

Horizons Regional Council

Public Transport Procurement Strategy

2022-2025

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Executive Summary

Purpose

This Transport Procurement Strategy is Horizons Regional Council's (Horizon's) Procurement Strategy for Transport Activities 2022-2025 as required by Waka Kotahi. The Land Transport Management Act requires Approved Organisations receiving investment from the National Land Transport Fund (NLTF) to use approved procurement which are designed to obtain best value for money; enable fair competition; encourage competitive and efficient markets. All procurement activities that attract NLTF investment will be compliant with the procedures and rules of the Waka Kotahi Procurement Manual.

Recommendations

Horizons recommends that Waka Kotahi:

- Endorse the Horizons Procurement Strategy 2022-25
- Notes the planned procurement of public transport services will continue to implement the Public Transport Operating Model (PTOM)
- Notes that the sponsor for the Procurement Strategy is Horizon's Chief Executive
- Supports Horizons to contract public transport units for up 9 years with the option to extend contracts for up to 3 additional years on its partnering contracts.
- Notes that Horizons will seek Waka Kotahi approval of these additional 3 years on its partnering contracts within 24 months of the contract start date, and once the Sustainable Public Transport Framework (SPTF) has been implemented by Waka Kotahi.
- Notes that Horizons will provide its supply market will full transparency on the process that needs to occur for the additional 3 years on its partnering contracts.

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1. Statutory Context

1.1 The Land Transport Management Act and Local Government Act

The statutory objectives of the Land Transport Management Act (LTMA) and the Local Government Act (LGA) apply to the procurement activities contained within this strategy. The LGA empowers Horizons to play a broad role in meeting the current and future needs of their communities for good-quality local infrastructure, while the LTMA sets responsibilities for contributing to an effective, efficient, and safe land transport system in the public interest.

Section 115 of the LTMA includes the following set of public transport principles:

- All regional councils and public transport operators should work in partnership and collaborate with territorial authorities to deliver the regional public transport services and infrastructure necessary to meet the needs of passengers;
- The provision of public transport services should be coordinated with the aim of achieving levels of integration, reliability, frequency and coverage necessary to encourage passenger growth;
- Competitors should have access to regional public transport markets to increase confidence that public transport services are priced efficiently;
- Incentives should exist to reduce the reliance on public subsidies to cover the cost of providing public transport services; and
- The planning and procurement of public transport services should be transparent.

Any public transport service operated in a region must be provided under contract with a regional council as part of a unit unless it is an exempt service. A regional council must contract for the provision of every unit on an exclusive basis (s115).

1.1 Procurement Manual

The Waka Kotahi procurement policy gives effect to its statutory function under s25 to approve procurement procedures and is contained in the Procurement Manual. There are three criteria for approving procurement procedures:

- Best value for money
- Competitive and efficient markets
- Fair competition amongst suppliers

1.2 Best Value for Money

The procurement manual also explains the process for maintaining or enhancing best value for money through procurement. The components of this process include:

- Taking a strategic approach to procurement
- Optimising whole-of-life best value for money
- Using an approved procurement procedure
- Allocating and managing risk appropriately
- Proactively manage contract delivery
- Monitoring performance

Horizons recognises that the achievement of best value for money starts before procurement. Together, these processes can maintain or enhance the 'best value' of the specified output by delivering it on time, to budget and to the specified quality standard.

1.3 Competitive and Efficient Markets

Encouraging competitive and efficient markets requires careful planning, ongoing engagement with suppliers and taking on board feedback and good practice. The current Covid-19 environment and market conditions emphasis the need to be flexible to adapt to rapidly changing political and economic factors, whilst still allowing for innovation. The strategy for encouraging competitive markets is not fixed and will be continuously monitored.

1.4 Fair Competition amongst suppliers

Horizons ensures fair competition in the market is maintained. This strategy is designed to ensure that the transport activities procured achieve best value for money spent and promotes a whole of business strategic approach. That approach is endorsed by this Strategy.

The principal means of achieving this objective is by giving confidence to the market that everyone who is willing and able to provide the outputs necessary to undertake an activity has a fair chance of obtaining work, in an environment, where they know all the rules.

1.5 The Health and Safety at Work Act 2015 (HSWA)

The purpose of the HSWA is to provide for a balanced framework to secure the health and safety of workers and workplaces by:

- protecting workers and other persons against harm to their health, safety, and welfare by eliminating or minimising risks arising from work or from prescribed high-risk plant; and
- providing for fair and effective workplace representation, consultation, co-operation, and resolution of issues in relation to work health and safety; and
- encouraging unions and employer organisations to take a constructive role in promoting improvements in work health and safety practices, and assisting PCBUs and workers to achieve a healthier and safer working environment; and
- promoting the provision of advice, information, education, and training in relation to work health and safety; and
- securing compliance with this Act through effective and appropriate compliance and enforcement measures; and
- ensuring appropriate scrutiny and review of actions taken by persons performing functions or exercising powers under this Act; and
- Providing a framework for continuous improvement and progressively higher standards of work health and safety.

Horizons will consider health and safety in all of its procurement decisions by:

- Ensuring all operators register with Sitewise and meet at least the Green standard.
- Ensuring that on all partnering contracts that suppliers provide Horizons with their health and safety plans.
- Ensuring all Horizon's suppliers are able to supply the council with an up to date risk register.
- Undertaking regular audits of suppliers risk registers and Health and safety plans to ensure that they are up to date and that the suppliers is compliant.

1.6 Broader Outcomes

The 2019 version of the Government Procurement Rules introduces the concept of 'public value' and this rule has been incorporated into the Waka Kotahi Procurement Manual so that all Approved Organisations are required to contribute to Government's Broader Outcomes.

Broader outcomes are the secondary benefits that are generated by the way a good, service or works is procured or delivered. These outcomes can be social, environmental, cultural or economic benefits, and will deliver long term public value for New Zealand. This strategy seeks to consider not only the whole-of-life costs of procurement, but also the costs and benefits to society, the environment and the economy.

As appropriate the procurement activities will contribute to the Government's broader outcomes, including the following priority areas:

- Increase New Zealand businesses access to the government procurement;
- Increase the size and skill level of the local workforce;
- Improve conditions for workers; and
- Support the transition to a net zero emissions economy.

Following the declaration of a climate emergency by the New Zealand government in December 2020, local councils have been informed that no new diesel buses may be purchased as part of local service contracts from 2025 onwards.

Horizons RPTP also includes objectives that seeks to reduce reliance on private cars and along with being sustainable and reducing carbon emissions. In all new contracts Horizons are seeking to have a fleet made up of low or no emission vehicles.

Under the new contract, all drivers will be paid at least the living wage, as this is seen as a mechanism for improving conditions for workers and assists in recruitment and retention consistent with Horizons Procurement Policy.

1.7 Regional Public Transport Plan Objectives

He Tauira Mahere waka Tūmatanui ā-rohe The draft Horizons Regional Public Transport Plan 2022-23 includes the following vision:

An attractive, integrated and convenient public transport system that connects us, enhances our wellbeing and environment, and becomes the preferred mode of transport in and between urban areas.

The vision is supported by the following objectives:

- Provide a simple, connected and convenient public transport network with wide appeal that attracts and retains customers, and encourages mode shift.
- Provide high quality, safe and accessible public transport infrastructure and information that supports an efficient and connected transport network, and multi-modal travel.
- Contributes to reductions in carbon emissions from transport and improved air quality through increased use of the public transport and decarbonising the public transport fleet.
- Pursue improved, equitable access to public transport across the region.
- Provide a fares and ticketing system that is simple, affordable and attracts and retains customers while balancing user contribution with public funding.
- Undertake an approach to procurement monitoring of services that supports the efficient and effective delivery of services while providing good value for money.

2. Procurement Strategic Objectives

2.1 Objectives

Effective and Successful procurement will enable Horizons Regional Council's (Horizons) to ensure that it is buying goods, services and works that are fit for purpose and provide good value for money, using commercially astute and appropriate processes.

While compliance with these procedures is important, it is also important that staff think strategically and carefully about what they are doing, and seek help if in doubt.

Staff must be mindful of the following goals:

- Be fit for purposes and meet an approved business purpose
- Provide the best value for money- whole of life
- Be properly planned
- Be effective and efficient
- Be conducted ethically and transparently
- Enable fair competition and encourage competitive and efficient markets
- Be defensible end to end process
- Be flexible
- Be accessible by all parts of the council
- Be consistently applied
- Enhance the councils reputation and brand
- Make sure that health and safety of all parties are not compromised
- Make regulation easy, user friendly

2.2 Outcome for the Procurement Strategy

Public transport services contribute to value for money by enabling and making safe reliable transport to improve economic efficiency and environmental sustainability.

Procurement effectiveness- is the delivery of outcomes, and is primarily achieved through the specification of requirements, accountability, and enforcement, and appropriate balance of financial incentive mechanisms to incentivise delivery. In the council's case it is demonstrated by;

- The delivery of transport activities outlined in the Regional Public Transport Plan (RPTP)
- The delivery of coordinated public transport services,
- Improved network integration, service frequency and customer experience
- Expanded regional coverage, and
- Greater passenger convenience through improved information and fare payment systems.

Procurement Efficiency-is primarily achieved through contestability and transparency of funding and the appropriate balance of financial incentive mechanisms to incentivise delivery. In Horizons case it can be demonstrated by:

- Partnering agreements between Council and the operators,
- The ongoing sustainability of industry and public funding,
- An appropriate and balanced risk allocation and responsibility between public and private sector, and
- Value for money in terms of cost through transparency and contestability of public transport services and variation costs.

3. Role of Council

Horizons is a local authority defined under the Local Government Act 2002. As a local authority, Council has a responsibility to enable democratic decision-making to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Good quality is defined as efficient, effective, and appropriate to present and anticipated future circumstances. Public transport services are defined as a core business for local authorities.

Horizons has an approved organisation wide Procurement Policy which sets out the approach and principles for procurement within Council. For activities funded by Waka Kotahi NZ Transport Agency (Waka Kotahi) the transport procurement procedures must be approved by Waka Kotahi, wherever possible this Strategy aligns with Council wide policy.

4. Procurement Context

Waka Kotahi Procurement Manual requires all approved organisations to have a Waka Kotahi endorsed Procurement Strategy which is updated every three years.

The Procurement Strategy demonstrates how Horizons meets the provisions of the LTMA. It covers all Horizons transport related procurement activity as classified in the Waka Kotahi knowledge base as:

Activity Class	Work category	Work category
Investment management	1	Regional land transport planning management
	2	Transport model development
	3	Activity management planning improvement
	4	Programme business case development
Road safety promotion	432	Promotion, education, and advertising
Local road maintenance	151	Network and asset management
Public transport	421	Travel demand management and behaviour change
	511	Passenger services - bus
	514	Passenger transport facilities operations and maintenance
	517	Total mobility operations
	519	Wheelchair hoists and ramps
	521	Total mobility wheelchair hoist use payments
	524	Public transport operations and management
	525	Operations and maintenance of real-time information and ticketing systems
	531	Public transport improvements, major renewals and minor improvements
	534	Public transport facilities and infrastructure - renewals
	554	Technology to improve effectiveness of public transport systems
561	Passenger facilities and infrastructure improvements - bus	

This translates to:

- Public transport services- Council provides a mixture of urban, commuter and community services to a range of communities in the Manawatu-Whanganui region,
- Total mobility (a subsidised taxi service for people with impairments that limit their access to public transport),
- Transport operations including the supply and maintenance of electronic ticketing machines, advertising, timetable design and print,
- Road Safety promotions
- Regional transport planning, and
- Maintenance of stock effluent facilities.

4.1 Public Transport Operating Model

The Public Transport Operating Model (PTOM) is under review. Once the outcomes of the review are finalised these will be applied in a revised procurement strategy. The Government review acknowledges the improvements made to date including an increase in services and more integrated networks, however the Government wants to ensure drivers' wages and conditions are protected when a council contracts services. The Government has also set targets to decarbonise the public transport fleet and it wants to make sure the PTOM framework supports these goals.

In the meantime Horizon's is applying the current PTOM framework.

Section 115 of the LTMA includes the following set of public transport principles:

- All regional councils and public transport operators should work in partnership and collaborate with territorial authorities to deliver the regional public transport services and infrastructure necessary to meet the needs of passengers,
- The provision of public transport services should be coordinated with the aim of achieving levels of integration, reliability, frequency and coverage necessary to encourage passenger growth,
- Competitors should have access to regional public transport markets to increase confidence that public transport services are priced efficiently,
- Incentives should exist to reduce the reliance on public subsidies to cover the cost of providing public transport services, and
- The planning and procurement of public transport services should be transparent.

Any public transport service operated in a region must be provided under contract with a regional council as part of a unit unless it is an exempt service. A regional council must contract for the provision of every unit on an exclusive basis (s115).

4.2 Preferred Delivery Model

The Transport Agency's Procurement Manual identifies a number of different delivery models for public transport services. Chapter 8 of the Procurement Manual notes the Transport Agency's expectation that the majority of scheduled public transport services will be delivered under the partnering model. However, for procurement activity related to small scale and low value contracts, an alternative delivery model (such as staged) may be selected.

Horizons urban units (Palmerston North Urban and Massey, Whanganui Urban, and Feilding – Palmerston North) will be procured using the Partnering delivery model. This is consistent with Chapter 8 of the Procurement Manual which suggests this model should be used for urban scheduled services of medium and large scale, where there is scope for risk to be shared between approved organisations and suppliers to incentivise both parties to work together to innovate.

Where possible and practical Horizons will look to collate smaller bus units to provide greater competition during procurement. All contracted bus units that have been collated in this manner will use the Partnering delivery model.

All other contracted bus units will use the staged delivery model. These units are short-term, low dollar value with low risk and are one-bus contracts. This type of delivery model is best suited to small scale services with low complexity and is therefore appropriate for these units.

Professional services, road safety education and other transport services will all be procured using the staged delivery model subject to Chapter 8 of the Procurement Manual. Any supplier who meets

the relevant criteria can be contracted to provide Total Mobility services in accordance with Chapter 9 of the Procurement Manual.

4.3 Supplier Selection Method

Horizons preferred supplier selection method for the partnering contracts is the Price Quality method. For units using the staged delivery model, the Lowest Price Conforming supplier selection method is the preferred method. These contracts have frequencies ranging from a twice-weekly off-peak service to a twice monthly service, and commuter services also. Horizons considers that the cost of undertaking a quality based evaluation method relative to the value of these contracts does not represent best value for money.

5. Public Transport Market Analysis

The following bus companies are active in the Manawatu-Whanganui region:

- Tranzit Coachlines Manawatu Ltd and Tranzit Coachlines Whanganui Ltd are subsidiary the Tranzit Group operates in Wellington, Wairapa, Manawatu, Whanganui, Taranaki and Auckland. The Tranzit Group provides all urban bus services for Palmerston North and Whanganui, as well as the Whanganui to Palmerston North commuter service. They have depots located in Whanganui and Palmerston North.
- Uzabus Manawatu a subsidiary of the Uzabus group operates in Manawatu, Horowhenua, Wairarapa, Bay of Plenty and Kapiti Coast. The Uzabus group operates the Ashhurst services, the Feilding Commuter, the Feilding Orbiter, the Marton Commuter, the Levin Commuter, the Levin Off-Peak, the Levin to Waikanae and the Day Out In Town. The have depots located in Palmerston North and Horowhenua.
- GoBus Transport Limited is a large operator that operates services in Auckland, Waikato, Gisborne, Hawkes Bay, Canterbury, Otago, and Invercargill alongside the Manawatu-Whanganui region. GoBus operates two of Horizons smaller services, The Raethi to Ohakune and the Taihape to Palmerston North/Whanganui. GoBus have currently operates a large number of Ministry of Education services in the region and are now more established in the region.

5.1 Potential Barriers to market entry

Potential bidders can be discouraged or prevented from participating in tender processes where there are significant barriers to entry. The following potential barriers have been considered as a part of developing this strategy.

- Existing Local Supply
- Size of Potential contracts
- Access to compliant vehicles
- Access to labour
- Access to land for bus depots and infrastructure
- Tender design

5.2 Current Public transport units

The LTMA requires that all services, except those regarded as 'exempt services'¹, be arranged into units. A unit is "at a minimum, all services on a route for the full timetable, but can include more than one route where a group of routes forms a marketable whole".

The Council has defined the following units operating within the region – full details regarding reasoning behind this decision are contained within the RPTP.

¹ The LTMA defines exempt services as an inter-regional public transport service; or a public transport service that begins, or is to begin, operating after the RPTP is adopted; and is not identified in the RPTP as integral to the public transport network; and operates without a subsidy for the provision of the service.

Service Unit	Service area/route	frequency	Delivery Models	Expiry	Retender no later than
Palmerston North Urban	Palmerston North City	45-120minutes	Partnering	November 2023	August 2022
	Massey/IPU/ Summerhill	Services times are linked to lecture times			
Ashhurst to Palmerston North	Around Ashhurst Ashhurst to P.N return	2-3 hourly	Staged	November 2023	<i>Will be included in the Palmerston North Urban unit</i>
Whanganui Urban	Whanganui City	90-120 minutes	Partnering	October 2028	October 2027
Whanganui to Palmerston North Commuter	Whanganui to Palmerston North (am) Palmerston North to Whanganui (pm)	1x morning service and 1x evening return	Staged	October 2028	February 2027
Marton to Palmerston North Commuter	Marton to Palmerston North via Bulls, Sanson and Awahuri (with evening return)	1x morning service and 1x evening return	Staged	February 2023	October 2022
Taihape to P.N and Taihape to Whanganui	Taihape to Palmerston North via Hunterville, Ohingaiti, Marton, Bull, Sanson and Feilding	One morning and one afternoon (off-peak) trip on the third Friday of the month	Staged	July 2022	March 2022
	Taihape to Whanganui via Hunterville, Ohingaiti, Marton and Turakina	One morning and one afternoon (off-peak) trip on the first Thursday of the month			
Raetihi to Ohakune bus service	Raetihi to Ohakune (return)	Off-Peak 1x morning and 1x afternoon return trip every second Tuesday	Staged	July 2022	March 2022
Feilding Around town & Feilding to Palmerston North	Commuter around Feilding and between Feilding and Palmerston North and return	30-60 minutes	Partnering	January 2025	January 2024
	Feilding orbiter: around Feilding township	30-60 Minutes			
Levin to Palmerston North Commuter	Levin to Palmerston North (am) Palmerston North to Levin (pm)	PEAK: Monday to Friday – 1x morning service and 1x evening return	Stage	March 2025	October 2024

		OFF-PEAK Monday and Wednesday 1x morning service and 1x afternoon return			
Levin to Waikanae	Levin to Waikanae (am) Waikanae to Levin (pm)	1x morning service and 1x afternoon return (Off-peak) on Tuesday and Thursday	Staged	March 2025	October 2024
Day out in Town	Return service from Levin to Shannon, Foxton, Foxton Beach and Waitarere Beach loop	1x morning service and 1x afternoon return (Off-peak) on Friday	Staged	March 2025	October 2024

5.3 Future State

Historically Horizons has had two larger units (Palmerston North and Whanganui) with several smaller units. Because of the size of these units, past tenders have only been received from locally based operators already established in the region. This has limited the overall competitiveness between potential suppliers. Horizons is designing the unit composition to increased competition at the next round of tender, notably with its largest unit the Palmerston North urban network. Horizons is expecting increased competition at the next round of tenders, notably with its largest unit the Palmerston North urban network. Horizons believe that this will not limit new supplier to the markets as some of the units will still be small enough that they can be provided with a single vehicle.

In regards to its partnering contracts Horizons is considering contracting services for 9 years, with the potential to extend contract terms by up to 3 additional years. Longer contracts will be beneficial for Horizons to decarbonising its fleet, as the longer term limits means Horizons can spread the cost of vehicles over a longer period than a standard 9 year contract. To ensure transparency for the supply market, all contracts where Horizons are considering these longer contract terms, are to be advertised as requiring Waka Kotahi approval for the additional three years. Horizons will seek approval from Waka Kotahi on the additional three years within 24 months of the contract start date to provide confidence to the suppliers around the contract term and to allow them to plan accordingly. Horizons recognise that Waka Kotahi are currently working through the rollout of the SPTF and will coordinate the approval process to occur once the rollout is completed.

6. PTOM Contract Elements

The government is reviewing its Public Transport Operating Model (PTOM) and the timing of the review will coincide with the Palmerston North urban network tender. The government review acknowledges the improvements achieved under PTOM include increases in services and more integrated networks, however the government also wants to ensure drivers' wages and conditions are protected when a council contracts services. The government has also set targets to decarbonise the public transport fleet and it wants to make sure the PTOM framework supports these goals.

The PTOM framework includes the following features which enable partnering to occur:

- Information for new tenderers
- Annual business planning
- Key performance indicators
- Vehicle type
- Service level variations
- Financial incentive mechanism
- Gross price reset

6.1 Information for new tenderers

Up to date patronage and revenue information will be released on the current Horizons services prior to the request for tender (RFT) being released. The approach will be consistent with the Waka Kotahi requirements for providing information to tenderers.

6.2 Annual business planning Annual business planning provides a process in which the operator and the Councils will actively monitor the performance of, and consider improvements to the services.

The public transport manager will meet at least annually to develop a business plan (to be in place by 31 August each year), including the first year of the contract. A regular meeting schedule will be established with the operator once the contract has been awarded. It is likely this will be monthly operational meetings and quarterly meetings with the public transport project management team.

6.1 Key performance indicators (KPIs)

Horizons have developed a set of KPIs that are aligned with the Waka Kotahi KPIs, which will be monitored regularly and reviewed through the annual business planning process.

6.2 Vehicle type

The retendering of the public transport service contract presents a unique opportunity to make a step change and replace the current fleet with one that meets higher customer and environmental standards.

There are two key options available to the council to achieve reduced emissions:

- Move to a low emission Euro 5 or Euro 6 bus fleet (or higher if applicable); or
- Move to a zero-emission bus fleet, powered by electricity (battery), hydrogen or other zero carbon source.

Low emission buses have a longer range and the ability to support air conditioning and use established technology. In comparison a zero-emission fleet will require new infrastructure for

charging which may require upgrades to additional infrastructure, for example sub-stations. There is also industry feedback that suggest zero-emission buses may take closer to two years to source due to worldwide supply and demand constraints.

Tenderers will be asked to provide a transition plan to introduce a zero-emission fleet this may include a range of options. The vehicles will be required to conform with the Waka Kotahi Requirements for Urban Buses Standard (RUB).

6.3 Service level variations

The management of service level variations is an important component of the long-term contract cost, particularly with the staged approach contemplated by the RPTP. The methodology of the tender evaluation process will include an assessment of the cost of service level variations of the different tenderers over the term of the contract.

Service level variations will be subject to negotiation with the incumbent and a suitable price being agreed and will be compliant with the Waka Kotahi Procurement Manual rules.

Where the contractor proposes a variation to improve the operational efficiency of the service and the costs of operation are reduced, the calculated savings less any costs occurred by the Councils will be shared equally.

6.4 Existing Incentive Mechanisms

Currently the Palmerston North Urban services contracts include performance-based incentive schemes linked to KPIs. This incentive recognises performance over and above the minimum level of service expected by Horizons. This has been reviewed by both Horizons and Tranzit (the current operator) to ensure the measures are practical and fair. This incentive scheme will remain in place for the remainder of the existing contract.

6.5 Gross price reset

Any public transport unit contracts (bus) longer than six years in duration will have an annual gross price reset at year six. This reset mechanism will be informed by the best available data (such as unit rates) in a manner that is consistent with the requirements of the Waka Kotahi Procurement Manual in discussion with the operator.

Any adjustment to the unit price agreed with apply from the start of the seventh year, and if necessary, will be paid in arrears from the commencement of year seven. The gross cost reset is intended to recognise that agreements need to ensure value for money is being achieved in the longer term, and a reasonable balance is being maintained between contractor profit and the expenditure of public funds. This reset may result in the annual gross price increasing or decreasing.

7. Implementation

7.1 Internal Procurement Process

Horizons has two manuals and a policy that provides guidance on its internal procurement processes, a *Financial Delegations Manual*, a *Procurement Manual* and a *Procurement Policy*.

The *Procurement Policy* has been developed to provide the strategic framework for achieving good quality procurement.

The *Financial Delegations Manual* sets out the authority to approve purchases, authorise payments and enter into contracts on Horizons behalf.

The *Procurement Manual* has been developed to provide the procedures that Council staff need to follow in order to adhere to Horizon's procurement policy.

7.2 Performance Measurement and Monitoring

Future tenderer's need to be aware that Council will require on-going monitoring of contract delivery to ensure that desired outcomes are achieved. Horizons has a range of performance monitoring systems for reporting. However, to measure the performance of this Strategy, Horizons intends to adopt Waka Kotahi's performance measures.

7.3 Capability and Capacity

The Transport team currently has adequate planning and operational capacity. The present resourcing level and individual skills of the team members are sufficient to deliver the procurement programme and provide back-up support where necessary. Other individuals involved in transport activities within the Council are balanced by various levels of experience and abilities. The close liaison between different work teams ensures open and effective communication is maintained.

ROLE	RESPONSIBILITY
Group Manager Regional Services and Information	Oversees the management of Regional Services and Information. Transport Services are included as part of this group.
Manager Transport Services	Oversees the management of passenger transport operations, transport policy, the Total Mobility Scheme and Road Safety functions.
Senior Transport Planner / Transport Planner (x4)	Responsible for implementation and review of transport plans and to research, plan and implement passenger transport services.
Total Mobility Coordinator	Responsible for the co-ordination of the Total Mobility Scheme.
Road Safety Coordinator (x2)	Responsible for the co-ordination of regional road safety education activities.
Transport Systems Adviser	Responsible for the implementation of public transport contracts, assists with public transport infrastructure development and technology related activities

7.4 Reporting Framework

The Procurement Manual also requires Horizon's to monitor and record contract performance against the key performance indicators for public transport services. These KPI's are set out in the Waka Kotahi Procurement Manual.

Horizons may wish to add more performance indicators at its discretion

8. Communications Plan

8.1 Internal Stakeholders

The Strategy will be available to Transport staff and will be available on Horizons internal document management system, *HERMAN*. Council's Executive Management team meet weekly and will be provided with management updates as and when appropriate.

Formal reports and operational updates are provided to Horizon's Passenger Transport Committee and the Regional Transport Committee.

8.2 Other Approved Organisations / Supplier Market and other entities

The Strategy will be distributed to our providers where they have a major input into delivery of Horizon's transport programme. In respect to transport procurement methods, this communication will be by letter and meetings (if required).

Horizons seeks open communication with all the operators. Meetings will be held with current and future contracted operators where required. Additional meetings may occur if significant changes are occurring. A tender meeting with prospective tenderers may be held if requested. All tenderers are advised of the outcome of each tender in accordance with the Transport Agency's requirements.

For other activities of Horizons, consultation will generally be via the Long-term Plan and Annual Plan process. Notwithstanding that, Horizons operates an open door policy which encourages suppliers to discuss future options with Horizons staff. Horizons will ensure all procurement policies and procedures are publicly available and current at all times.

9. Other Regional Council transport activities

9.1 Total Mobility

Total mobility transport providers

The transport provider's contract for total mobility is compliant with the requirements in the Waka Kotahi Procurement Manual. The current contract includes mandatory requirements for Health and Safety compliance, vehicle quality standards, and unit standard training.

There is no obligation for Council to offer a contract to operators who do not meet the expected standard and requirements, and an application may be declined where:

- There is no additional service benefit to Total Mobility clients for example there is no wheelchair hoist capability or
- The service is not able to demonstrate value for money.

The existing agreements are due to expire in June 2023. New agreements will be for a three year term.

Total mobility technology

The current version of Ridewise manages member information, trip details and monthly invoicing. The call centre and website provides general information about the scheme. Council will utilise the Ridewise 2 improvements when these are available.

9.2 Professional Services

The Majority of the Council's professional services are undertaken in-house.

9.1.1 Professional Services (Internal)

Staff Charges are used to allocate staff time directly to an activity. Staff submit fortnightly timesheets and time is coded directly to the activity. This includes all administrative support needed by staff to undertake their day to day work.

9.1.2 Professional Services (External)

All external consultants and contractors are coded directly to the activity that they are working on.

9.3 Public Transport Technology

Our current PT information technology includes:

- Electronic Ticketing/Fare Collection – INIT electronic ticketing systems utilising contactless smartcards and reporting software
- Region-wide toll free telephone contact centre provided in-house
- Real time bus tracking services (Currently being procured).
- Horizons Website
- Free Wi-Fi for Passengers on the Whanganui-Palmerston North Commuter, and the Feilding – Palmerston North commuters.

9.1.3 Electronic Ticketing

Horizons Regional Councils is one of 10 Councils currently involved in the Regional Integrated Ticketing System (RITS) Project. This regional Consortium has recently implemented a ticketing system so no further procurement approvals are sought at this time.

It is intended that Council will continue its involvement in the Regional Consortium as they are part of a longer term technology solution procurement, currently operating under the name Project NEXT. There is no current accurate timeframe for when this system will be procured.

9.1.4 Real Time Bus Tracking Services

The Council is currently working through the procurement of a Real Time Bus Tracking service. The preference is to procure a Public Transport Management System via a web platform, on a “Software as a Service” basis. The management system will ideally include:

Prediction Engine,

Schedule Adherence reports

Service Reliability Adherence reports

Public Notifications in real time

Passenger facing information

Route planning information

Vehicle dwell time.

The supplier of choice for this work is Radiola Land, a Wellington Based company. The expected delivery date for this project is 1 June 2022.

10. Risk

Horizons is committed to managing risk to the organisation and community in an ongoing and proactive manner. Effective risk management enhances the ability of Horizons to achieve its intended objectives and meet its statutory obligations.

Risk management is embedded throughout the procurement process and contributes to creating a comprehensive understanding of the significant threats and opportunities. This enables the minimisation of risk, maximising opportunities for innovation, and the fair and transparent allocation of risk.

To be effective, risk management begins at the procurement planning stage and continues throughout the process until delivery of goods or end of service contract- a full life cycle approach, the programme manager takes responsibility for identifying and allocation of risk.

11. Corporate Ownership and Internal endorsement

This procurement strategy is owned and approved by Horizons Chief Executive, therefore any significant procurement issues will be discussed with Horizons Chief Executive Management team.

A handwritten signature in black ink, appearing to read 'N. Peet', with a horizontal line underneath the name.

Signed:

Date: 20 September 2022

Nic Peet

ACTING CHIEF EXECUTIVE OFFICER