

## Exert from Regional Passenger Transport Plan

### 1. Policy area 5 – Procurement philosophy

GWRC contracts operators to provide the services it requires. This contract process must ensure the needs of all parties, including the funders, operators and passengers, are met.

#### Objective

**Objective 8.1: A contract procurement system that is fair to all involved and provides value for money.**

#### 1.1 Bus service procurement

##### Policy 8.1.1

**Prepare a Bus Procurement Strategy and Plan (BPSP) to assist and guide the bus contracting process.**

##### Explanation

The objective of the BPSP is to:

- Enable the achievement of this RPTP and the NZTS vision through facilitating service integration and the implementation of network-wide initiatives such as integrated fares and ticketing.
- Achieve value for money for GWRC (and Land Transport NZ), and a sustainable outcome for the parties involved, having regard to the policy objectives set out in this RPTP and the requirements of the LTMA (including the risk of not achieving those objectives);
- Procure bus services through a process which:
  - Promotes partnership, openness and trust with service providers
  - Encourages competitive and efficient markets and enables persons to compete fairly
  - Mitigates risks of an interruption in service continuity.

The BSP will be developed based on the policies in this section of the RPTP in advance of the next major round of bus contracting (which is expected to occur in 2008).

## **1.2 Procurement process**

### **Policy 8.2.1**

**In developing its BPSP, GWRC will evaluate options ranging from competitive tender – either open or limited – to negotiation with existing service providers (in conjunction with financial transparency).**

### **Explanation**

The procurement options will be evaluated against the procurement objectives set out above and will take into account factors such as the level of market interest and availability and cost of assets for potential bidders.

## **1.3 Contract design**

### **Policy 8.3.1**

**Contract design will be guided by the procurement objectives.**

### **Explanation**

Other key contract design parameters are as follows:

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

## **1.4 Other procurement philosophies**

### **Policy 8.4.1**

**Procurement philosophies for rail services, infrastructure and other passenger transport activities will be considered during the course of this plan.**

### **Explanation**

Once the BPSP has been developed, a similar approach will be considered for rail services, infrastructure and other transport activities.