NZ TRANSPORT AGENCY WAKA KOTAHI

Public transport

To PT Procurement Sector Reference Group

Date 1st May 2025

Subject **Memo – summary of feedback received in PT procurement sector survey**

---

1 Purpose

Purpose of this document is to provide the Sector Reference Group a summary of feedback received from the sector survey relating to the PT Procurement initiative and workstreams.

2 Background

An optional sector survey was conducted from 7th to 28th March 2025 to inform the development of the PT procurement initiative, ensuring work is shaped by sector expertise and insights. The three key workstreams are outlined below (refer 3).

The sector survey was distributed to Public Transport Authorities and Operators, yielding 11 responses: 9 from Public Transport Authorities and 2 from Public Transport Operators.

Feedback has been anonymised to ensure any information of commercial sensitivity is protected.

3 Overview of workstreams

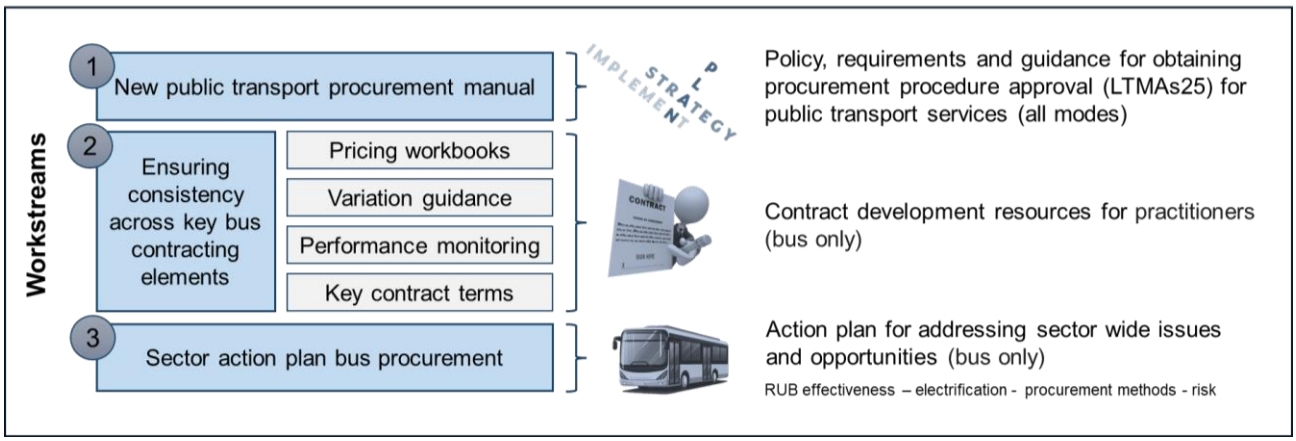
There are three key focus areas of the PT procurement initiative:

1. New public transport procurement manual - Public transport content within NZTA's existing procurement manual needs updating because of legislation change and an evolving delivery environment. Updated content will be organised into a dedicated document that provides clear and actionable policy, requirements and guidance for obtaining NZTA procurement procedure approvals for public transport services.

2. Ensuring key bus contracting elements are consistent nationally – Different contracting approaches across the country are contributing to avoidable costs for suppliers and funders. Greater consistency is expected to result in cost savings. This workstream includes four sub projects as summarised in Figure 1 below.

3. Developing a sector action plan for improving bus procurement - New Zealand is a small market in the global supply chain for public buses and a whole of sector approach is needed to reduce costs and enhance value for money. This workstream will leverage sector expertise to identify issues, opportunities, and actions. Focus areas include, but are not limited to, effectiveness of urban bus requirements (RUB), procurement methods for vehicles, risk apportionment, electrification, and road wear and tear.

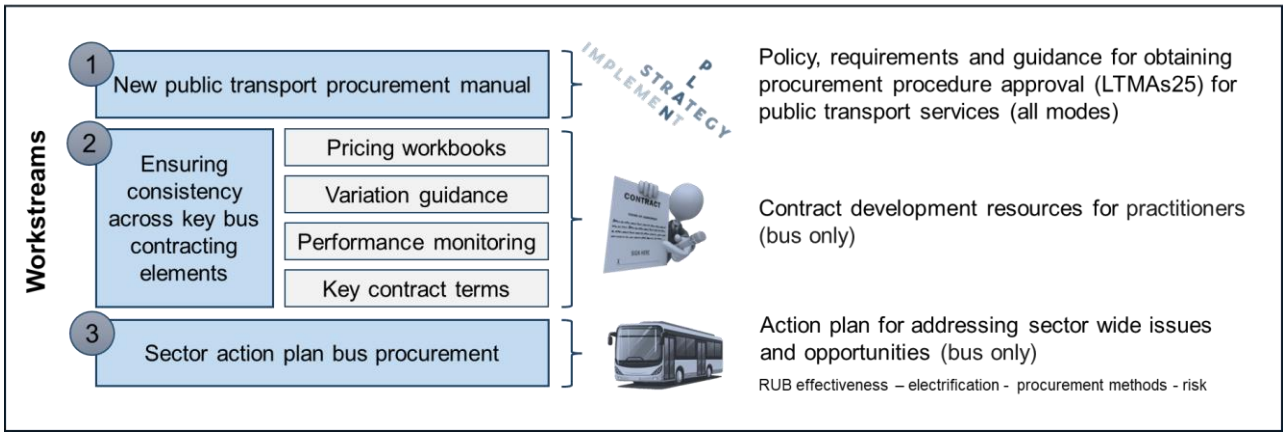
Further context for each workstream is provided in Attachment 1 of this document. **Figure 1 showing an overview of the workstreams and sub-projects.**


Workstreams
1
New public transport procurement manual
2
Ensuring consistency across key bus contracting elements
Pricing workbooks
Variation guidance
Performance monitoring
Key contract terms
3
Sector action plan bus procurement
PLAN
STRATEGY
IMPLEMENT
CONTRACT
Policy, requirements and guidance for obtaining procurement procedure approval (LTMAs25) for public transport services (all modes)
Contract development resources for practitioners (bus only)
Action plan for addressing sector wide issues and opportunities (bus only)
RUB effectiveness – electrification - procurement methods - risk

Attachment 1 – Sector survey response template, populated with received responses

Organisation name:	*Summary of responses received as of 1st May 2025, from **9 Public Transport Authorities** and **2 Public Transport Operators**.*
Contact person:	
Email:	
Phone:	
Sensitivity	

This template is organised into three parts that align with the key focus areas summarised in the figure below. Each section provides additional context for the focus areas and includes questions relevant to each.



Part 1 – New public transport procurement manual

Context and questions	
1	**Context – Terminology** Shared terminology and common understanding are important foundations for enabling cross-sector work on public transport procurement. Enhancing value for money underpins all public transport procurement workstreams. The following provides proposed definitions for feedback. **Value for money** considers both the effectiveness and efficiency of spending. Best value for money is obtained when desired outcomes in the public interest are achieved at an efficient and sustainable price. Further definitions: • ***Effectiveness of spend*** *(or cost-effectiveness) focuses on how well expenditure achieves desired outcomes in the public interest, regardless of the amount spent. For example, spending is effective if desired outcomes are achieved, and ineffective if they are not.* • ***Efficiency of spend*** *(or cost efficiency) focuses on how much is spent for a certain level of effective output. Cost efficiency can be improved by either increasing effective output without spending more or by reducing spending while maintaining the same effective output.* • ***Public interest*** *refers to outcomes that benefit society from money spent.* • ***Sustainable price*** *refers to the minimum price at which a product or service can be provided effectively while covering all associated costs including a fair margin and ensuring ongoing viability for participants.*
a	**Could these terms and definitions be improved? And if yes, how so?**
	Summary of feedback received *There is general comfort with the terms and definitions, with some considerations and improvements suggested in the following areas:* • *Terminology should reflect a continuum rather than binary outcomes.* • *To enable consistency, terminology should be balanced e.g. as adding "efficient price" or combining with "sustainable price."* • *The definition of "sustainable price" should be relevant across all competitive market scenarios and pricing fluctuations.* • *The definition of "public interest" should align with LTMA principles (s115 and 116) to avoid confusion and clarify the concept of a "fair margin." Ultimately, definition should enable transparency while considering wider societal benefits (e.g., environmental, cultural, and economic outcomes).* • *"Effectiveness" needs to consider the impact of expenditure in real-world contexts.* • *"Efficiency" should encompass scenarios where both costs and outputs increase but at differing rates, with outputs growing faster.* • *The definition for "value for money" should be clear on how cost efficiency and value are measured, distinguishing between perceived and actual value. Definition needs to account for influence of key intangible factors (partnering, past performance, and delivery methods) to ensure that value for money isn't solely determined by price.*
b	**What do you see as the main challenges and opportunities for achieving greater value for money associated with public transport procurement and delivery?**

	Summary of feedback received
	Key challenges
	• *Limited market competition:*
	  • *Lack of supplier depth in New Zealand market*
	  • *Barriers to entry for new suppliers due to high investment costs (e.g., electrification of fleet, depot infrastructure)*
	• *Legislation and policy constraints:*
	  • *LTMA sections 115 and 116B create tensions around balancing public interest and cost-effectiveness.*
	  • *Restrictions on PTAs directly subsidising services limit innovation and flexibility.*
	  • *Short-term funding cycles (3 years) hinder long-term planning and investments.*
	  • *Shifting government policies and the lack of a clear long-term focus—especially from NZTA—hinder consistent, efficient planning and funding allocation.*
	• *Cost pressures:*
	  • *High private debt costs, rising contract prices, and increasing operating costs (e.g., transition to EVs, RUC on EVs).*
	• *External and system-based barriers:*
	  • *Poor urban planning (e.g., low density, car-centric infrastructure) limits PT utilisation and uptake.*
	  • *Inconsistent delivery models and council capacity across the country.*
	• *Risk management and procurement:*
	  • *Lack of clear risk apportionment between PTAs and suppliers.*
	  • *Prescriptive contract lengths reduce flexibility.*
	• *Complex processes: Onerous compliance requirements, risk management, and opaque contractual frameworks drive up costs and reduce transparency.*

	Summary of feedback received
	Key opportunities
	• *National standardisation and collaboration:*
	  • *Suggestion of establishing a national supplier panel for bus procurement to improve consistency and price competitiveness.*
	  • *Encouraging greater collaboration between PTAs (e.g., shared resources, best practice exchange, leveraging national buying power).*
	• *Flexible and adaptive contracts:*
	  • *Develop contracts that accommodate external influences and evolving urban conditions.*
	  • *Carbon emission targets aligned with bus age or contract expiry, ensuring practical implementation.*
	• *Integration with Government Procurement Rules:*

	• *Increase alignment with MBIE rules, ensuring consistent principles and practices across sectors.* • *Utilise mechanisms like the MBIE panel for supporting good procurement practices.* • *Long-term asset control:* • *Facilitate increased council control over PT assets (e.g., depots, buses) to enable cost recovery over the asset's lifespan rather than just contract tenure.* • *Sector capacity and capability:* • *Upskilling and creating growth pathways within the PT sector.* • *Promoting inter-agency collaboration for tackling shared challenges.* • *Government support and recognition:* • *Greater emphasis on addressing system-based constraints (e.g., urban development, decarbonisation) at a national level.* • *Leveraging efficiency: Public transport operators (PTOs) are driven by shareholder demands for cost efficiency, and their effective use can pass savings on to ratepayers.*
2	**Context – New public transport procurement manual** The LTMA requires NZTA to approve 'procurement procedures' for activities funded from the NLTF (LTMA s25). This includes public transport services and infrastructure. The NZTA Procurement Manual defines policy, requirements and guidance to assist PTAs when developing procurement procedures and obtaining approvals from NZTA. The existing procurement manual content relevant to public transport requires updating because of legislation change and an evolving delivery environment. This will be done by creating a dedicated document for procurement of public transport services.
a	**What would you like NZTA and the sector reference group to consider when developing the new guidance document?**
	Summary of feedback received • *Sector-wide consistency:* • *Develop a simple, outcome-focused template that scales across council sizes - avoiding huge regional variations like costly refits for moving buses* • *Align NZTA policy with Government Procurement Rules to ensure consistency and reduce duplication.* • *Enhanced guidance and support:* • *Provide clear guidance on asset control options and financing tools, especially for emerging technologies like electric buses.* • *Enable contract extension flexibility (e.g., 6-10 years) to better suit diverse contracting environments.* • *Offer ongoing training, forums, and consultant support to assist PTAs with implementation.* • *Streamlined processes:* • *Introduce a clear framework for handling challenges to value for money, including risk management and flexibility for smaller procurements.*

	• *Remove FIM requirements, recognizing their minimal impact on patronage outcomes.* • *Boost in-house bus industry expertise within PTAs and streamline complex compliance processes to better align value for money pressures with essential environmental targets such as zero-emission transitions.* • *Collaborative improvements:* • *Facilitate feedback from PTAs and PTOs during design and implementation of guidelines, supported by consistent consultation.* • *Leverage operational expertise of PTOs* • *Ensure the updated procurement manual emphasizes collaborative and practical PTA-PTO partnerships.* • *Innovation and adaptation:* • *Enable tailored approaches for specific services (e.g., Total Mobility procurement reform aligned with the MoT review).* • *Explore alternative service delivery options for better value for money outcomes* • *Balanced approach: Strike a balance between PTOs' specialised know-how and the needs of local councils, ensuring guidance reflects what customers require.*
b	**What specific challenges do you experience in the current procurement process, and how could the new guidance document help address these issues?**
	Summary of feedback received • *Councils often require costly legal assistance for tailored contracts due to vague language in the current manual.* • *Disconnect between NZTA 'arms', coupled with limited capacity, result in lengthy approval delays.* • *Existing guidelines are primarily designed for roading projects, do not address the specific needs of public transport, and often require numerous variations due to legislative updates.* • *PTOM approach emphasises low bids, leading to a race to the bottom rather than prioritising value and quality.* • *Multiple contracts and performance structures mean that specialised staff are needed for each deal, resulting in inconsistencies in tender documentation, such as error-ridden or incomplete timetables.* • *Short timeframes for bid submissions and implementation windows make it challenging to deliver realistic, high-quality outcomes.* • *New guidance should foster a proactive rather than reactive planning approach - clear, PT-specific, set parameters (e.g., thresholds for direct appointments) and empower agencies to reduce reliance on NZTA.*

Part 2 – Ensuring consistency across key bus contracting elements

This workstream focuses on the bus sector and includes four sub-projects:

- tender pricing workbooks
- approaches to contract variations
- service performance monitoring and incentives
- standardising key contracting elements

Questions and feedback	
1	**Context - Tender pricing workbooks** Tender pricing workbooks are tools, usually in spreadsheet form, that help PTAs understand the pricing of PTOs' tenders. By standardising minimum requirements and developing sector guidance for tender pricing workbooks nationally, we aim to: • Improve transparency and promote consistent practices, and enable greater trust among stakeholders • support new approaches to pricing contract variations and bus indexation methods • reduce risk and increase confidence that services are priced efficiently and sustainably
a	**What would you like NZTA and the sector reference group to consider when developing minimum requirements and sector guidance for tender pricing?**
	Summary of feedback received • *Provide clear NZTA guidance to reduce indexation lag, minimising risk for operators and making the process more attractive for both current and new entrants.* • *Establish uniform and consistent price and quality evaluation criteria (e.g., standardised PQM weightings) to ensure robust due diligence and sustainable, fair pricing across the board.* • *Involve operators in setting tender pricing to ensure comparison of apples-to-apples, with metrics that really matter to them.* • *Develop user-friendly pricing templates that work for both large and small PTAs, with pilots to ensure practicability.* • *Define key pricing elements (e.g., PVR, service km, and service hours) and the assumptions behind them, while being mindful of commercial sensitivity.* • *Balance detail and transparency / simplicity to avoid bogging down smaller councils with unnecessary complexity.* • *Provide straightforward guidance on what data is mandatory versus 'nice to have', and address how to handle pricing risks and alternative tender scenarios.* • *Ensure the tools can scale for different market sizes and capacity, so smaller PTAs aren't left out.* • *Set uniform minimum requirements with optionality with level of required detail.* • *Considering emerging PT solutions like ODPT.*
b	**What specific challenges (if any) do you experience when pricing (in the case of PTOs) or understanding submitted pricing (in the case of PTAs), and how could the new sector guidance and minimum requirements help address this?**

	Summary of feedback received • *The complexity and detailed nature of operator pricing—like lease versus own, debt-to-equity ratios, and assumptions on interest and depreciation—make it hard to compare bids fairly.* • *Ensure due diligence carried out regularly to ensure best timetables, schedules, or funding options are in play for best value for money.* • *Pricing templates should be flexible and transparent, ensure clear breakdown of prices (labour, kilometres, indices, etc.) and assumptions.* • *A standardised, national approach to calculating whole-of-life contract costs would help ensure consistent benchmarking and better long-term decision-making.* • *The evaluation process should be flexible enough to consider alternative pricing models, with a transparent method for comparing different assumption sets.* • *Consistent standardised pricing workbooks to reduce the need for excessive negotiations and reliance on external consultants.* • *Current concerns over pricing risks—especially with ambiguous elements like the PTOM "gross price reset"—so clearer guidance on which party shoulders specific risks is essential.* • *Current pricing sheets do not fully represent actual cost drivers, making it hard for PTOs to accurately input their costs.* • *Excessive engagement on network changes and minor issues results in wasted time and unnecessary complications for both PTAs and PTOs.*
2	**Context – Contract variation guidance** Bus service delivery contracts require changes and price variations because of factors such as routine service level adjustments, significant network changes, discriminatory change in law or major events such as natural disasters. By developing national guidance, we aim to establish consistent terminology and standard approaches for pricing contract variations and improve confidence that variations offer best value for money.
a	**What would you like NZTA and the sector reference group to consider when developing sector guidance for contract variations?**
	Summary of feedback received • *Address national changes (like ERA and driver wages) with uniform language and expectations to avoid confusion. Remain consistent with LTMA principles.* • *Provide a standardised transparent breakdown of fixed versus variable costs with national benchmarks to avoid possibility of price 'gaming'.* • *Ensure variations don't become profit-making tools, especially when early NLTF funding is limited, by keeping value for money front and centre.* • *Develop variation processes that work for both big and small PTAs, with easy-to-manage, standardised mechanisms.* • *Clarify which variations councils can impose unilaterally and which need deeper negotiation, possibly with industry-agreed sliding scales for capital costs.* • *Develop consistent benchmarks across NZ that factor in regional context and focus on using quality, long-lasting infrastructure and vehicles.* • *Implement a net financial impact methodology to ensure commercial stability and set clear timelines—such as annual timetable reviews and a minimum three-month period for network changes—to allow proper planning and minimise disruption.*

b	**What do you see as the main challenges and opportunities for achieving greater value for money associated with contract variations?**
	Summary of feedback received • *Get all the cost variables sorted at tender—both in-service and out-of-service—to prevent expensive surprises later.* • *Develop attractive contracts to spark market tension and drive down variation rates through healthy operator competition.* • *Use pricing frameworks that transparently break down costs (labour, km, indices, etc.) and show all assumptions upfront.* • *Build in guidelines for handling developing tech (like EVs) and changes in legislation to future-proof contracts.* • *Recognise that short-term, three-year funding cycles can hinder long-term service improvements and cost efficiencies.* • *Bridge the information gap with improved data sharing and use of scheduling tools so smaller councils aren't left at a disadvantage when assessing costs.* • *Embrace a collaborative, outcomes-based approach involving thorough due diligence to ensure variations deliver genuine value for money.* • *Reduce reactive contract variations—especially those that only adjust in-service metrics—by evaluating the overall financial impact on operators, including out-of-service costs.*
3	**Context – Service performance monitoring and incentives** Monitoring the delivery of contracted bus services is important for ensuring good customer service, providing investment assurance, and identifying issues to be addressed. Monitoring also underpins adherence to contract terms and incentive frameworks within many bus contracts, where financial abatements or bonuses are applied based on key performance indicators. Differing approaches to monitoring and incentives across the country can create avoidable costs and risks for suppliers and funders. For example, some PTOs need to resource and administer multiple different approaches and NZTA co-funds multiple contract monitoring and management systems nationally. Differing approaches also mean service performance data is not directly comparable across regions and operators. By working with sector stakeholders to develop sector guidance, we aim to: 1. Ensure a primary focus on improving service performance and customer experience. 2. Determine the extent to which approaches can be aligned nationally for the purposes of: • Enabling cost efficiencies and better contract pricing from the supplier market. • Unlocking future potential for shared technology systems across PTAs, reducing costs and avoiding duplicate NZTA investments. • Promoting transparency and fair competition through comparable performance metrics nationally. Once finalised, it is intended that minimum requirements and guidance will apply to newly contracted services thereafter, which means the sector would move towards a more aligned approach over time.
a	**What would you like NZTA and the sector reference group to consider when developing minimum requirements and sector guidance for service performance monitoring and incentives?**

	Summary of feedback received • *Define what the responsibility of PTAs (like timetable design) versus the PTOs (bus and driver reliability).* • *KPIs should reflect outcomes that truly matter for customers—reliability, punctuality, safety, and accessibility—with clear, consistent definitions.* • *Use nationally uniform standards and central tools (including telematics) to ensure transparency and fair benchmarking.* • *Set up practical, tiered penalty schemes (like scaled liquidated damages) and smart incentives to keep operators on track without punishing effort.* • *Keep performance monitoring straightforward, user-friendly and easy to manage, especially for smaller councils with less capacity.* • *Build a KPI regime that's realistic, practical and reflects day-to-day operations, ensuring tender promises are backed up by solid data.* • *Factor in guidance for new technology and changing operating conditions so that performance measures stay relevant over the life of the contract.* • *Establish national guidelines that prioritise service continuity and customer outcomes, rather than strict cancellation rules for minor delays.* • *Prioritise dynamic scheduling that responds to on-the-ground reality; consider applying advanced, finance-inspired models with defined ceilings and floors to better forecast and plan service performance.* • *Use standard performance evaluation criteria across jurisdictions to improve value for money and reduce risk for both operators and PTAs.*
b	**What do you see as the general key roles and responsibilities of PTAs and PTOs respectively in improving service performance?**
	Summary of feedback received • *PTAs set up the network design—timetables, routes, performance standards—while PTOs deliver the service by managing staff, vehicles, and day-to-day operations.* • *PTAs are responsible for specifying what good service looks like, and PTOs are accountable for meeting those targets through effective operational management.* • *PTOs need to reliably report their own performance (e.g. driver, fleet, service reliability) so PTAs can validate that contract requirements are being met.* • *Regular, open communication between PTAs and PTOs is key, particularly around issues like missed trips and delays, to ensure everyone works together on improvements.* • *PTOs should be the 'shop window'—ensuring that passengers find the service safe, friendly and reliable—while PTAs keep an eye on overall service design and customer outcomes.* • *Embrace a true partnership model where both parties share information, feedback, and jointly manage performance, rather than working in silos.* • *Recognise that additional stakeholders (e.g. Territorial Authorities, NZTA, Central Government) have vital roles in infrastructure, funding, and setting the regulatory framework for better service performance.*

c	**What specific challenges do you experience with respect to service monitoring and incentives and how could sector guidance and minimum requirements help address this?**
	Summary of feedback received • *Multiple reporting systems and data sources create confusion—what's needed is one clear, user-friendly national system.* • *Misalignment between PTA systems and PTO telematics, along with delayed RTI updates, makes it hard to apply incentives and penalties fairly.* • *Built-in tolerances mean contracts aimed at 100% often settle for 95%, reducing the drive for real performance improvements.* • *Some operators chase the low-hanging incentive wins, so they get rewarded for just maintaining the status quo.* • *Patronage and revenue reporting isn't regularly or easily accessible for planners, hampering timely service adjustments.* • *Real-world factors like traffic congestion and road conditions create operational challenges beyond PTA and PTO control and add extra complexity to performance management.* • *There are heaps of data, but not enough resourcing to analyse it and turn insights into ongoing service improvements.* • *KPIs have morphed into a financial tug-of-war rather than focusing on delivering the best service for customers, often leading to perverse incentives.* • *A streamlined, national KPI framework with clear, practical terms is needed to ensure service monitoring and incentives truly enhance customer outcomes while reflecting true operational realities.*
d	**What do you consider to be key enablers for effective and efficient service delivery monitoring by PTAs and PTOs?**

	Summary of feedback received • *Robust RTI systems and consistent quality data from sources like bus ticket machines are essential for speedy performance monitoring.* • *A unified national data warehouse or contract management system will streamline reports and let PTAs and PTOs compare performance across the motu.* • *Joint PTA–PTO (and RCA) operational control centres can quickly tackle issues on the ground, minimising service disruptions.* • *Regular vehicle audits and annual driver training help maintain high standards of customer experience and ensure drivers meet expectations.* • *Clear, open data reporting—integrated with council and NZTA systems—builds transparency and supports informed management decisions.* • *Consistent KPIs with well-defined exception tolerances and risk allocations enable both early intervention and fair application of incentives and penalties. Clear, nationwide performance drivers that both PTAs and PTOs agree deliver the best outcomes for the customer.* • *Operators should face penalties for failing to report, ensuring accountability and proactive in sharing service data.* • *Implement fit-for-purpose tracking software and consistent frameworks to ensure robust and reliable data is available for sound decision-making.*
e	**Do you have views on the below areas?** ○ **Balancing KPI performance targets with a regime for seeking and granting relief.** ○ **Collaborating to mitigate planned and unplanned service disruptions.** ○ **Constraints in capturing comprehensive, high-quality data for performance monitoring.**
	Summary of feedback received • *Adopt a clear, straightforward KPI framework with simple relief processes so all parties know their roles.* • *Invest in systems that deliver high-quality, consistent data (including ticketing) in real time.* • *Foster strong, ongoing partnership between PTAs, PTOs, (and even RCAs) to tackle both planned and unplanned disruptions. Joint control centres or established strategies enabling coordinated, centralised responses.* • *Ensure local expertise guides the response to service issues, avoiding delays from centralised operations that lack on-the-ground insights.* • *Reduce administrative burdens with one or few efficient, user-friendly systems instead of multiple conflicting reporting channels.* • *Define consistent, practical thresholds for relief to balance flexibility with accountability.* • *Accept that not every trip will be perfect—build in realistic targets and responsive processes to swiftly address service hiccups.*
4	**Context – Standardising key bus contracting elements**

	This work aims to standardise key bus contracting elements nationally. The supplier market is local, national, and international. Standardising key contract terms can enhance market participation by reducing costs and risks for suppliers. Greater standardisation can also lead to cost efficiencies over the life of contracts. However, it is important to recognise limits to standardisation: • The nature of service delivery varies significantly between and within regions, requiring contracts to be tailored accordingly. • NZTA is not a party to contracts; responsibility lies with the contracting parties. • Continuous improvement should be driven by sector practitioners and experience. By working with stakeholders, we aim to: • Standardise the basic structure of bus contracts nationally. • Identify contracting elements where standardisation adds value and develop guidance for national consistency. • Make it easier for practitioners to share and leverage good practices and improve contract terms over time. Some standardised approaches may become a prerequisite for obtaining NZTA procurement procedure approvals while others may serve as a guidance resource for practitioners. Once finalised, the minimum requirements and guidance will apply to new contracts**.**
a	**Based on experience to date, what do you see as key areas of bus contracts where greater consistency nationally could add value?**
	Summary of feedback received • *A proforma-style contract (akin to NZS3910) would simplify tender processes, especially for smaller councils. Including aligned general terms (like H&S, financial viability, and intellectual property) and standardised KPIs for consistent performance targets and expectations.* • *Standardised clauses covering risk allocation, performance management, and asset control to add clarity and consistency.* • *Using uniform language and requirements (e.g. for bonds, guarantees, insurance, and change-in-law provisions) to reduce administrative burden.* • *Agree on standard tender requirements (i.e., questions and information schedules in RfTs) for a smoother contracting process.* • *Ensure contracts are clearly laid out with core 'boilerplate' sections and flexibility for local variations without sacrificing consistency.* • *Establish consistent national criteria for vehicle quality, service delivery, and customer experience so all parts of the country benefit from clearly defined high-quality benchmarks.* • *Apply consistent methods for assessing quality versus price and minimum employment requirements—using tools like the PQM—so operational standards remain balanced and value for money is clearly defined for everyone.*
b	**What would you like NZTA and the sector reference group to consider when developing sector guidance for standardising key contracting elements?**

	Summary of feedback received • *Leverage input from both bus operators and PTAs on what works well and what doesn't in their current contracts.* • *Use a flexible, "drag-and-drop" approach—standard core clauses with the ability to add or remove modules / sections to suit different contract sizes.* • *Ensure core elements like risk allocation, performance management, and bond requirements are common nationwide.* • *Tailor the template so it's fit-for-purpose for small councils as well as larger networks, without a one-size-fits-all trap.* • *Consider how standard contract elements might work alongside setups like ODPT and other local requirements.* • *Avoid over-centralisation that could undermine local expertise and autonomy.* • *Design the guidance to be robust enough to last through multi-year contracts and adapt to evolving technology and industry practices.*

Part 3 – Sector action plan bus procurement

Context and questions	
1	**Context – Vehicle procurement practices** We want to identify issues and opportunities to improve value for money from public investment in buses and related assets such as batteries and charging infrastructure. Focus areas will be determined through sector feedback and may include (but are not limited to) the effectiveness of RUB, procurement approaches, maximising value over the asset life, asset control approaches, risk apportionment, electrification, and broader issues like weight and road wear. Initially, this work will take a broader view before narrowing down to areas that can generate the greatest value. The sector action plan will inform national policy and identify actions to be prioritised. The action plan will be guided by industry experts and will be subject to sector consultation prior to being finalised.
a	**In order of priority, what do you see as the main challenges and opportunities for achieving greater value for money from procurement and investment in vehicles and associated assets such as batteries and chargers?**
	Summary of feedback received • *Keep using standard vehicles across regions to cut unnecessary variations and costs. Conceptually, RUB still works.* • *Outsource the risk of ageing assets in contracts—let PTOs manage the life cycle of buses, batteries, and chargers.* • *Set up a national panel of pre-approved suppliers to ensure consistent quality and specifications.* • *Focus on integrated, long-term planning rather than chasing the lowest-cost option upfront.* • *Clearly define battery sizes and charging needs to avoid over-specification and extra costs like overweight issues.*

	• *Grow local expertise so PTAs can better assess asset longevity and technical details during procurement.* • *Mandate consistent, reliable data collection and performance metrics nationwide to guide smarter purchasing decisions.*
b	**What would you like NZTA and the sector reference group to consider when developing a sector action plan?**
	Summary of feedback received • *The Requirements for Urban Buses is a proven tool—retain it and keep it updated through ongoing cross-sector collaboration.* • *Consider a national fleet leasing agency to boost asset utilisation and offer a longer-term vehicle pool than currently available in individual contracts.* • *NZTA should proactively work directly with manufacturers rather than relying solely on existing commercial ties through PTOs.* • *Work with MBIE to tap into lessons learnt from all-of-Government Procurement Rules to improve procurement and best practices.* • *Ensure that metrics like average fleet age, emissions, and weight stay front and centre so that exemptions remain the exception.* • *Develop best practices for specifying fleet requirements in tenders, allowing for flexibility and practical post-award decisions.* • *Make sure the action plan reflects the broad views of all key players—PTAs, PTOs, and other stakeholders—to maintain local relevance and capability*.

Any other feedback	
C	**Please provide any other feedback or questions relating to any content in this document.**
	Summary of feedback received • *There's a serious risk when NZTA isn't party to contracts—long-term deals can later lose NZTA's funding support, leaving PTAs and PTOs exposed.* • *While new manuals, transparent data, and standard contracts are promising, they alone won't fix deep-rooted issues like limited competition and inflated costs – temper expectations.* • *Structural, market-wide challenges still need addressing to achieve true value for money e.g. reliance on a few operators and outdated ERAA rules.* • *A push towards centralisation in procurement risks sidelining local government authority and community needs—NZTA must tread carefully. Important to ensure that central policy doesn't override valuable local decision-making.* • *There's genuine enthusiasm for improved procurement outcomes, but it's vital to balance innovation with a clear-eyed view of funding and structural risks.*