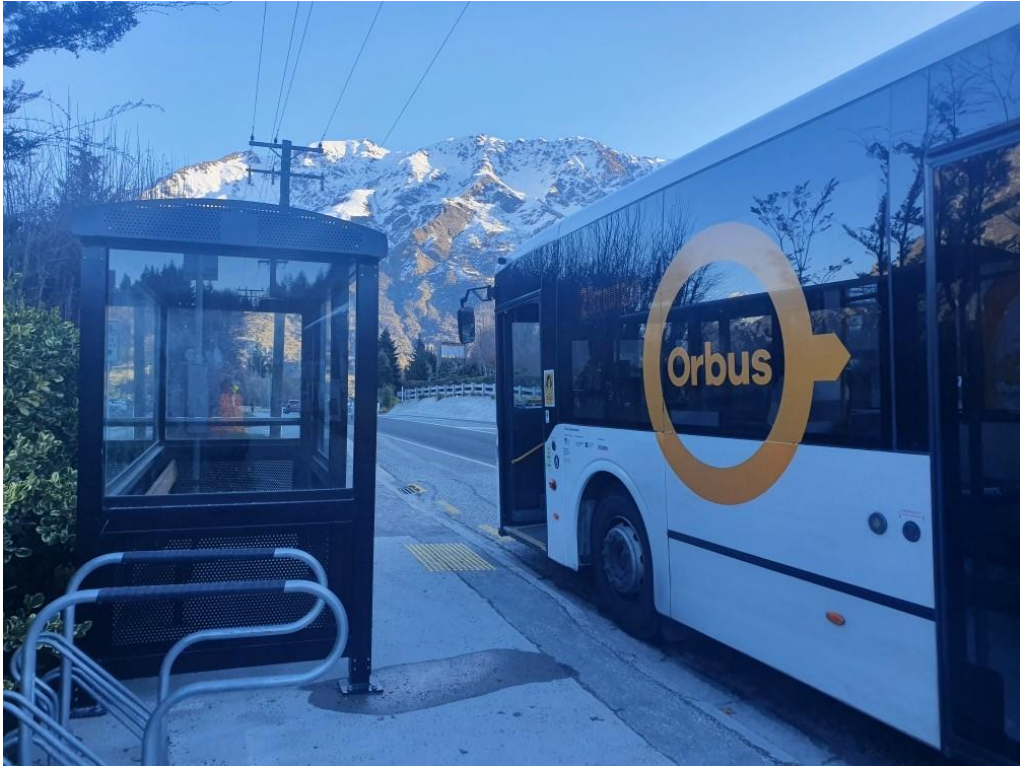
NEXT STEPS

- [20] The Procurement Strategy will become operative upon endorsement by NZTA and ORC.
- [21] The Chief Executive retains the previously approved delegation to approve minor editorial changes to the document.

ATTACHMENTS

1. Procurement Strategy V1 02 clean [9.4.1 - 69 pages]

Transport Procurement Strategy 2024-2027



Otago Regional Council

Final Draft 1.01

Transport Procurement Strategy 2024-2027

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EXECUTIVE SUMMARY

Otago Regional Council (ORC) undertakes a variety of procurement activities in the transport space, with the most financially significant being the procurement of bus contracts. In the next three years, major procurement activities will occur affecting the majority of bus contracts in Otago either through tender processes for new contracts, or the substantial procurement planning for a tender beyond this three-year period. The strategic environment in which these procurements occurs is dynamic, with changing policy in the form of the Sustainable Public Transport Framework (SPTF), which is yet to be fully implemented. There are a variety of questions around the design of future contracts, including the question of how new assets might be delivered and whether ORC looks to take an interest in controlling these assets.

Effective procurement processes and practices are required for ORC to demonstrate an overarching procurement outcome of *“best value for money spent”*, which should be considered in terms of whole-of-life costs. Along with demonstrating this, particular consideration is given to the fostering of *“competitive and efficient supply markets”*, a range of *“broader outcomes”*, and the contribution of procurement to ORC’s wider *“decarbonisation”* objectives.

For all considerations there is the potential for ORC to improve its methodologies and capabilities, allowing for the implementation of better contract management and opening up policy options through this Procurement Strategy. This represents a challenge for ORC’s approach to professional services; while there will always be a need for significant external support, increased internal delivery of core professional services will give greater ownership of ORC policies and methodologies.

ORC’s Queenstown Ferry service will be renewed, and the development of this service and its enabling infrastructure will be a significant challenge. There remain obstacles to a competitive market environment for this services and ORC will work to develop a Ferry Strategy to develop the long-term future of this service beyond the lifetime of this Strategy. There are also new procurement processes for on-demand public transport, and community transport around the region.

Another area of change is Total Mobility, where there are declining levels of market competition and a high level of strain on operators. The Total Mobility scheme is currently undergoing review at a national level which is hoped to address these issues, but it will be important for ORC to develop its approach to Total Mobility under the current model.

While the procurement of day-to-day public transport infrastructure is generally external to ORC under the current operating models with Dunedin City Council and Queenstown Lakes



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District Council, ORC does have a significant interest in these activities and a more direct role in some projects. Other parts of the procurement environment that are external to ORC but have an impact, including exempt services, which interact with potential trials, and Ministry of Education services, where changes from time-to-time may create new requirements for bus services, are also encompassed in the Strategy.



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INTRODUCTION

Welcome to Otago Regional Council's (ORC) Transport Procurement Strategy 2024-2027. This document sets out ORC's understanding of, and response to, the procurement environment for activities that receive funding from the National Land Transport Fund (NLTF). This forms a targeted part of ORC's wider transport planning activities, whose key documents are the Regional Land Transport Plan (RLTP) and the Regional Public Transport Plan (RPTP).

At a high level, the purpose of a Procurement Strategy is to demonstrate a strategic approach to procurement. For ORC, this is especially important in 2024, because:

- the procurement environment for financially significant public transport activities is in a state of transition from the previous Public Transport Operating Model to the new Sustainable Public Transport Framework (SPTF).
- The transition to zero-carbon public transport networks is moving into gear. The first electric buses in Dunedin are hitting the road as this Strategy is being written, and key procurement activities for all other current bus contracts in Otago will occur within the lifetime of this strategy (either the tender processes themselves, or at least the substantive procurement planning).

For these reasons, this strategy does not represent business-as-usual; there are significant new areas of interest that must be addressed in order to prepare for the challenges and opportunities of the next three years and beyond.

This strategy navigates significant uncertainty with the implementation of the SPTF, which is still ongoing, with further changes expected. ORC will also be reviewing its RPTP. This strategy has to navigate between the current policy environment (the current Procurement Manual and RPTP), and expectations of how this policy environment will change in the next three years with SPTF, and an understanding of areas of interest for the next RPTP process.

This strategy has several key audiences:

- For ORC, the Strategy represents an appraisal of the organisation's needs and key decision areas relating to Procurement. Due to its timing in the policy cycle, development of the Strategy is also a preliminary to the future development of a new RPTP, previews certain areas of interest for that process. The Strategy also meets a regulatory requirement, as procurement activities cannot be funded without an active strategy.



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- For the NZ Transport Agency (NZTA), the Strategy gives insights into ORC's current strategic thinking. As a funder of transport, the regulation of procurement activities is fundamental to NZTA's role in the transport system.
- For suppliers, especially large suppliers such as bus operators, the Strategy will help set expectations for the direction of ORC's procurement activities, supporting their readiness to participate in procurement activities and operate in a changing environment.
- For ratepayers and public transport customers, the Strategy indicates ORC thinking on how best value for money will be achieved in ORC's transport activities.

The strategy has the following parts.

- Chapter 1 (Strategic Context) outlines the context of legislation, policy, and plans that define the requirements of this strategy and the environment it operates under. For clarity of subject matter
- Chapters 2 to 6 each combine a summary of current state with future strategic thinking for a variety of areas of work, with Chapter 2 (Bus and Ferry services), Chapter 3 (Total Mobility), Chapter 4 (Professional services), Chapter 5 (Stock truck effluent disposal sites), and Chapter 6 (Externally delivered/procured Transport activities).
- Chapter 7 (Procurement programme) gives a summary of the Strategy's implementation, and a timeline for major procurement activities over time.



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1. STRATEGIC CONTEXT

The ORC undertakes a variety of transport activities:

- It leads regional planning functions through a joint Regional Transport Committee (RTC) with Environment Southland. The RTC develops the Regional Land Transport Plan and reviews legislation and policy that affect transport planning, investment funding, and financing.
- It is the Public Transport Authority (PTA) for the Otago region, co-funding and implementing two significant public transport networks (centred on Dunedin and Queenstown respectively). In financial terms, this is the ORC's most significant function, and can be viewed as overlapping operational and planning functions.
- It provides Transport input into regional land-use planning
- Other minor transportation functions such as stock effluent sites

Procurement is essential to delivering these activities. A large portion of ORC's transport spending goes to suppliers in the form of bus contracts. With a small staff and the need for specialised knowledge, skills, and tools, ORC is reliant on external support for significant parts of its work. To achieve success requires effective procurement processes and practices. This is achieved through reference to the NZTA Procurement Manual, which implements s25 of the Land Transport Management Act 2003 (LTMA) in defining procurement procedures that obtain *best value for money spent*, which the Procurement Manual (s3.2) defines as:

the most effective combination of cost, quality, benefit and risk to meet a requirement

To meet this aspiration, statutory and regulatory requirements, and to meet our values and our vision, ORC must consider the strategic context of its procurement activities within its wider work program. This is outlined below in two parts: firstly, a current-state summary of the key documents (legislation, regulations, plans) that transport procurement activities must align with, and secondly, a future-focused discussion of how ORC views key procurement outcomes.

1.1. DOCUMENTS, POLICIES, AND PLANS

Procurement of transport activities at ORC is subject to the mandates or guidance of a range of requirements, plans, and guidance, both internal to and external to the ORC. External instruments are legislation, the NZTA Procurement Manual, and government procurement rules. Internal documents include planning documents and organisation policies. This section sets out a summary of key documents that guide the development of this strategy.



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LAND TRANSPORT MANAGEMENT ACT 2003

The Land Transport Management Act 2003 (LTMA) is the overarching legislation under which ORC operates transport activities. The LTMA's purpose is (s3)

to contribute to an effective, efficient, and safe land transport system in the public interest

Under s5, ORC is an *approved organisation*. s25 mandates NZTA to develop *procurement procedures* for approved organisations. The NZTA Procurement Manual (see below) is the document which fulfils this mandate.

SUSTAINABLE PUBLIC TRANSPORT FRAMEWORK

The Land Transport Management (Regulation of Public Transport) Amendment Act 2023 amends, and is incorporated into, the LTMA. This forms the legislative part of the Sustainable Public Transport Framework (SPTF), a reform of the previous Public Transport Operating Model (PTOM), with the following objectives:

- public transport services support mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe
- employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services
- well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology
- provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.

Although the legislative component of the SPTF is now incorporated into law, the development of operational policy is an ongoing process, and will lead to changes in the Procurement Manual. A change of government in the 2023 general election increases the level of uncertainty in this area. ORC will need to balance operating under the current legislative and policy context, while managing the risks of future legislative and policy changes causing disruption. However, excessive caution should be avoided, for two reasons:

- There is a risk of strategic paralysis if ORC waits for clarity that may take a long time to arrive



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- ORC also has an inherent political role as an advocate and stakeholder in national policy development, and will be in a stronger position to fulfil this role effectively if it has actively worked to implement policies and can comment on their practical merits.

WAKA KOTAHI PROCUREMENT MANUAL

The NZTA Procurement Manual fulfils the mandate of s25 of the LTMA, along with providing supporting guidance and rules. Four procurement procedures are defined:

- for infrastructure
- planning and advice
- public transport services, and
- the Total Mobility scheme.

The Procurement Manual also defines requirements for this document in Chapter 4 “*Strategic Approach to Procurement.*”

The public transport services procedure is the most strategically significant for the delivery of value for money at Otago Regional Council. For public transport services, the Procurement Manual mandates a “Partnering” delivery model for all significant activities, with the exception of low-cost, low risk activities (LCLR). LCLR services, for example special event services or small-scale trials, may be procured through staged or supplier panel approaches.

Under the 2021 Manual, the partnering model aims to encourage collaboration and risk-sharing through a range of processes. These include annual business planning, a financial incentive mechanism that gives operators a share of fare revenue growth within what would otherwise be gross contracts, and Key Performance Indicators (KPIs). These elements are defined by contractual terms. Prices are adjusted by indexation and a cost adjustment six years into each contract. The SPTF is a shift in this partnering model; although the underlying principle is similar, in general there are fewer compulsory elements and more policy options that council can tailor to local needs.

For infrastructure or planning and advice supplier selection can be by direct appointment, lowest price conforming, purchaser-nominated price (excluded for physical works), price-quality, or quality-based. Direct appointment can only be used in certain cases, including low dollar values or when it can be demonstrated that competition will not help obtain best value for money.

For public transport services, selection is currently by direct appointment or price-quality only. An additional justification for direct appointment is available for large bus markets: if enough pricing data is available to give the approved organisation confidence in costs, direct



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appointment of strongly performing units will provide a performance incentive during the life of contracts.

The Procurement Manual has not yet been updated to reflect the SPTF, but draft guidance has been produced and indicates significant changes for the Manual. This draft guidance is referenced in this Strategy.

OTAGO SOUTHLAND REGIONAL LAND TRANSPORT PLAN

A joint Otago and Southland Regional Land Transport Plan (RLTP) is the primary document guiding integrated land transport planning and investment in Otago and Southland. This is required under the LTMA and is developed by the two regions' Regional Transport Committees.

The RLTP outlines the strategic direction, priorities, and objectives for land transport in the Regions. Activities are prioritised in the RLTP for inclusion in the National Land Transport Programme (NLTP). In this way the prioritised programme in the RLTP forms a bid for funding from the National Land Transport Fund (NLTF) in the next three-years, along with indications of spending over a longer 10-year period. The RLTP therefore has a significant impact on the work programmes (and associated procurement activities) of approved organisations (AOs) in the region, including ORC. Activities that do not receive NLTF funding are unlikely to go ahead, as approved organisations are unable to entirely fund the activities themselves or obtain alternative sources of funding.

As part of the 3-yearly funding cycle, a review of RLTP 2021 -2031 is currently underway. The procurement activities in Chapter 7 of this Strategy are consistent with the RLTP's development.

LONG-TERM PLAN

ORC's Long Term Plan outlines the organisation's budget for its activities for the next 10 years, with a focus on the next three. From a transport perspective, it is developed in parallel to the RLTP: while the RLTP is a bid for NLTF funding under the LTMA, the LTP is governed by the Local Government Act 2002 (LGA) and determines local funding (from rates and other sources of ORC revenue). Most transport activities ORC undertakes are funded from a mix of RLTP (national funding) and local funding, meaning the LTP and RLTP need to be aligned.



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REGIONAL PUBLIC TRANSPORT PLAN

Public transport in Otago operates under the Regional Public Transport Plan 2021-2031 (RPTP). This plan is structured around an underlying vision, a set of four priorities for delivering the vision, and a set of five objectives. This is summarised below:

Vision		Inclusive, accessible, and innovative public transport that connects Otago and contributes positively to our community, environment and economy.
Priorities	1	<i>Improve the customer experience with the goal that more people choose to use public transport more often</i>
	2	<i>Improve environmental health by supporting the introduction of zero emission vehicles into the fleet to reduce greenhouse gas and particulate matter emissions</i>
	3	<i>Capitalise on new technology and opportunities for innovation</i>
	4	<i>Be cost effective such that the improvements to public transport provide value for money and ensure that the right investments are in place at the right time for the greatest number of current and potential users</i>
Objectives	1	<i>Contribute to carbon reduction and improved air quality through increased public transport mode share and sustainable fleet options</i>
	2	<i>Deliver an integrated Otago public transport network of infrastructure, services, and land use that increases choice, improves network connectivity, and contributes to social and economic prosperity</i>
	3	<i>Deliver a public transport system that is adaptable</i>
	4	<i>Establish a public transport system that is safe, accessible, provides a high-quality experience that retains existing customers, attracts new customers and achieves high levels of satisfaction</i>
	5	<i>Deliver fares that are affordable for both users and communities</i>

This Strategy contributes to all the priorities and objectives above to varying degrees; in some instances, such as around zero emission vehicles, the contribution is very direct. In other instances, such as around customer experience, the contribution of this strategy is more indirect, with procurement outcomes from the Strategy supporting the effective delivery of public transport services and thus improving customer experiences.

While the RPTP is a key strategic document, this Strategy anticipates and, in places, sets a case for, the development of a new RPTP. It is therefore important to set limits on this strategy, particularly with regards to questions of wider community interest. For these matters which



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require consultation and political engagement the RPTP is the guiding document. Any departures suggested by this Strategy from existing RPTP policies are indicative of policy options, to be determined by future decision-making processes.

ORC PROCUREMENT POLICY

The ORC's internal procurement policy gives a set of cascading requirements depending on the purchase price. Under \$5,000 suppliers can be engaged directly; up to \$25,000 they can be engaged directly under contract, or else 3 quotes are required; up to \$100,000 both a contract and three quotes are required; and above \$100,000 a tender process should be conducted. This \$100,000 limit aligns with the Procurement Manual's limit for direct appointment on the grounds of low dollar values.

Exceptions are available in emergencies, where there is only a single supplier, or an exception from open advertising applies under MBIE procurement rules (referring to the Government Procurement Rules). This last point is important, because it creates a three-way alignment: the ORC Procurement Policy references Government Procurement Rules, and the NZTA Procurement Manual (s1.3, p.8) claims alignment with Government Procurement Rules. In theory, therefore, any exception to competitive tendering under the Procurement Manual should be acceptable under Government Procurement Rules and therefore can be viewed as consistent with ORC policy.

However, this alignment should not be taken for granted. Procurement plans should certainly still give reference to the ORC Procurement Policy, the Procurement Manual, which ensures internal documentation of procurement decisions and a connection between contracts and spending.

ORC DELEGATIONS MANUAL

The primary purpose of the ORC's Delegations Manual is to set out the delegations given to officers (and elected members in some instances). Delegations can be for certain administrative and financial matters and in relation to the Council's statutory duties, responsibilities and powers.

To assist staff to understand the responsibilities of the Council and its committees, the Delegations Manual includes specified duties, functions, and powers which cannot be delegated from the Council, as well as the Council committees associated delegations.

Procurement activities such as tendering, contracting, and purchase orders must be compliant with the delegations set out in the latest version of the Delegations Manual.



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1.2. STRATEGIC PROCUREMENT OUTCOMES

This section sets out an ORC understanding of five key concepts that drive procurement activities:

- Best value for money spent
- Competitive and efficient supply markets
- Broader outcomes
- Decarbonisation

For each, ORC has various mandates to pursue these outcomes, including from the documents above.

BEST VALUE FOR MONEY SPENT

As discussed above, best value for money spent is defined as “*the most effective combination of cost, quality, benefit and risk to meet a requirement*”. This concept is subsidiary to a wider concept of “*best value for money*”, but in the context of procurement, decisions are not being made from scratch. There is already a desire to invest, and procurement is about implementing this decision. This does not mean that procurement activities are divorced from the wider “*best value for money*” concept: clearly, if procurement activity reveals that the assumptions of underlying investment decisions are invalid, it is proper to reconsider the underlying investment decisions.

ORC’s understanding of best value for money spent takes account of the following:

- Whole-of-life costs: procurement needs to be approached in terms of the long-term value of a contract. An assessment of a contract needs to include consideration for how costs will, or might, change over the course of the contract, including secondary costs not included in the upfront figure, and internal costs such as the cost of procurement itself. The value for money question is especially important when evaluating approaches to asset control which may involve capital expenditure (e.g. purchase of land or construction of a depot) or hidden costs to future contracts (such as inadequate maintenance of a depot that is to be transferred at the end of contract).
- Risks and rewards: Due to the financial scale of ORC’s transport activities, uncertainties in costs have a direct impact of uncertainty in future rates levels, or service levels. Conversely however, offloading these risks onto suppliers can mean paying significant risk premiums. There is a significant and non-trivial trade-off, and careful consideration needs to be given as to where the appropriate balance lies, particularly in terms of the extent to which risks can be mitigated by ORC, by its suppliers, by both or by neither.



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- Organisational capability: particularly for high-value contracts such as bus service contracts, the level of confidence that best value for money spent is being achieved will be significantly enhanced if ORC have confidence that its staff have the technical capability, and capacity, to commit to contract management. This enables more sophisticated methodologies across a range of areas and allows for the principles of collaborative “partnering” approaches to be achieved.

COMPETITIVE AND EFFICIENT SUPPLY MARKETS

In Otago as all around New Zealand, transport services are generally delivered through market mechanisms. For integral public transport services, this is through “off-the-road” competition whereby operators are competing through tender processes for service contracts. This compares with exempt services and Total Mobility, where operators compete directly for passengers.

Competitive markets support best value for money spent in a variety of ways. They keep the value of contracts closer to the costs of operating services due to the assessment of quality that emerges from tender processes, and due to the variety of different approaches and perspectives that different suppliers bring. This variety encourages innovation and varied perspectives.

Competitive and efficient supply markets do not imply that every individual procurement needs to be contested by a competitive process. There is a place for direct appointment as a standard procedure under the Procurement Manual, although caution should be taken. Ultimately, however, any activity needs to support long-term competition: direct appointment could be used to procure activities when there is a lack of confidence in the current market conditions, or a desire to align future procurements.

Although other considerations such as fairness and broader outcomes support competitive and efficient markets, the connection with best value for money spent is very important. In some instances, activities to increase the level of market competitiveness may not appear to support best value for money spent; for example, a desire to engage with new suppliers and increase the supplier base for professional services may mean approaching procurements in a way that does not deliver the best value for money spent on an individual project. However, such approaches should ultimately support best value for money spent in the long term, when considering the value of diverse suppliers, the development and growth of suppliers relying on opportunities, and the cost risk of less competitive procurements.



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FAIR COMPETITION AMONG SUPPLIERS

Fair competition among suppliers refers to fairness in the way ORC and its supplier market operate. For ORC, this means:

- engaging with markets in a way that participants with sufficient capability will have a fair chance of obtaining work
- minimising barriers to entry by giving new suppliers opportunity to demonstrate their capability
- disclosing sufficient information for suppliers to be able to make fully informed decisions for their pricing and methods – for example, patronage figures, or sufficiently detailed data for suppliers to conduct their own analysis ahead of a tender
- while maintaining close working relationships with suppliers for day-to-day work, engagement about procurement processes should be through formal procurement activities
- preventing and identifying opportunities for market manipulation such as bid rigging

Fair competition among suppliers supports long-term best value for money spent, and competitive and efficient supply markets in particular. As well as *actual* fairness, there is also a question of *perceived* fairness: if suppliers or the public are unable to trust that ORC procurement processes are fair, this will have a negative impact even if, internally, ORC are treating suppliers fairly.

BROADER OUTCOMES

Broader outcomes represent the secondary benefits of procurement that go beyond the immediate activity being procured. This involves social, environmental, economic, cultural or economic benefits and may go beyond organisational boundaries.

Some examples of broader outcomes of interest to ORC are as follows:

- Environmental enhancement: public transport activities have the potential to enhance local environments through reducing traffic levels, construction of facilities such as bus stops and stations as well as forming a part of street enhancements that will support pedestrian and cycling access; reducing particulate and greenhouse gas emissions.
- Economic development: public transport activities support affordable and efficient access to jobs and businesses, creating economic activity. Public transport supports increased employment and residential density, leading to long-term virtuous cycles of development and public transport enhancement around key corridors.



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- Social inclusion: ORC's transport activities support affordable access for many groups of people to public and private facilities and activities. For example, young people who do not have access to a car are able not only to access school, but also to navigate urban areas independently; disabled people are able to get around cities on accessible buses or through Total Mobility services.
- Cultural enhancement: the creation or enhancement of facilities and buses represents opportunities to enhance the ability of culturally important groups, notably mana whenua, to be represented in public places, such as through artwork, informational displays, naming and use of language.

DECARBONISATION

Decarbonisation is a key procurement outcome for ORC transport activities. Transport is an important source of carbon emissions, and therefore public transport is a key area where ORC can support a transition to a zero-carbon economy.

The most significant contribution that public transport can contribute to decarbonisation is in mode-shift: reducing the number of cars on the road and moving more people with less energy. The scale and patronage levels of ORC bus services are such that greater decarbonisation benefits will come from the most heavily patronised routes, meaning decarbonisation supports patronage-focused service design. Broader outcomes around cycling and walking are also significant from a decarbonisation perspective.

Greenhouse gas emission reductions will also come from the transition to zero-emission vehicles in public transport fleets. ORC's first eleven electric urban buses are soon to begin service in Dunedin as a part of Unit 3. Future procurements will specify zero-emission vehicles. Some of the key topics in this Strategy relate to the challenges of bringing zero-emission vehicles into service at scale, which may impact the operating model, and the approach to key strategic assets such as fleet and depot.



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2. BUS AND FERRY SERVICES

2.1. CURRENT STATE

ORC currently defines and operates the following public transport Units, each delivered by a single contract.

Unit Contract Name	Routes	Operator Expiry date	Peak vehicles	Annual service hours	Annual service km
Unit 1 PTC 2017-1a	Dunedin routes 1, 14, 18, 37, 63	Ritchies 30/06/2026	15	51,401h	1,353,751km
Unit 2 PTC 2017-2	Dunedin routes 8, 33, 50	Go Bus 30/09/2026	14	58,402h	812,332km
Unit 3 PTC 2022-1	Dunedin routes 5, 10, 15, 39, 40	Ritchies 30/03/2031	14 (11 electric)	35,157h	647,755km
Unit 4 PTC 2015-3	Dunedin routes 3, 19, 44, 55, 61	Go Bus 30/06/2028	14	55,017h	941,479km
Unit 5 PTC 2015-1	Dunedin routes 70, 77, 78, 80, 81	Go Bus 30/06/2025	11	21,558h	700,515km
Unit 6 PTC 2017-6	Queenstown routes 1, 4	Ritchies 19/11/2028	9	37,252h	791,685km



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Unit 7 PTC 2017-7	Queenstown routes 2, 3, 5	Ritchies 19/11/2026	10	33,436h	950,476km
Unit 8 Trial Services contract Ferry	Queenstown Ferry	Real Journeys 30/06/2024 New contract anticipated as until 30/06/2029	1	2,863h	74,432km

MARKET ANALYSIS - BUS

The supplier market for bus services is constrained, with only two market participants (Go Bus and Ritchies or their predecessors) in all recent tenders, both for Dunedin and Queenstown.

Previous tender processes have occurred with relatively short timeframes before implementation. This was potentially acceptable for simple diesel-bus contracts, but with supplier feedback, the complexity of electrification, and the lack of third tenders, ORC will be seeking to tender earlier to give lead time before contract activation. The Unit 5 tender, which is being developed at the same time as this Strategy, will be the first tender taking this approach.

While earlier tender processes are a necessary improvement to make the market more attractive to new participants, this is likely not sufficient to achieve this aim. If ORC wishes to attract new suppliers to tenders, wider changes would be required. However, the benefits of attracting a new supplier to tenders need to be weighed up against how realistic this would be, other considerations when it comes to assessing market competitiveness: the quality and price-competitiveness of the tenders is also important. It is therefore important that, should the barriers to entry prove too high, that the two-supplier market remains competitive, with the existing two suppliers are confident in their ability to expand operations and hence compete closely for contracts.



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A key challenge in recent years has been in maintaining a sustainable workforce, which has been worsened by a severe post-covid labour shortage. This has resulted in ORC funding increases to driver wages, up to \$30 a year in 2023. With driver numbers having recovered, the situation has stabilised and full service restored. However, the sustainability of the public transport workforce remains a significant risk, both in terms of the cost pressures from increased wages, and the risks of driver shortages disrupting services.

Decarbonisation creates new pressures. Electric bus services can, depending on operational details, require more buses and more depot space per bus, and electrification can be associated with centralisation of depot facilities. With electrification there is a risk that capital investment in depot facilities by an operator could give such an advantage to an operator that market competition would not exist.

Potential strategies to mitigate decarbonisation risks and deliver value for money for consideration include:

- ORC taking a more direct role in the ownership or control of enabling assets (fleet or depot assets). This could take a number of forms, including full ownership of assets, leasing them, or transfer provisions. For example, the Queenstown Public Transport Business Case (QPTBC) is recommending that ORC purchases land for an electric depot in Queenstown. This would allow bus contracts to be significantly tightened, giving greater clarity in price and opportunities for new suppliers. While there might be significant benefits, it could also generate new risks, and would rely on ORC possessing staff capability and expertise beyond what currently exists, or under currently envisioned staffing structures. In other cases, end-of-contract transfer provisions could ensure competitors have confidence in their ability to access assets in a financially viable manner.
- There is a need to develop the staffing expertise and a base of knowledge so that ORC can have confidence in contract costs. This would allow implementation of improved information-sharing with operators and improved contractual management approaches, including around scheduling of buses and drivers, more detailed break-downs of costs, as well as clearer and more effective performance management.

These matters are considered below, utilising NZTA discussion document.

MARKET ANALYSIS – FERRY

There is significant uncertainty in the market for operators for the Queenstown Ferry service. A 2021 registration of interest received three responses including the incumbent, and a fourth operator indicated interest informally but did not respond within the timeline. This indicated



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that there is a potentially competitive market, however, there are also two potential barriers to a competitive market:

- The requirement for a resource consent to operate on the surface of Lake Whakatipu;
- The lack of agreed access arrangements for the use of wharf facilities, with the wharf in Queenstown Town Basin owned by the incumbent operator.

For these reasons, ORC staff determined in 2023 that there was a significant risk that a tender process would not generate effective competition. As such, ORC is currently working to directly negotiate a new, five-year contract with the incumbent operator. As well as the certainty of a longer-term ferry contract, it will allow time to take measures to overcome barriers to market competitiveness.

Once this contract is in place, there will be no further ferry procurement in the lifetime of this Strategy, but ORC will work to prepare for the contract expiry. Staff will develop a Ferry Strategy. Considerations for this strategy will include:

- Resource consents
- Wharf access arrangements
- Wharf maintenance, access, health and safety considerations
- Control of enabling assets, including wharves, boats, and maintenance facilities
- Integration with the bus network
- Decarbonisation

From a procurement perspective, this will build towards the goal of a competitive tender in time for a 2029 contract expiry.

2.2. FUTURE STATE

Although SPTF policy is still a work in progress, a discussion document on public transport assets, operating models, and partnering, published in November 2023¹, allows for a general understanding of the strategic policy environment that ORC will be working in within the lifetime of this document. Despite the status as a discussion document, it provides an effective preliminary framework for understanding and discussing the range of strategic options that are of interest within and beyond the lifetime of this Strategy. In particular, the toolkit appended to the document has formed the basis for much of the policy outlined in this section.

¹ <https://www.nzta.govt.nz/assets/Walking-Cycling-and-Public-Transport/docs/Discussion-document-partnering-and-delivery-models.pdf>



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UNITS AND CONTRACT DESIGN

Legislative change around the SPTF has affected the relationship between public transport contracts and Units. Until the LTMA was amended in 2023, a Unit was a “*public transport service or group of public transport services [...] identified as integral to the region’s public transport network*”. A Unit was required to be contracted on an exclusive basis. As such, a Unit and a bus contract were, in practice, interchangeable terms (although contracts would take some time to come into alignment with changing Units).

However, under the amended Act, a Unit is no longer a set of services, but “*a geographic area (of any size) [...] for which the regional council for the region has specified (in any way) how public transport services must be operated*”. This does not merely remove the exclusivity provisions that were previously in place but can be argued to break the conceptual connections between Units and routes, and between Units and contracts. Units could potentially be defined as strategically important geographies, with services running from one such Unit to another, and bundled into contracts that are not “unit contracts” at all. For example, South Dunedin could be taken as a distinct and strategically important geographic area, and hence could be regarded as a non-contractual unit in an RPTP.

Whether such an interpretation is taken, and whether it is legitimate, is a question for the RPTP, not for this strategy. For the purposes of procurement and hence for this strategy, future contracts are referred to as **contractual units**.

The existing seven bus Units in Otago represent groupings of bus routes within the Dunedin and Queenstown networks. While there can be some network logic as to why a set of routes are grouped into the same Unit, this is limited by path-dependencies arising from the way routes were contracted in the past. Hence the current unit structure does not divide the networks in ideal ways either from a contracting/procurement perspective, or from a strategic perspective. As such, ORC will, in the next RPTP, determine a new set of contractual units.

Following the NZTA discussion document, the new contractual units will be designed to effectively meet network outcomes, be operationally and financially efficient, and support long-term competitive and efficient markets. However, the following should be noted:

- If contractual units remain small, maintaining the operational efficiency and network logic of individual units will be prioritised (for example, fleet considerations and common termini of routes), while financial efficiency is best considered on a network scale rather than unit-by-unit. (This would allow for structures, for example, where one contract consists of less frequent routes with smaller buses, and another contract consists of more frequent routes with larger buses).



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- There is potential conflict between the mandate to enable a regular program of procurement that avoids extended periods of minimal procurement activity, and the efficiency/value for money benefits that may occur from larger contracts, or from integrating multiple procurements into a single process. ORC would choose “best value for money” over “a regular program of procurement” if the two principles were determined to be in conflict. The downsides of less regular procurement are mitigated by considering the market at a national level, ORC already engages outside support for bus procurement tapping into national experience in this area. Less regular procurement would support this approach being continued.

SCHOOL SERVICES

Under current contracts, certain services that are focused on accessing schools will only operate until 2025. This is consistent with the RPTP, which indicates that ORC will not operate direct school services.

It likely that this policy will be reviewed. New school services, or route variations for the benefit of school students, have been added in recent years and it is considered possible that policy will be changed to support school-focused services, at least in some cases. This could be a mix of school-only services, like the existing routes 39 and 40, and school variations on regular routes, such as occur on routes 18 and 70.

Other public transport authorities have created “school units”, and ORC will consider this approach. School services typically use older but still RUB-compliant buses although electrification will mean that a reasonable fleet quality of older diesel buses should be relatively accessible.

INDICATIVE OPTIONS FOR FUTURE CONTRACTUAL UNIT STRUCTURE

The following section summarises three indicative options for how a future structure of contractual units could operate, assuming no changes to the route structure. The first option maintains the existing number of contracts, but re-factors them into more logical groupings. The second option reduces the number of bus contracts to two in Dunedin and one in Queenstown, and the third option reduces to a single contract in Dunedin.

Option 1: The contractual units have a similar structure to present, but the two Queenstown bus units are divided according to bus type, and routes are re-arranged in the five Dunedin units so that services with operational similarities are placed in the same units as each other:



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Contractual Unit	Definition	Implementation
A	Routes through Green Island and Mosgiel: 70, 77, 78, 80, 81.	New contract starts 1 July 2025 as Unit 5. Tendering process currently proceeding and may have significantly progressed ahead of this Strategy.
B	Routes terminating at University: 15, 37, 63	Expiry of Unit 1 on 1 July 2026. Route 15 remains in place so would need to be implemented in this contract by agreement, or staged to 2031.
C	Frequent through-routes in South Dunedin: 8, 44, 55	Route 8 is available upon expiry of Unit 2 on 1 June 2026; other routes upon expiry of Unit 4 on 1 June 2026. To be implemented by staging or negotiation
D	Other through-routes operating in South Dunedin: 3, 5, 10, 19, 33, 50	Routes 33 and 55 are available upon expiry of Unit 2 on 1 June 2026; other routes upon expiry of Unit 4 on 1 June 2026. To be implemented by staging or negotiation.
E	Other Dunedin urban routes terminating at Bus Hub: 1, 14, 18, 61	Routes 1, 14, 18 available to contract on 1 July 2026. Route 61 can be staged 1 July 2028
F	Queenstown Ferry	New contract to begin 1 July 2024 and expire 30 June 2029.
G	Major Queenstown bus routes to be operated by high-capacity buses under the QPTSBC	Current Queenstown contracts to expire in September 2026 and September 2028. New contracts likely to be structured differently;



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		to be implemented by staging or negotiating a common expiry date.
H	Minor Queenstown bus routes to be operated by normal-capacity buses under the QPTSBC	Current Queenstown contracts to expire in September 2026 and September 2028. New contracts likely to be structured differently; to be implemented by staging or negotiating a common expiry date.

Option 2: Enlarged units: Dunedin will operate two units, combining all South Dunedin through-routes into a single contract, with all other routes in the other contracts. Queenstown will operate a single unit.

Contractual Unit	Definition	Implementation
A	All routes that terminate at University, Bus Hub, or which connect to Mosgiel service.	Will largely be implemented in major 2026-2028 tender round, but Unit 3 and Unit 5 routes will need to be added at contract expiry or by negotiation.
B	All through-routes that serve South Dunedin	Will largely be implemented in major 2026-2028 tender round, but Unit 3 routes will need to be added at contract expiry or by negotiation.
C	All Queenstown bus services	Will be implemented between 2026-28
F	Queenstown Ferry	New contract to begin 1 July 2024 and expire 30 June 2029.

Option 3: Single contract per city

Contractual Unit	Definition	Implementation
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A	All Dunedin bus services	Would be implemented in 2026 tender, with services from other contracts staged according to contract expiry (or negotiated)
B	All Queenstown bus services	Will be implemented between 2026-28
F	Queenstown Ferry	New contract to begin 1 July 2024 and expire 30 June 2029.

In all options the operations of new trial services would need to be considered. These could form their own units, or where appropriate be add-ons to existing contracts.

In options 1 and 2, there is an additional question of whether contracts should be procured together or individually. Procuring contracts apart – e.g. with five Dunedin units, a new contract every 1-2 years – would spread risk and ensure ORC could run a continuous procurement program, maintaining expertise. On the other hand, procuring contracts together would enable economies of scale in procurement, and could be an effective compromise on contract size. By procuring multiple contracts in the same process, operators could include cost reductions conditional on winning multiple contracts, allowing economies of scale to be effectively priced.

Further options could include:

- The addition of a separate contractual unit for school-focused services
- Separating Dunedin route 1 (City-Palmerston) into a separate Dunedin Regional contractual unit, that could also include a trial Balclutha service, allowing for a different fleet to operate the longer-distance services
- Whether any on-demand service in Dunedin or Queenstown (e.g. replacing Mosgiel routes 80/81) would be included as a part of a bus contract, or as their own contracts.

The transition to a new contract structure could be quite complex. A changed structure of contractual units would cut across current contracts, including current units 3 and 5, which will not expire until 2031 or later.

If a contractual unit structure emerges from the RPTP, ORC may have to take certain actions ahead of tendering to implement such a structure. For example:



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- Negotiating major variations to the current Unit 3 or 5 (or new like-for-like contracts to replace them, or ending the contracts and adding the routes into other contracts), for example to switch Unit 3 services to a different grouping of routes.
- Negotiating to change contract expiry dates: the misalignments of expiry dates between Units 2 and 4, and between Units 6 and 7, could be dealt with by negotiating a new common expiry date for both. In principle ORC would regard half-way between as the obvious new date, but consideration would need to be given to the relationship with other contracts and tender processes, e.g. there may be a desire to tender all Dunedin routes outside of Units 3 and 5 together, and there will also be a desire to tender the Queenstown contracts at a separate time to the Dunedin contracts in order to spread out the procurement and implementation workload.
- Defining staged items in new contracts: staged items could involve contracts having one set of routes for an interim period, then another, distinct set of routes for the remainder of the contract. This could be an effective strategy for implementing changes that affect routes in the current Unit 4, and also could be used to implement a new route structure if one were determined. However, given the longer time periods for Units 3 and 5, it would be less desirable to have staged items that do not apply until late in a contractual term (e.g. waiting for these contracts to expire before putting their routes into a new contract).
- Considering market-share limits in Dunedin to maintain a two-operator environment
- For Queenstown, staging of contractual changes may be useful in mirroring the gradual roll-out of QPTSBC services, but with contracts less likely to be split between multiple operators, such staging could equally occur under a single contract.

PUBLIC TRANSPORT ASSETS

There is a strong case that having some level of control over some strategic assets could support a competitive market and value for money spent. However, moves in this direction which requires significant resourcing, and hence at present will need to be targeted and strategic. Experiences in Australia that informed the Deloitte / NZTA framework indicate that changes to asset control tend to occur in the long-term, perhaps over several contractual cycles.

Therefore, the focus for ORC will be on where the need is greatest, or where major opportunities or challenges arise.

Acknowledging that more work will be required, an indication of a possible approach to public transport assets would be:



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- Collaborate with operators in Dunedin to support the development of long-term electrified depots
- Subject to Council approval, purchase land for an electric bus depot in Queenstown to support QPTSBC service improvements, as recommended by the business case. A depot would be constructed as part of a tender, and leased by ORC to operators as part of the Queenstown unit contract(s).
- Develop capacity to ensure effective contract management of the Queenstown depot.
- Utilise this capacity to enable ORC to have a strong understanding of operator-owned depots in Dunedin and is in a strong position to take up future opportunities for greater asset control if appropriate
- Give consideration to bus transfer provisions in future contracts
- Be in a position to support enabling assets for smaller public transport operations (e.g. in smaller towns, or the Queenstown Ferry) if required.

However, this approach remains indicative, with further decision-making to occur through RPTP and other processes.

SERVICE DELIVERY MODELS

The draft NZTA guidance gives an expansion of the existing service delivery models. Unlike the current Procurement Manual which essentially mandates a “partnering” model except for small-scale or short-term services (e.g. trials), the new guidance gives a spectrum of options:

- A continued short-term option
- An updated partnering model
- A “supplier pool” model conceived of as an extension of partnering, where operators may have a greater overlap of service areas. This might be logical if ORC has, in the future, a level of asset/depot control.
- “Alliance” type approaches where operators collaborate with each other as well as with ORC in a more structured manner,
- In-house service delivery, as an advanced delivery model

The additional spectrum of options is a matter of long-term interest to ORC, but unless specific opportunities emerge, a sudden change in approach would represent significant risks. Therefore, the ORC’s approach will continue to be grounded in the principles of partnering approach, while being aware of developments in the industry and the potential to transition to alternative approaches over time.

Major public transport contracts will continue to be tendered on a gross-cost basis. This is regarded as an industry standard and supports ORC’s strategic position undertaking planning



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of services. Exceptions are possible: for example net-cost or even concessionary approaches may be of interest to services with very different characteristics to core urban routes. However, there are no current expectations that these approaches will be taken.

In general, it is expected that contracts will continue to be of the approximate same length as at present. However, the exact length of nine (9) years that has been used in all recent contracts does not need to be used. ORC should take opportunities to vary contract lengths up or down from here based on factors such as alignments with other contracts.

PROCUREMENT METHODS

ORC will retain the current approach of open tenders evaluated under the Price Quality method as the standard approach to bus contracts. This is regarded as a well-established best practice and there is no need to change the standard approach.

Direct award of contracts remains an option and could particularly be used for shorter-term extensions or alternative circumstances. Partnering and “supplier pool” service delivery models indicate the possibility of direct appointments for rewarding performance, where strong benchmarking data supports price certainty. ORC will develop its approach to price certainty and operator performance to open up such options.

Alternative tender methods (quality-only, lowest-price-conforming, or sophisticated value for money assessments) may be of interest in select cases. The exploration of such alternatives will be considered as and when further evidence emerges of their potential benefit.

CONTRACTUAL PRICING

There are several areas where ORC can look to make improvements to contractual pricing methodologies.

Firstly, the most recent ORC bus contracts have a level of transparency at payment component levels, which means that tender pricing requires a level of justification. ORC will continue to evolve and develop the level of payment transparency in tenders, according to industry best-practice.

The current pricing structure of ORC contracts is to have a fixed “annual gross price” defined from the tender, which is modified by variations over time. Although simple in principle, the build-up of variation costs makes for very complex payment structures. An improved approach would be for prices to be divided into a “fixed” price (paid regardless of service level variations) and a “variable price” which represents the level of actual service at variable rates. Every month, the variable element would be paid according to the services scheduled in the month



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(less any deductions for missed services). This would remove any uncertainty in the pricing of most variations: they would simply be incorporated into a change in the number of hours and kilometres invoiced in a given month.

Supporting the implementation of this approach, and useful for other reasons also, would be a shift to variable rates that include dead running. This would mean ORC would need to develop an understanding of driver and bus schedules. This is considered desirable and supports a closer ORC understanding of bus operations.

Indexation has been a matter of concern for bus operators. ORC is comfortable with the current approach to indexation, which involves adjusting prices according to a single composite index, but operators are concerned that this does not fully represent the granular detail of how their costs have changed, meaning that inflation risks are not fully mitigated. As a logical outcome of ORC gaining a greater level of understanding of cost components, a more granular indexation calculation for new contracts is acceptable to ORC, who will follow emerging NZTA-led best practices.

PERFORMANCE INCENTIVES

ORC's performance incentives are currently focused on the Financial Incentive Mechanism (FIM), which shares a portion of revenue growth with operators, and KPIs around service delivery, quality, and customer feedback.

Developing the latter will be ORC's focus. By having a closer, more detailed understanding of operator performance, ORC will be able to make improvements and open up alternative options that are currently difficult to implement, such as re-appointment of strongly performing operators.

The FIM in its current form will be removed from new contracts, but future performance incentives will be explored and can be implemented by contract variations.

SUSTAINABLE WORKFORCE

To maintain a sustainable workforce, ORC will continue to maintain base wage requirements in new contracts, of Living Wage or higher. New contracts will include provisions that operators pass on increases in the labour component of NZTA indices, in line with existing wage uplift contracts.

ORC will also seek opportunities to improve bus driver conditions, seeking opportunities to develop driver break facilities and to ensure adequate access to facilities around route termini.



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If such facilities are able to reduce out-of-service running, ORC will recover cost savings through the usual contractual mechanisms of variable rates.

Queenstown has additional sustainable workforce concerns, due to the difficulty experienced in acquiring accommodation for new drivers, which makes recovery from any driver shortages difficult and expensive. ORC will consider opportunities to make strategic investments on the basis of providing value for money and greater network reliability, although further work and decisions would be required to progress this.

3. TOTAL MOBILITY

The Total Mobility scheme provides a relatively affordable transport option for people whose disabilities restrict their ability to use conventional public transport. Eligible clients receive a 75% subsidy on the first \$50 of fares, with approved operators. Services currently operate in five geographic areas – Dunedin, Oamaru, Wānaka, Queenstown, and Balclutha. Services can either be hoist trips (where a wheelchair hoist is used to safely lift a client in their wheelchair into a specifically fitted vehicle) or non-hoist trips (where the client is able to board their vehicle with a lower level of assistance).

3.1. CURRENT STATE

Total Mobility operates in a market environment. ORC does not contract a fixed value as per bus contracts; rather, a concession is provided for each trip delivered and for each hoist conducted. Some Total Mobility operators are general taxi operators, while others are more targeted to a mobility function.

The following table summarises the current suppliers in the Total Mobility market, with market shares in the period of July to December 2023:

Market	Supplier	Share of non-hoist market	Share of hoist market
Dunedin	Dunedin Taxis	75.83%	15.60%
	Big John's Mobility Express	6.16%	29.70%
	Driving Miss Daisy (Dunedin North)	5.27%	3.82%
	Urban Link	4.43%	
	Driving Miss Daisy (Dunedin South)	3.19%	



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	Freedom Drivers	3.07%	
	Mobility Vehicles Dunedin	1.90%	50.88%
	Airport Shuttles	0.11%	
	Corporate Cabs	0.03%	
Oamaru	Whitestone Taxis	57.78%	
	Driving Miss Daisy	22.72%	22.62%
	Door2Door	19.49%	77.38%
Wānaka	Yellow Taxis	83.46%	
	Wana Taxi	16.54%	
Queenstown	Queenstown Taxis	100%	
Balclutha	Nathan's Taxis	100%	

LEVEL OF SERVICE

With the Total Mobility concession now permanently at 75% (having previously been 50%), Total Mobility patronage is now at its highest levels since the current Ridewise datasets began in 2017, although only marginally above pre-Covid usage levels. However, patronage figures only show part of the story: average trip distances, and hence average fares, are trending significantly upwards. Two possible explanations are:

- With reduced fares, price-sensitive customers are more willing to take longer trips
- With increased levels of demand, operators are prioritising longer-distance trips

More study would be required to understand the balance between these or other factors. However, feedback from customers and advocacy groups has indicated that Total Mobility services (especially hoists) can be hard to access, and operators report that many drivers are working long hours.

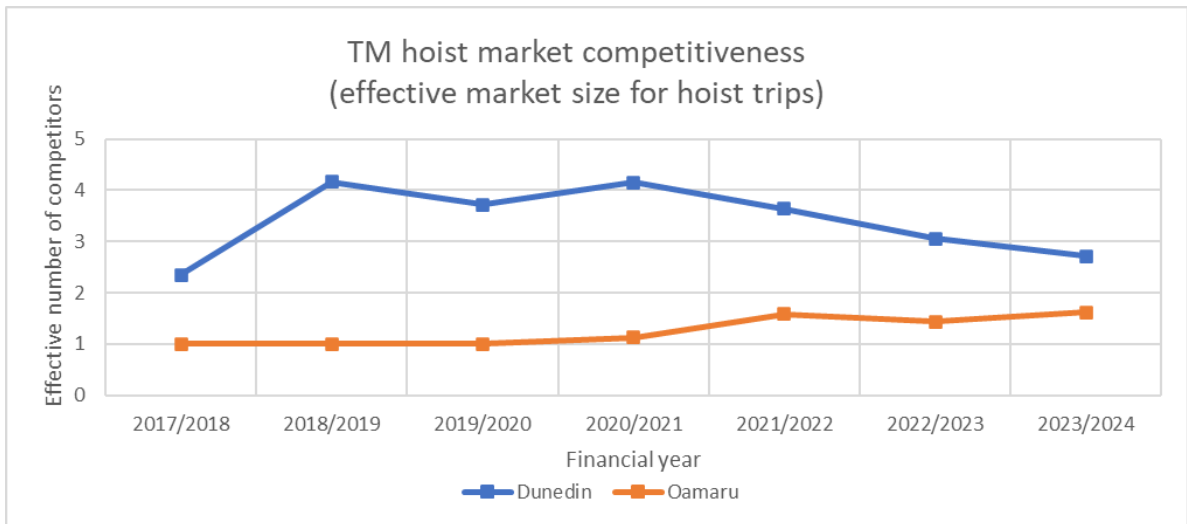
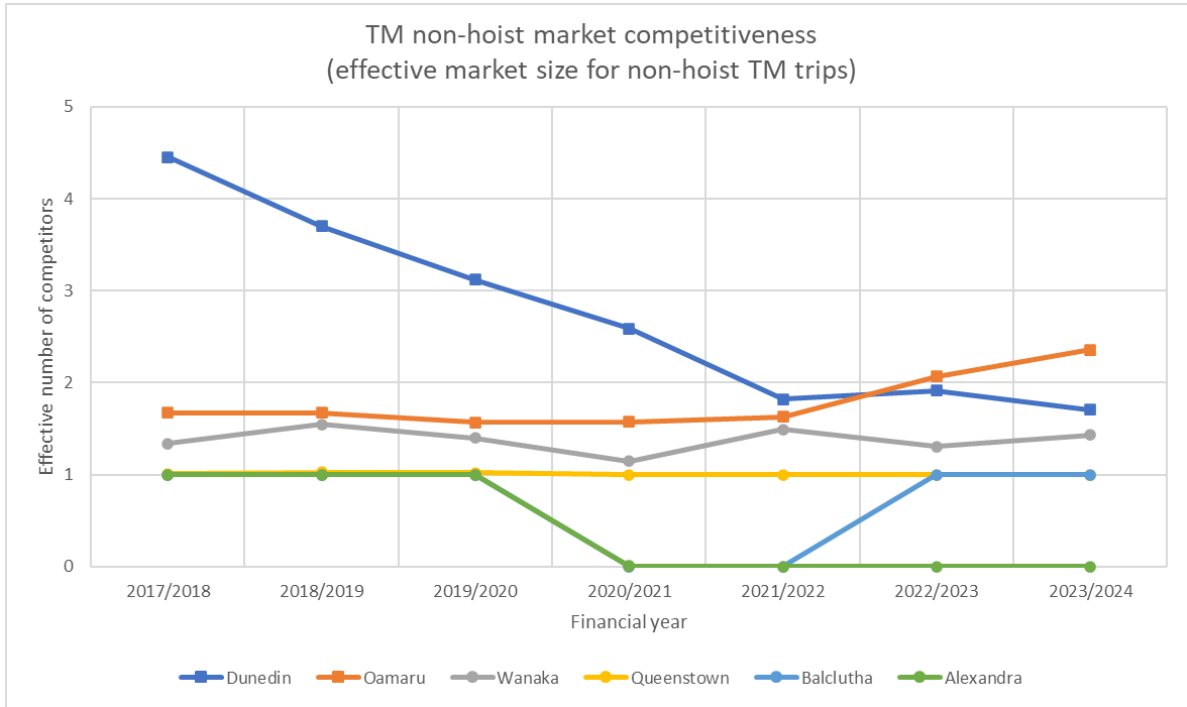
LEVEL OF COMPETITION FOR TRIPS

As the above table shows, the market for Total Mobility services is more competitive in larger centres, and less competitive in smaller centres, which often have only one operator. However, a simple count of the number of firms providing the service does not provide a full story of how competitive a market is, because firms can vary strongly in size. For example, if there are two competitors but one has 95% of the market, this is effectively a 1-supplier monopoly. From Ridewise data, a diversity index of “effective market size” can be computed



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over time based on market share; this is equal to the number of suppliers if all suppliers have equal market share, but is less if the market share is uneven.



As can be seen, the effective number of suppliers has declined significantly in Dunedin. One operator has developed a dominant market position which risks taking away customers’ ability to “vote with their feet” if they receive poor service. The decline in the hoist market is less severe thanks to several operators who focus on this market.



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Oamaru now has, by this measure, a more competitive market for non-hoist trips than Dunedin due to a greater balance between its three firms, and an upward trend in competitiveness for both hoist and non-hoist trips. Other markets have limited competition: Wānaka has two suppliers, one much smaller than the other; Queenstown has not seen a second competitor with any significant level of service, and the smallest centres (Balclutha, Alexandra, Cromwell, and smaller towns) are unlikely to see more than a single firm operate.

HOIST INSTALLATION

Special funding is available to fund the fit-out of hoists into new vehicles, in order to maintain an adequate level of service for hoist users. This funding is provided under a three-year contract; if the operator leaves the market within this period, they are to return a proportion of the funding.

At present, two hoist installations remain under contract.

The scale of hoist installation funding depends on the nature of the vehicle and the complexity of the installation, with smaller installations being of the order of \$10,000, and larger ones \$20,000-30,000. There is usually an underspend of this funding.

Mobility-focused suppliers in Dunedin are often extremely busy, and despite the efforts of suppliers, wheelchair users can struggle to access services, especially outside of daytime hours. Outside of Dunedin, Oamaru also has two hoist-capable vehicles operating; these are not as highly used, so the availability of hoists in Oamaru is considered adequate. There are no hoists in Total Mobility operation in Queenstown or Wānaka, although Queenstown Taxis did have a hoist vehicle in the past. The provision of hoist vehicles in these areas would have a positive impact on the accessibility of the Queenstown-Lakes area, although given Total Mobility usage is low in these areas, it may not be commercially attractive to operators. In other areas of Otago (e.g. Balclutha, Alexandra/Clyde, Cromwell) any level of Total Mobility service is likely to be too low for hoist vehicles to be considered viable on a commercial basis; however ORC would be willing to consider opportunities if they arose.

Given the above, ORC's position towards hoist installation can be summarised in the following table. "Maintenance of existing fleet size" refers to installations required to maintain the current level of availability, (e.g. to replace a vehicle leaving Total Mobility service due to age, or damage); "Additions to hoist fleet" refers to installations that will increase the number of hoist vehicles on the road (e.g. due to an operator wishing to enter the hoist market or increase their level of service):



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City/town	Maintenance of existing hoist fleet size	Growth of hoist fleet
Dunedin	Vital	Strongly desired
Oamaru	Strongly desired	Not expected
Wānaka	n/a	Desired
Queenstown	n/a	Desired
Other	n/a	Not expected

ASSESSMENT AGENCIES

Eligibility is assessed through a range of specialised and general agencies. Although ORC has a contract with these agencies, the value of the contracts is a nominal \$1, as agencies fund this activity themselves through various means. It is possible that an agency could receive funding to provide assessments, which would be done on a per-assessment basis. If this were done, it would be to ensure the availability of a general, free option in a town where none could otherwise be provided. The following agencies currently operate:

Area	Agency
Dunedin	Age Concern Otago
	CCS Dunedin
	Livingwell Disability Resource Centre
	Epilepsy NZ
	Idea Services Dunedin
	Multiple Sclerosis Society
	MDA South Island
	PACT
	Parkinsonism Society of NZ
	Presbyterian Support Otago



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	Royal NZ Foundation of the Blind
	Stroke Foundation
	The Dunedin RSA Trust
North Otago	CCS Disability Action
	Stroke Foundation
	Age Concern
Wānaka	Community Networks Wānaka
Queenstown	Age Concern Southland
	DRC Southland
	Enliven Southland

OTHER SUPPLIERS

Other notable suppliers supporting the Total Mobility system are Eyede (who supply the national Ridewise system which ORC participates in) and Placard (who print Total Mobility cards and mail them to clients).

3.2. FUTURE STATE

The Total Mobility scheme is currently undergoing a national review. Among factors such as eligibility and affordability, the review will consider the supply of Total Mobility services, including how to improve availability of wheelchair-accessible vehicles and alternative delivery models.

Many of the challenges ORC faces in the Total Mobility space have the potential to be addressed in this review. However as with SPTF changes affecting bus/ferry services, it will be important that ORC continues to administer the system in the current environment. Key actions from a procurement perspective will include:

- Preparing for the next round of contract expiries in 2027
- Seeking opportunities for new operators across the region. New contracts for Total Mobility transport providers (to new or existing suppliers) will be considered on the basis set out in the RPTP, which currently references grounds of community need and sustainability.
- Seeking opportunities for new assessment agencies across the region, on the basis of community need and sustainability, or as otherwise provided in a future RPTP.



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- Identifying if there is a need to provide funding for assessment agencies, and if so providing it on the basis of community need and sustainability, or as otherwise provided in a future RPTP.
- Administering and promoting hoist funding to maintain/expand the current wheelchair-accessible fleet, on the basis of community need and sustainability, or as otherwise provided in a future RPTP.
- Improvement of performance monitoring processes and implementation
- Continued participation in the Ridewise scheme for the administration of Total Mobility

The next RPTP review will be an opportunity to consider Total Mobility policy, including criteria for inclusion of operators and assessment agencies in the scheme, and payments to operators to support new hoist vehicles, and to assessment agencies for assessments.

4. PROFESSIONAL SERVICES

Professional services for Transport at ORC are delivered through a mix of internal staff and external contractors. Transport staffing has been limited in recent years, which has meant there has been a significant need for external support to deliver key pieces of work. The recruitment of skilled staff will remain a significant challenge, but the number of transport staff is projected to grow, and this will allow for an increased level of internal delivery.

The anticipated level of growth in staffing does not reach the same level as comparable councils around the country. There will remain a significant need to utilise external professional services to deliver major projects and specialised experience, skill, and tools. Growth in internal staffing will only deliver improved balance between internal staff delivery and external support, not a wholesale shift to an internal delivery model.

4.1. CURRENT INTERNAL STAFFING

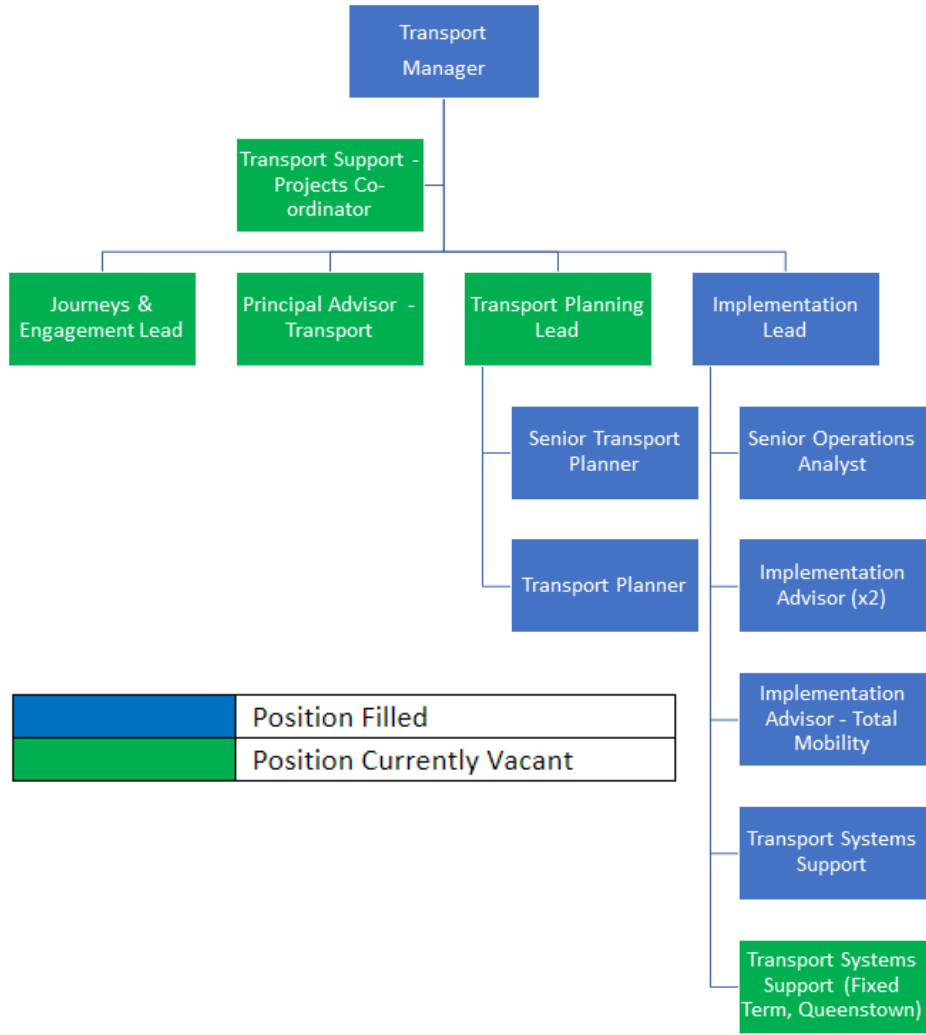
ORC's core transport team currently consists of 9 staff led by the Manager Transport, who reports to the Chief Executive. The team is divided into two main functions, Planning and Implementation, with three roles (currently unfilled) sitting between these teams.

Additionally, two positions in Marketing and Communications, and one position in Finance, are transport-focused. Further support for Transport work comes from across the organisation: examples include Customer Experience, IT, Legal, Finance, Governance, etc.



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Figure 1: Current structure of Transport staff



4.2. EXTERNAL PROFESSIONAL SERVICES

ORC procures a wide range of external professional services. These involve the engagement of specialists in a variety of areas. This could be consultancy services, technology, or a wide range of other services. The following table indicates the areas of professional services we expect to procure, who the existing supplier(s) are, and what future strategy is expected.

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Professional service	Current state	Future strategy
Public transport ticketing	INIT supply and support this system, supported by the ORC-based RITS team.	RITS system to be replaced by NTS system, expected in 2026 although timelines could change.
Real-time information	ORC uses the INIT/Mattersoft system.	Continue to use current system until NTS implementation. Ahead of NTS, a procurement process will be run for a system to operate in the NTS environment
Legal services	Legal support that cannot be delivered in-house is generally supported by Ross Dowling Marquet Griffin	Review.
Public transport cost assessor	Previous cost assessments have been undertaken by Ian Wallis Associates	Review
Transport planning consultants	A range of planning consultancies are regularly engaged for a variety of projects	Maintain and grow relationships with multiple suppliers to foster a strong local market. Ensure that new suppliers have opportunities to prove their capability through smaller pieces of work. Consider opportunities for internal delivery where staff skillsets / capacity can be developed.
Total Mobility administration system	Eyede system (Ridewise) is used. This is national system.	Continue to support the Ridewise program. Changes to be determined nationally, ORC to be a participant providing feedback to or participating in the Steering Group.
Total Mobility assessors	A range of assessment agencies operate. Some serve specialised communities (e.g. particular disabilities)	Continue to work with agencies and identify opportunities for new agencies. Work to ensure availability in smaller towns.



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Professional service	Current state	Future strategy
	while others give more open availability	
Procurement support / tender evaluation	Rachel Pinn is engaged for most major procurements.	Undertake a procurement process to appoint a specialist to support major procurements in ~2026-28
Marketing consultants	Various consultants utilised during high work volumes	Continue current approach
Media	Engage with major and minor media outlets according to need	Continue current approach
Printers	Various printing companies are used according to need	Continue current approach
Advertising	Various suppliers for online and offline advertising are used according to need	Continue current approach
Photographers	Several suppliers are used according to need	Continue current approach

4.3. BALANCE BETWEEN INTERNAL AND EXTERNAL DELIVERY

An efficiency review finalised in October 2023 indicates that, organisation-wide, ORC has a higher reliance than other regional councils on contractors and consultants. In transport, ORC has the lowest proportion of employee costs for transport activities across all regional councils. The report suggests that this may represent under-resourcing of transport planning activities.

Although the number of staff has increased recently and is forecast to increase again, the number of staff will still be low for the scale of ORC's transport services. As such, ORC will still be reliant on external support for a range of functions, some of which may be delivered



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internally elsewhere. This raises the question as to where to prioritise internal delivery. The focus for increasing internal delivery should be for where ORC needs to take greater “ownership” of an area. As examples, this could include:

- A larger portion of business case work and/or service planning to be delivered internally
- Greater internal engagement with bus and driver scheduling, allowing for improved financial and contract management, such as variable rates that include out-of-service running and contract payments based on hours and kilometres delivered plus fixed costs.

An example of an area where greater internal delivery might be desirable, but will be less prioritised, would be in procurement, especially if ORC switches to less contractual units, or simultaneous procurement of most contracts. In this case, the spike in workload and importance of these activities supports the engagement of a national expert for the key activities.

Overall, ORC will continue to be constrained in transport staffing levels, and will need to be strategic in where to increase the level of internal delivery of professional services.

5. STOCK TRUCK EFFLUENT DISPOSAL SITES

As part of ORC’s wider environmental remit, ORC has installed nine stock truck effluent sites around the region. Six are on State Highway 1, and three are on inland highways. The design, construction, and maintenance of these sites is a Transport activity funded under the NLTF, and is overseen by Council engineers with competitively tendered contracts.

No further sites are planned at present.



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6. EXTERNALLY DELIVERED/PROCURED TRANSPORT ACTIVITIES

This section provides a brief summary of Transport activities in areas which are entirely or primarily procured outside of the ORC, but are of interest to ORC's procurement environment. A strategic approach to procurement requires an understanding of these activities and markets.

6.1. INFRASTRUCTURE

Public transport infrastructure in Otago is delivered by territorial authorities (and Waka Kotahi on state highways).

For Dunedin's bus stops, the ORC typically funds the local share to the Dunedin City Council (DCC), while for Whakatipu, Queenstown Lakes District Council (QLDC) provides the local share (which in cases of new development areas is often gathered from developer contributions). ORC has no direct involvement with these procurement processes, but some consulting / professional service procurement occurs from time to time to support planning activities.

The future share of responsibilities around bus stop infrastructure in both centres is to be determined, as the arrangements are quite bespoke in both cases. In Dunedin, a Memorandum of Understanding (MoU) outlines responsibilities, but this is regarded as outdated. ORC will work with DCC to develop a new MoU.

From time to time, opportunities arise where local share may come from different sources. This could be special funding sources, activities such as developer contributions in new residential or commercial areas, or the like-for-like replacement of bus infrastructure when a street or adjacent site is developed.

In Queenstown, the four ferry wharves have varied ownership arrangements, with the Hilton Hotel owning their own wharf, Real NZ owning the Queenstown Town Basin wharf, and QLDC owning the Marina and Bay View wharves. ORC's role in contributing to the costs of wharf maintenance and development will be determined in a future Ferry Strategy, as outlined in the market analysis above.

There is also future work on central bus facilities in both Whakatipu and Dunedin. The NZUP development, funded by Waka Kotahi, will result in a new Frankton Bus Hub with greater capacity, passenger waiting areas, and driver break facilities. Further in the future, a new bus interchange in central Queenstown will support improved QPTSBC services; the way this is funded and procured is yet to be determined. In Dunedin, the long-term future of the Bus Hub has yet to be determined; with a small extension it may be able to support service increases,



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but the quality of the facility for passengers may be insufficient. To study this, a business case will study the future form of central city bus operations. This could lead to greater enhancement of the existing on-street facility, the design of a new off-street facility, or an alternative operational approach such as focusing on enhancing a wider central city corridor. The funding and procurement of any new facilities is yet to be determined.

One other area of work is around customer information and wayfinding. ORC currently has a supplier and plans to roll out e-stops across the Otago networks; however in the longer term, further procurement activities may occur. Additionally, the current level of wayfinding on Otago's bus networks is limited. If opportunities arise, ORC will look to partner with Territorial Authorities (TA)s and/or NZTA to ensure any urban wayfinding projects integrate effectively with connected public transport.

6.2. MINISTRY OF EDUCATION SCHOOL SERVICES

The Ministry of Education (MoE) procures bus services across Otago for school students to access schools. In general, these are provided where public transport services are not available, such as in rural areas, subject to minimum usage requirements. In some cases, these services interface with the Dunedin and Queenstown bus networks: they move students from outside the PT network area to the nearest schools in the area. These services may sometimes make use of the same buses, or spare buses, from the urban network. In this way they have a notable impact on the market for buses by providing a longer life for buses, which are not subject to such stringent requirements for age and accessibility (as they serve a pre-defined set of students whose needs are known).

School services are subject to regular review. Due to their targeted nature, they can change as students move through and out of the school system. In Queenstown, major changes to school routes are expected in the future, as the growth of ORC's services and of the town means that the current school routes will need to be changed. Some of these changes are expected to add demand to ORC's services and may require changes to service such as running additional trips. This would be done through contract variations.

6.3. EXEMPT SERVICES

In Otago, exempt services are bus or ferry services that operate without subsidy which were not, when they started operating, defined by the RPTP as integral to the public transport network. For inter-regional services (e.g. Christchurch to Dunedin or Dunedin to Invercargill) any of the relevant regional RPTPs could define the service as integral.



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Certain exempt services are required to be registered with ORC, and ORC maintains a register of these exempt services.

Some exempt services may be defined as integral services in a region's public transport network, and be allocated into an exempt unit. This would indicate that ORC had interest in the service and could potentially operate the service in future (under contract) if the service were removed. In Otago, particular services where this could potentially apply in future could include Intercity services to Dunedin and Queenstown, as well as services between Queenstown, Cromwell, Cardrona, and Wānaka.

Alternatively, ORC may identify certain planned services of its own as part of new contractual units. It would be important when doing this to understand the impact of creating new contracted services could have on existing exempt services. For example, if ORC were to extend its Dunedin-Palmerston service to Oamaru, this would compete with InterCity services for Oamaru to Dunedin passengers, which could have a negative impact on the financial viability of the InterCity service. A reduction in service quality for passengers travelling beyond Oamaru could then result. It is therefore important that ORC is careful in the design of any new services, especially trial services. A trial that undermines the viability of an exempt service may become impractical to end, creating pressure to make the trial permanent regardless of the trial's actual success.

To avoid these pitfalls, ORC should ensure it identifies the potential for competing with exempt services, and works proactively with existing exempt operators to design trials and new services in a way that complement rather than compete the underlying service. For this reason, there will be a stronger case for direct appointment to new services and trial services that compete with exempt services; this way there can be a smooth transition from exempt to contracted service, and an off-ramp if the outcome of the trial is negative. This may also involve non-standard contracts: shorter terms, net contracts, or even concessionary contracts, depending on the nature of the service and the trial.



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7. PROCUREMENT PROGRAMME

Based on the above analysis, this section summarises ORC's most significant procurement activities that will occur between 2024 and 2027. Several large procurements are likely to fall at the end of, or just beyond, this time period; these processes are included. This can be broken into several general workstreams: procurement of contractual bus units in Dunedin, Queenstown, and trial units elsewhere; procurement of the Queenstown Ferry contractual unit; procurement of Total Mobility, and procurement of professional services and products.

7.1. PROCUREMENT OF CONTRACTUAL UNITS – DUNEDIN URBAN

The Unit 5 procurement process is currently progressing, and this contract will be until 2034, joining Unit 3 (2031) as a small, long-term contract. The future alignment of these contracts with the rest of the network will require collaboration and creativity.

Units 1 and 2 are expiring in June 2026 and September 2026 respectively, while Unit 4 expires in 2028. Given procurement timelines and the desire for early procurement, a June 2026 contract expiry, a 12-month lead time for new contracts, and 3-6 months for the procurement process, the structure of future contractual units would need to be defined, or at least understood, by the end of 2024.

To reduce the scale of this constraint and bring Unit 4 into the same procurement process, ORC will evaluate the possibility of negotiating changes of expiry dates for all three units so that they expire together. If the requirements of Procurement Manual Rule 10.24 (4b) are not met but ORC wishes to take such an approach, NZTA approval will be required to make such a change.

In the procurement planning process, ORC will evaluate end-of-contract asset transfer mechanisms to support a competitive market for tenders in the future.

7.2. PROCUREMENT OF POTENTIAL DUNEDIN SCHOOL UNIT

If the next RPTP, or a policy change under the existing RPTP, determines that ORC will continue to support school services in certain cases, it is possible that school services will be delivered as its own unit. This would likely be procured in 2025. It would not require as significant a lead time as other contracts as it would likely use second-hand diesel buses at least at first, and would be very small in size.

7.3. PROCUREMENT OF CONTRACTUAL UNITS – QUEENSTOWN BUSES

Whether on Council-purchased or leased land or not, the development of a new electrified depot to support service improvements will be essential to the next contractual procurement



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process in Queenstown. The current two contracts expire in September 2026 and September 2028 respectively, but the QPTSBC proposes that there should be a single unit in future. To allow this to be implemented most efficiently if it goes ahead, ORC will seek to negotiate a common expiry date as a variation, which can be done under Procurement Manual Rule 10.24 as it will be a part of implementing a significant service change.

If ORC decides to seek to purchase land for a depot (the preferred option under the QPTSBC) or to lease it, it is possible that a wider procurement process will seek to develop the depot and to award the unit contract. These two tenders would be planned, and potentially evaluated, together.

If ORC does not invest in capital assets, the development of depot facilities will proceed on the basis of operator investment, although ORC may still look to take a role in more minor asset control approaches, such as transfer provisions to secure handover of facilities at end-of-contract. This approach will be determined by procurement planning processes.

7.4. PROCUREMENT OF CONTRACTUAL UNITS – QUEENSTOWN FERRY

Negotiations are currently ongoing for a new Queenstown Ferry contract. This would be for five years.

During this time, the development of the Ferry service will continue. This could include new vessels and changes in service levels or patterns.

ORC will procure expert support for a Ferry Strategy in 2025. This strategy will support the development of the Ferry service beyond the contractual term, aiming for a competitive procurement process in time for a 2029 contract start. In particular, it will determine an approach to fleet, wharf access, and resource consents.

7.5. PROCUREMENT OF TOTAL MOBILITY SERVICES

Current Total Mobility contracts will expire in June 2026.

At present, with Total Mobility being a concession-based scheme, ORC determine the suitability of interested operators on a case-by-case basis on the criteria of community need and sustainability. There is no Procurement Manual mandate to undertake a competitive process as there is already “on-the-road” competition. However, Environment Canterbury have undertaken tendering processes for Total Mobility services, and ORC will investigate the merits of such an approach, along with reviewing criteria for inclusion of suppliers.



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These decisions will be taken through a combination of the RTP and project-specific procurement plans, and will also be influenced by the progress and recommendations of the current review of Total Mobility services.

7.6. PROCUREMENT OF PROFESSIONAL SERVICES

There will likely be several notable procurement processes for professional services in 2024-2027, including but not limited to:

- A business case in 2025 for central city bus infrastructure
- Support for developing a Ferry Strategy
- A procurement advisor, with tendering to be timed for major unit bus contracts
- An RTI system to be implemented along with the NTS.



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7.7. PERFORMANCE MEASUREMENT AND MONITORING

ORC conducts performance measurement and monitoring as part of business-as-usual processes. This can be divided into routine reporting (meeting internal or external requirements), along with data analysis (in response to specific questions or issues).

Current routine reporting includes

- Reporting requirements to NZTA, which is largely based around monthly reporting requirements along with some other elements such as end-of-year reporting and Market Activity returns
- Quarterly Reports to the Public and Active Transport Committee
- Other regular internal reporting against Annual Plan targets

Wider analysis may involve, but is not limited to, topics such as

- Patronage and revenue
- Timetable and trip performance
- Total Mobility
- Financial performance
- Complaints
- Network analysis and modelling

ORC will continue to develop its ability to undertake routine reporting in more efficient and accurate ways, and subsequently to increase the capacity and methodologies to undertake wider analysis as part of continuous improvement.



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7.8. COMMUNICATIONS AND ENGAGEMENT

To communicate procurement processes in ORC's work program, the following potential stakeholders, and primary methods of communication, are identified.

Stakeholder	Primary methods of communication/engagement
Council Leadership	Regular reporting and Committee reports
Suppliers (current or prospective)	Business-as-usual relationships and partnering meetings; formal GETS processes
TA partners	Business-as-usual staff relationships; collaboration for RPTP and other means such as business cases and regular working groups
Mana whenua	Early engagement on matters of high mana whenua interest
Community groups	Regular information-sharing; particular engagement for matters of specific interest to a given community; involvement with RPTP
Wider public	Regular communication and information-sharing; target for wide engagement for RPTP



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7.9. IMPLEMENTATION TIMELINE – KEY PROCUREMENT ACTIVITIES

Time period	Activities
Jan 2024-Jun 2024	<ul style="list-style-type: none"> Ferry procurement Unit 5 procurement
Jul 2024-Dec 2024	<ul style="list-style-type: none"> RPTP development: define future contracts Procure procurement advisor Procurement planning to commence for Dunedin contracts – or decision to extend contracts Development of case for land acquisition for Queenstown depot Procurement for central city bus infrastructure study (Dunedin)
Jan 2025-Jun 2025	<ul style="list-style-type: none"> RPTP completion Procurement activity for Units 1 and 4 (or equivalent), unless extended Procurement planning for Total Mobility contracts Procurement for Ferry Strategy Land acquisition for Queenstown depot to commence (if this approach is taken)
Jul 2025-Dec 2025	<ul style="list-style-type: none"> Procurement planning for Queenstown unit and any associated procurements (e.g. for depots) Procurement planning for Real Time Information under NTS
Jan 2026-Jun 2026	<ul style="list-style-type: none"> Procurement process for Queenstown
Jul 2026-Dec 2026	<ul style="list-style-type: none"> New Dunedin contracts to start (unless extended)
Jan 2027-Jun 2027	<ul style="list-style-type: none"> Procurement Strategy to expire – replacement due and new timeline Procurement for Unit 4 (or replacement) and any extended Dunedin contracts
Jul 2027-Dec 2027	
Jan 2028-Jun 2028	
Jul 2028-Dec 2028	<ul style="list-style-type: none"> New Dunedin contract to start (Unit 4 or replacement, plus more if other contracts are extended) New Queenstown contracts to start



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APPENDIX 1: SPTF TOOLKIT ANALYSIS

DUNEDIN NETWORK			
Key Feature		Associated High-level Considerations	Assessment for Dunedin
<p>Demand for Public Transport</p> <p>Assessing the projected expansion and demand for public transportation services in the PTA's operating area.</p>	<p><i>In areas with declining demand, contracts can be structured to allow for demand-responsive services, ensuring cost-efficiency.</i></p>	<p>Declining Steady Increasing</p>	<p><i>An increasing demand for services indicates a need for scalability and flexibility. Contracts should allow for easy adjustments to service frequency and routes.</i></p> <p><i>Although Dunedin is only a medium growth city, Dunedin's Orbus network is performing well and seeing sustained patronage growth, and there exists significant community support for improved service levels</i></p>
<p>Market Depth</p> <p>Evaluating the degree of market concentration now and potential for future market entry and competition.</p>	<p><i>In a shallow market where traditional open tenders may not attract strong competition alternative contractual arrangements may need to be considered to support value for money and improve competition.</i></p>	<p>Shallow Deep</p>	<p><i>In a deep market with multiple operators, competitive procurement methods can be effectively used to drive value for money.</i></p> <p><i>All recent tenders have had two participants, the two current operators. Therefore, competition exists but it is not deep.</i></p>
<p>PTA's Capability and Resources</p> <p>Considering the PTA's expertise and capabilities in managing complex transportation operations and transition to full decarbonisation of public transport.</p>	<p><i>For PTA's with constrained capabilities and resources, simpler contract types that are easier to implement and manage across the contract lifecycle may be more suitable.</i></p>	<p>Limited Advanced</p>	<p><i>PTA's with greater capabilities and resources can explore more complex contracting models, including approaches to payments, variations, and performance incentive regimes that require enhanced contract management capabilities.</i></p> <p><i>ORC has a relatively small transport team compared to similar-sized areas, and lacks sophisticated contract management and data resources that can support sophisticated approaches. There will be a need to be selective about changes that require more investment of staff capacity.</i></p>
<p>Degree of Funding Constraints</p> <p>The financial limitations or restrictions faced by the PTA in delivering and sustaining public transport services.</p>	<p><i>In financially constrained environments, contracts should emphasise value for money, budget certainty, cost transparency, and clear pricing mechanisms.</i></p>	<p>Significant Limited</p>	<p><i>PTA's with limited funding constraints may be better placed to increase asset control and more easily meet additional demand and service objectives.</i></p> <p><i>ORC has indicated a willingness to invest in local share in principle through the ambitious Fares and Frequencies business case, and NZTA has been a supportive participant. However, funding is not yet confirmed and there are many competing demands on the NLTF, so there should not be an assumption that increased funding is easily accessed.</i></p>
<p>Control of Assets by PTA</p> <p>The cost-benefit and willingness of PTAs to have direct ownership or control of assets.</p>	<p><i>A lower appetite for asset control may require PTAs to consider alternative ways to lower barriers to entry in a shallow market. Lower levels of asset control may also support the transfer of dead running risk to operators and the use of in-service variation rates.</i></p>	<p>Low High</p>	<p><i>PTA's with appetite to control assets will need to consider the most appropriate pathway to achieving this given funding constraints and their capability and resourcing. Control of assets could impact pricing and variation approaches (e.g. PTA control of depots may better support the use variation rates based on total units - in-service and dead running).</i></p> <p><i>Council has indicated in-principle interest in asset ownership or control, but it is a new topic that requires significant work, and Dunedin is likely to be a lower priority than Queenstown if this approach is pursued.</i></p>
<p>Anticipated Significant Change to Service Requirements</p> <p>Expected modifications to service demands resulting from the integration of new or upcoming public transport projects.</p>	<p><i>The level of service required is largely steady and predictable. The contract reflects a more 'business as usual' approach with traditional levers used to deliver outcomes. Variations are less of a focus given that minimal change to service levels is expected.</i></p>	<p>No Yes</p>	<p><i>Where there is an anticipated significant change to service requirements contracts should include appropriate variation mechanisms. Known changes could be pre-priced as options, and unknown changes will require Net Financial Impact approaches.</i></p> <p><i>Fares and Frequencies business case indicates significant increases in service levels. Although funding is not yet confirmed, there will be a need to be ready for service increases.</i></p>

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WHAKATIPU NETWORK			
Key Feature	Associated High-level Considerations		Assessment for Whakatipu
Demand for Public Transport Assessing the projected expansion and demand for public transportation services in the PTA's operating area.	<i>In areas with declining demand, contracts can be structured to allow for demand-responsive services, ensuring cost-efficiency.</i>		An increasing demand for services indicates a need for scalability and flexibility. Contracts should allow for easy adjustments to service frequency and routes.
Market Depth Evaluating the degree of market concentration now and potential for future market entry and competition.	<i>In a shallow market where traditional open tenders may not attract strong competition alternative contractual arrangements may need to be considered to support value for money and improve competition.</i>		In a deep market with multiple operators, competitive procurement methods can be effectively used to drive value for money.
PTA's Capability and Resources Considering the PTA's expertise and capabilities in managing complex transportation operations and transition to full decarbonisation of public transport.	<i>For PTA's with constrained capabilities and resources, simpler contract types that are easier to implement and manage across the contract lifecycle may be more suitable.</i>		PTA's with greater capabilities and resources can explore more complex contracting models, including approaches to payments, variations, and performance incentive regimes that require enhanced contract management capabilities.
Degree of Funding Constraints The financial limitations or restrictions faced by the PTA in delivering and sustaining public transport services.	<i>In financially constrained environments, contracts should emphasise value for money, budget certainty, cost transparency, and clear pricing mechanisms.</i>		PTA's with limited funding constraints may be better placed to increase asset control and more easily meet additional demand and service objectives.
Control of Assets by PTA The cost-benefit and willingness of PTAs to have direct ownership or control of assets.	<i>A lower appetite for asset control may require PTAs to consider alternative ways to lower barriers to entry in a shallow market. Lower levels of asset control may also support the transfer of dead running risk to operators and the use of in-service variation rates.</i>		PTA's with appetite to control assets will need to consider the most appropriate pathway to achieving this given funding constraints and their capability and resourcing. Control of assets could impact pricing and variation approaches (e.g. PTA control of depots may better support the use variation rates based on total units - in-service and dead running).
Anticipated Significant Change to Service Requirements Expected modifications to service demands resulting from the integration of new or upcoming public transport projects.	<i>The level of service required is largely steady and predictable. The contract reflects a more 'business as usual' approach with traditional levers used to deliver outcomes. Variations are less of a focus given that minimal change to service levels is expected.</i>		Where there is an anticipated significant change to service requirements contracts should include appropriate variation mechanisms. Known changes could be pre-priced as options, and unknown changes will require Net Financial Impact approaches.
		Queenstown is one of the highest-growth parts of the country and high-quality public transport remains new, so significant further growth can be expected. The QPTSBC indicates significant service improvements.	It can be expected that there will be only one operator at time, however a level of competition at tender should be expected. The viability of operators other than the current one are yet to be determined but there may be an additional base of alternative market participants in the form of bus/coach operations currently focused on tourism.
		ORC has a relatively small transport team compared to similar-sized areas, and lacks sophisticated contract management and data resources that can support sophisticated approaches. There will be a need to be selective about changes that require more investment of staff capacity.	ORC has indicated a willingness to invest in local share in principle through the ambitious QPTSBC case, but the base of ratepayers is very small compared to most New Zealand cities so the per-head cost of local share is a potential pain point.
		Business case funding is not yet confirmed, but the case for Waka Kotahi share is very strong given the extremely high demands on the trans	Council has indicated in-principle interest in asset ownership or control, but it is a new topic that requires significant work. The QPTSBC includes the purchase of land for an electric depot so this approach is considered likely for Queenstown.
		QPTSBC will represent significant service level increases. Funding is not yet confirmed but the need is very evident.	

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NEW SERVICE AREAS (OAMARU, WĀNAKA, REGIONAL ETC)		
Key Feature	Associated High-level Considerations	Assessment for new service areas
Demand for Public Transport Assessing the projected expansion and demand for public transportation services in the PTA's operating area.	<p><i>In areas with declining demand, contracts can be structured to allow for demand-responsive services, ensuring cost-efficiency.</i></p> <p style="text-align: center;"> ← Declining Steady Increasing → </p>	<p><i>An increasing demand for services indicates a need for scalability and flexibility. Contracts should allow for easy adjustments to service frequency and routes.</i></p> <p><i>There is significant community support for new service areas, and in some places especially in Wānaka / Central Otago, significant residential growth</i></p>
Market Depth Evaluating the degree of market concentration now and potential for future market entry and competition.	<p><i>In a shallow market where traditional open tenders may not attract strong competition alternative contractual arrangements may need to be considered to support value for money and improve competition.</i></p> <p style="text-align: center;"> ← Shallow Deep → </p>	<p><i>In a deep market with multiple operators, competitive procurement methods can be effectively used to drive value for money.</i></p> <p><i>Market is relatively untested, but there are significant exempt or charter operations across the region.</i></p>
PTA's Capability and Resources Considering the PTA's expertise and capabilities in managing complex transportation operations and transition to full decarbonisation of public transport.	<p><i>For PTA's with constrained capabilities and resources, simpler contract types that are easier to implement and manage across the contract lifecycle may be more suitable.</i></p> <p style="text-align: center;"> ← Limited Advanced → </p>	<p><i>PTA's with greater capabilities and resources can explore more complex contracting models, including approaches to payments, variations, and performance incentive regimes that require enhanced contract management capabilities.</i></p> <p><i>ORC has a relatively small transport team compared to similar-sized areas, and lacks sophisticated contract management and data resources that can support sophisticated approaches. New services in new areas would increase the burden on a small team</i></p>
Degree of Funding Constraints The financial limitations or restrictions faced by the PTA in delivering and sustaining public transport services.	<p><i>In financially constrained environments, contracts should emphasise value for money, budget certainty, cost transparency, and clear pricing mechanisms.</i></p> <p style="text-align: center;"> ← Significant Limited → </p>	<p><i>PTA's with limited funding constraints may be better placed to increase asset control and more easily meet additional demand and service objectives.</i></p> <p><i>ORC has indicated a willingness to invest in local share in principle. Previous Waka Kotahi bids for trial service funding have not been successful, and if approved in 2024, trial services will be operating under low-cost, low-risk funding, which is limited.</i></p>
Control of Assets by PTA The cost-benefit and willingness of PTAs to have direct ownership or control of assets.	<p><i>A lower appetite for asset control may require PTAs to consider alternative ways to lower barriers to entry in a shallow market. Lower levels of asset control may also support the transfer of dead running risk to operators and the use of in-service variation rates.</i></p> <p style="text-align: center;"> ← Low High → </p>	<p><i>PTA's with appetite to control assets will need to consider the most appropriate pathway to achieving this given funding constraints and their capability and resourcing. Control of assets could impact pricing and variation approaches (e.g. PTA control of depots may better support the use variation rates based on total units - in-service and dead running).</i></p> <p><i>ORC has indicated in-principle interest in asset ownership or control, but it is a new topic that requires significant work. For new service areas, ORC may have opportunities for asset control approaches especially around fleet, if this is considered desirable.</i></p>
Anticipated Significant Change to Service Requirements Expected modifications to service demands resulting from the integration of new or upcoming public transport projects.	<p><i>The level of service required is largely steady and predictable. The contract reflects a more 'business as usual' approach with traditional levers used to deliver outcomes. Variations are less of a focus given that minimal change to service levels is expected.</i></p> <p style="text-align: center;"> ← No Yes → </p>	<p><i>Where there is an anticipated significant change to service requirements contracts should include appropriate variation mechanisms. Known changes could be pre-priced as options, and unknown changes will require Net Financial Impact approaches.</i></p> <p><i>This is a new service area and could be subject to significant change over time.</i></p>

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OPTIONS MAPPING

Issue	Options					Rationale
Asset control – end state	Full operator control (current state)		Mixed PTA-operator control (strategic target)		Full PTA control (ideal state)	<p>(strategic target): there is a strong case that having some level of control over some strategic assets will support a competitive market and value for money spent. This is expressed in the QPTSBC.</p> <p>(ideal state): ideally, ORC would have close control over depot and fleet assets and would be able to use them to tender narrow management contracts. However, ORC are not currently in a position to commit to such a target</p>
Asset control – pathway	N/A (current state) (strategic target)	Transfer obligation – fleet (alternative for select cases)	Transfer obligation – infrastructure (strategic target)	PTA leases or purchases assets – Fleet (alternative for select cases) (ideal state)	PTA leases or purchases assets – Infrastructure (strategic target) (ideal state)	<p>(strategic target): QPTSBC analysis supports purchase of land for a depot in Queenstown. There is no equivalent need in Dunedin and operator-led investment is already occurring, but for major 2026-28 procurements, ORC will investigate if end-of-contract transfer obligations (to a new operator, or alternatively to ORC) in order to support competitive tenders</p> <p>(alternative for select cases): In response to particular needs, ORC may need to take a more direct role in fleets. This could include around the Ferry, small-scale trials that need specific forms of support, or mid-contract fleet changes.</p> <p>(ideal state): As above, the ideal state is regarded as full ownership, but there is not currently capacity to achieve this.</p>
Contract type	Concession (alternative for select cases)	Quality partnership (alternative approach to explore)	Net cost contract (alternative for select cases)	Gross cost contract (current state) (strategic target)	Collaborative contract (alliance style) (alternative approach to explore)	<p>(strategic target): Gross cost contracts are regarded as the industry standard and support ORC's ability to conduct service planning and allocate risks in a manner that avoids ambiguity.</p> <p>(alternative for select cases): For very minor trial scenarios, concessions or net cost contracts can be considered if the nature of a service is such that ORC's control of the service is minor.</p> <p>(alternative approach to explore): There is not yet a clear understanding of what alternative approaches would look like or what can be regarded as an ideal state, but there may be a number of elements of interest in quality partnership or alliance style approaches that could be applicable as improvements to a gross-cost approach.</p>
Contract term	Short (1-5 years) (alternative for select cases) (ideal state)	Moderate (6-9 years) (current state) (strategic target) (ideal state)	Long (10-15 years) (strategic target)	Very long (15+ years) (alternative for select cases)		<p>(strategic target): the current contract lengths are not considered a major issue, but ORC should be flexible in contract length for a variety of reasons: e.g. to reward performance, or to align contract expiries</p> <p>(ideal state): The ideal state for asset control above would imply narrower contracts, which could (but would not have to) be tendered more often, making bus contract procurement a more regular, continuous activity.</p> <p>(alternative for select cases): Very short contracts and very long contracts may be useful in select cases: for example long contracts to align with likely long lifetimes of ferry vessels, or very short contracts to support trials or to give time for future competitive processes</p>
Procurement evaluation	Quality based method (alternative for select cases)	Value for money assessment combining price and quality (alternative for select cases)	Price Quality Method (current state) (strategic target)	Price assessment only (alternative for select cases)		<p>(strategic target) (ideal state): The Price Quality method is regarded as satisfactory at present with no major issues evident in recent tenders.</p>

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			(ideal state)		(alternative for select cases): other methodologies may have occasional merit in specific situations where they apply but no specific cases are noted
Procurement method	– Direct award / negotiation (alternative for select cases)	Closed contest tender (reject)	Open competition tender (current state) (strategic target) (ideal state)	[in-house] (reject)	(strategic target) (ideal state): Open competition is regarded as best-practice. (alternative for select cases): Direct award/negotiation is an acceptable alternative, and could be used to reward good performance, or as a bridge towards future contracts. (reject): Closed contest tenders are rejected as unnecessary. In-house delivery is rejected as not being currently viable; such an approach would require wider organisational amendment beyond the scope of this Strategy.
Pricing transparency	– Total fixed price (no transparency) (reject)	Transparency at payment component level (current state)	Detailed breakdown of elemental costs (strategic target) (ideal state)		(reject): No price transparency is regarded as unacceptable. (strategic target): A degree of payment-level transparency already exists in tenders but significantly increasing the level of detail will give greater confidence over time
Pricing – payment approach	Annual budgeting (reject)	Combined fixed and variable pricing elements (strategic target) (ideal state)	Fully fixed annual pricing (current state)		(strategic target) (ideal state): Structuring payments as fixed plus variable elements (where the main variable element is for time and distance including dead running) would require some upfront work, but in the long term would simply the understanding of payments and the costing of variations. (reject): An annual budgeting approach is an interesting alternative, but may reduce the ability to maintain a stable service without micro-managing frequencies and service hours. It is not therefore a target.
Variations	Marginal rates (in-service) (current state)	Marginal rates incl. dead running (strategic target)	Pre priced options (current state) (alternative for select cases)	Net financial impact (ideal state)	(strategic target): A shift to dead-running-inclusive marginal rates fits with the need to improve ORC's oversight of bus and driver schedules, and resolves a lot of the difficulties we already see in agreeing on reasonable pricing variations. It is a very viable improvement as long as there is capability to have confidence that the dead running levels are reasonable. (ideal state): Net financial impact would ultimately be the fairest approach, but ORC's capacity to fully evaluate an impact may be limited, so the target may not be realistic. None the less, it makes sense to flag the option for cases where the level of variation is high. (alternative for select cases): Pre-priced options to be used where there is a reasonably level of confidence in the exact form of a future service change, but avoid making tender pricing excessively complex or putting in excessively speculative options.
Indexation	No indexation (reject)	Composite index (current state)	Cost element index (strategic target) (ideal state)		(strategic target) (ideal state): If there is a desire on the part of operators to take a more granular approach ORC should be capable of implementing cost-element approaches to indexation in new contracts, especially in combination with other improvements to financial approach. (reject): a regime without indexation will see a significant risk premium and is not regarded as viable.
Performance incentive regime	No performance regime (reject)	Service delivery, quality, and customer regime (current state) (strategic target)	Patronage regime (current state)	Behavioural regime (ideal state)	(strategic target): ORC will move away from financial incentives for patronage (FIM) as patronage outcomes are regarded as largely within ORC's control. There will be a focus on more effective implementation of service delivery / quality / customer responsiveness.

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					<p>(ideal state): A sophisticated behavioural regime would be the best approach, but would be too much of a burden on staff capacity to focus on at present.</p> <p>(reject): Some form of performance regime is regarded as essential.</p>
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APPENDIX 2: CHECKLIST OF PROCUREMENT STRATEGY REQUIREMENTS

In order to support NZTA endorsement of this Strategy, this Appendix provides evidence, referencing the body of the Strategy, that the Procurement Strategy meets the guidelines of the Procurement Manual. This is based on Appendix A of the Procurement Manual, which has two checklists: Checklist 1 for general procurement, and Checklist 2 for bus public transport units. For the purposes of this document, “bus public transport units” is considered to additionally include the Ferry unit in Queenstown, to the extent that this is relevant.

CHECKLIST 1 (EXCLUDING UNIT CONTRACT PROCUREMENT)

Heading	Checklist element	Evidence of fulfilment
1.Executive summary	1.1 Summary statements of key issues and opportunities to obtain best value for money	Fulfilled throughout Executive Summary
	1.2 Recommendations where relevant that NZTA : a) endorses the procurement strategy b) approves the use of advanced components c) approves a customised procurement procedure d) approves a variation or an exemption to a procurement rule e) approves the use of in-house professional services	Page 68
	1.3 Evidence of corporate ownership or internal indorsement of the procurement strategy	Included in document development tracking on page 66
2. Policy context of the approved organisation	2.1 Strategic objectives and outcomes	Outlined in Strategic Context section starting page 8
	2.2 Objectives and outcomes for the procurement strategy	Outlined in introduction

	2.3 NZTA procurement requirements and what they mean for the approved organisation: a) best value for money b) competitive and efficient markets c) fair competition among suppliers	Outlined in Strategic procurement outcomes section starting page 14
	2.4 Other relevant factors, such as organisational policies, wider organisational procurement plans, or the regulatory environment	Outlined in Strategic Context section starting page 8
3. Procurement program	3.1 Procurement programme, segmented by: a) size, type, or duration b) complexity, scale, timing, innovation potential, risk, and an assessment of the supplier market c) need for specialised skills	Section 7 (Procurement programme) outlines the procurement program, focusing on public transport unit procurements, Total Mobility contract expiries, and identifiable professional services procurements.
	3.2 Identification (where relevant) of any pending high-risk or unusual procurement activities	Section 7 (Procurement programme) outlines the procurement program, focusing on public transport unit procurements, Total Mobility contract expiries, and identifiable professional services procurements.
4. Procurement environment	4.1 Analysis of supplier market	Detailed analysis for Total Mobility. Other areas are descriptive in nature.
	4.2 Analysis of the approved organisation's current procurement spend and profile	Detailed analysis for Total Mobility. Other areas are descriptive in nature.
	4.3 Analysis of the impact of the procurement programmes of other approved organisations and entities	Analysis focuses on main external impacts – infrastructure, Ministry of Education school services, exempt services.
	5.1 Confirmation of specific strategic objectives	Identified through the document

<p>5. Approach to delivering work program</p>	<p>5.2 The procurement approach. For each segment of the work program, the procurement strategy should identify the optimal procurement options as they relate to the strategic objectives. Consider:</p> <ul style="list-style-type: none"> a) key attributes and best value for money strategy b) the nature of the activities for each segment of work (e.g. complexity, scale, timing, innovation potential, risk, and an assessment of the supplier market) c) aggregation, bundling, and the term of term service contracts d) proposed delivery model(s) and supplier selection method(s) <p>impact of the preferred approach on best value for money, fair competition, and competitive and efficient markets</p> <ul style="list-style-type: none"> e) risk identification and management f) approach to contract management 	<p>Table in section 4.2 External professional services gives strategies for professional services. Further approaches are given in various sections of Chapter 3. Level of detail proportionate to the scale of the activities and ORC's role.</p>
<p>6. Implementation</p>	<p>5.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why</p> <p>6.1 Capability and capacity:</p> <ul style="list-style-type: none"> a) description of the current and desired state, including current structure, and roles and responsibilities within the wider organisational structure 	<p>For Total Mobility, indications are given of the possibility of more advanced approaches, but these would not require advanced or customised procedures – they would simply go beyond requirements. For professional services all areas will be approached within regular procurement procedures.</p> <p>Considered in section 4 with discussion of internal staffing and how to balance internal/external delivery.</p>

	<ul style="list-style-type: none"> b) identification of any capability or capacity gaps c) plan to fill the gaps 	
	6.2 Internal procurement processes	Summary of documents includes ORC Procurement Policy and Delegations Manual.
	6.3 Performance measurement and monitoring: <ul style="list-style-type: none"> a) NZTA KPIs b) additional KPIs c) internal reporting, review, and feedback process 	Page 48
	6.4 Communication plan: <ul style="list-style-type: none"> a) internal stakeholders b) other approved organisations and entities c) supplier market d) NZTA 	Page 49
	6.5 Implementation Plan	Page 50
	6.6 Corporate ownership and internal endorsement	See Appendix 3: Document development and endorsement

CHECKLIST 2 (UNIT CONTRACT PROCUREMENT)

Heading	Checklist element	Evidence of fulfilment
1.Executive summary	1.1 Summary statements of key issues and opportunities to obtain best value for money	Fulfilled throughout Executive Summary
	1.2 Recommendations where relevant that NZTA: a) endorses the procurement strategy b) approves the use of advanced components c) approves a customised procurement procedure d) approves a variation or an exemption to a procurement rule e) approves the use of in-house professional services	Page 68
	1.3 Evidence of corporate ownership or internal indorsement of the procurement strategy	Included in document development tracking on page 66
2. Policy context of the approved organisation	2.1 Summary of strategic objectives and outcomes from the RPTP	Page 12
	2.2 Objectives and outcomes for the procurement strategy	Outlined in introduction
	2.3 Any transitional considerations resulting from changes in government policy	Covered extensively due to uncertainty of SPTF transition
	2.4 NZTA procurement requirements and what they mean for the approved organisation: a) best value for money b) competitive and efficient markets	Outlined in Strategic procurement outcomes section starting page 14

	<p>c) fair competition among suppliers</p>	
	<p>2.5 Other relevant factors, such as organisational policies, wider organisational procurement plans, or the regulatory environment</p>	<p>Outlined in Strategic Context section starting page 8</p>
<p>3. Procurement program</p>	<p>3.1 Unit procurement programme, considering:</p> <ul style="list-style-type: none"> a) whether the network identified in the RTPP is still fit for purpose b) whether the allocation in the RTPP of all services, including school services into units, impacts on the procurement programme c) (obsolete PTMA-PTOM transition) d) the number of units, the size of units, and the need to align or phase the procurement of units e) complexity, scale, timing, innovation potential, risk, and an assessment of the supplier market 	<p>Extensively covered in Units and Contract Design section</p>
	<p>3.2 Identification (where relevant) of any pending high-risk or unusual procurement activities</p> <ul style="list-style-type: none"> a) whether there will be any directly appointed units and the implications for tendering activity for any other units to ensure the use of price benchmarks for directly appointed units are robust 	<p>Ferry project specifically identified as ongoing work program as well as current direct appointment negotiations Complexity of asset control questions flagged, particularly for Queenstown</p>

	b) consideration of what process will be used to appoint an arbitrator or adjudicator should negotiations for direct appointment fail	
4. Procurement environment	4.1 Analysis of supplier market	Market analysis sections for bus and ferry
	4.2 Analysis of the approved organisation's current procurement spend and profile	Current state summarised with contract sizes and dates
	4.3 Analysis of the impact of the procurement programmes of other approved organisations and entities	Particular focus on issues around Ministry of Education school services and exempt services
5. Approach to delivering work program	5.1 Confirmation of specific strategic objectives	Identified throughout the document
	5.2 The procurement approach. For each segment of the work program, the procurement strategy should identify the optimal procurement options as they relate to the strategic objectives. Consider: a) key attributes and best value for money strategy b) the nature of the activities for each segment of work (e.g. complexity, scale, timing, innovation potential, risk, and an assessment of the supplier market) c) aggregation, bundling, and the term of term service contracts d) proposed delivery model(s) and supplier selection method(s) impact of the preferred approach on best value for money, fair competition, and competitive and efficient markets e) risk identification and management	Extensive analysis of options for key strategic issues, in Future State section. Appendix 1 as further supporting evidence.

	f) approach to contract management	
	5.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why	No advanced components etc are considered necessary at this stage
6. Implementation	6.1 Capability and capacity: a) description of the current and desired state, including current structure, and roles and responsibilities within the wider organisational structure b) identification of any capability or capacity gaps c) plan to fill the gaps	Considered under Professional Services
	6.2 Internal procurement processes	Considered under Professional Services
	6.3 Performance measurement and monitoring: a) NZTA KPIs b) additional KPIs c) internal reporting, review, and feedback process	Page 48
	6.4 Communication plan: a) internal stakeholders b) other approved organisations and entities c) supplier market d) NZTA	Page 49
	6.5 Implementation Plan	Page 50

	6.6 Corporate ownership and internal endorsement	See Appendix 3: Document development and endorsement
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APPENDIX 3: DOCUMENT DEVELOPMENT AND ENDORSEMENT

Action	Date	Description
Early drafts (v0.1 and v0.2)	12 December 2023	Early drafting and structure of document
Preliminary feedback from Council	13 December 2023	Council resolution as follows: <i>That the Council:</i> <i>1) Notes this report, and</i> <i>2) Supports capital investment in depot/vehicle assets as a possible strategy for ensuring best value for money and competitive markets for public transport contracts</i>
Substantive draft v0.3	12 January 2024	Substantive draft, taking into consideration Council resolution and NZTA discussion paper
Peer review	19 January 2024	Peer review of v0.3 draft by Taith Consulting
Working draft v0.4	25 January 2024	Draft to Manager Transport / Chief Executive (CE) for feedback ahead of agenda close
Working Draft v0.5	31 January 2024	Draft for Committee consideration. Some finalisation work still to do, without changing substance of document.
Public and Active Transport Committee recommendation for endorsement	7 February 2024	Committee recommendation as follows: <i>That the Committee:</i> <i>1) Notes that:</i> <i>a. In order to receive Waka Kotahi funding for transport procurement activities, Council must have an up-to-date Transport Procurement Strategy</i> <i>b. Council is mandated to take a strategic approach to procurement in order to achieve best value for money</i> <i>c. The current procurement environment has significant uncertainties around the implementation of the Sustainable Public Transport Framework, the change of government, and risks around service growth and electrification</i> <i>2) Recommends that Council endorse the Transport Procurement Strategy 2024-2027</i> <i>3) Recommends that Council delegate authority for the Chief Executive to finalise the</i>

		<i>Transport Procurement Strategy, with minor editorial changes, prior to submission of the document for NZTA endorsement</i>
Final Draft v1	14 February 2024	Final draft implementing any Committee feedback and further improvements
Council, delegation of endorsement to Chief Executive	21 February 2024	Final approval of Council, subject to any editorial changes
Final v1.01	23 February 2024	Final draft of document for CE approval
<i>Final ORC endorsement by Chief Executive</i>	<i>23 February 2024</i>	<i>Formal Council endorsement as delegated, and document to be submitted to NZTA</i>
<i>Final NZTA endorsement</i>	<i>22 April 2024</i>	<i>40 working-days deadline for final endorsement</i>
<i>Final v1.02</i>	<i>23 April 2024</i>	<i>Final version of document, including NZTA endorsement</i>

RECOMMENDATIONS TO NZTA

Decision sought	Reference in document	NZTA Decision
Endorsement of ORC's Transport Procurement Strategy 2024-2027 for a period of three years	Entire document	
Approves the continued usage of in-house professional services in accordance with s.26 of the Land Transport Management Act	Professional services section, starting page 37.	