



Transport Procurement Strategy

Hawke's Bay Regional Council

December 2025



44 Bowen Street
Pipitea
Wellington 6011

20 November 2025

Russell Turnbull

Dear Russell

Endorsement of the Hawkes Bay Regional Council Transport Procurement Strategy 2025– 2028

This letter confirms NZTA endorsement of the Hawkes Bay Regional Council Transport Procurement Strategy 2025 – 2028. This endorsement will expire on 19 November 2028.

Note that as per NZTA procurement manual section 10.6, Approved Organisations are required to make their current endorsed transport procurement strategy publicly available and accessible through their web site.

Please contact me should you have any queries regarding this matter.

Regards



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Document Control

Purpose of this document

The Transport Procurement Strategy is a formal statement of principles that outline how the Hawke's Bay Regional Council (HBRC) will manage the procurement of suppliers to ensure the delivery of transport services to the region.

The Transport Procurement Strategy is designed to ally with the HBRC Procurement Policy, the Procurement Manual and Delegations Policy. It has been developed to comply with funding requirements in Waka Kotahi procurement policies. The Transport Procurement Strategy aims to demonstrate compliance with national procurement principles and guidelines and with relevant legislation.

Intended Audience

The intended audience are those who need to know what outputs are to be procured plus how and when they will be procured. That primary audience is therefore the supplier community and those who must implement the strategy. Hence this document is intended for the supplier community and internal HBRC and NZTA/Waka Kotahi staff who administer and manage transport procurement. Communications information will be developed and made publicly available for external audiences.

Document Information

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Document History

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3	May 2023	Amendments following feedback from Waka Kotahi
5	March 2025	Update by staff following Go Bus contract extension
6	September 2025	Update by staff following NZTA feedback to Draft Version 5 and reference to the newly released Draft Public Transport Procurement Procedures Manual
7	October 2025	Further refined following NZTA review

8	November 2025	Approved by NZTA
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Document Review

Name	Role	Review Status
Graham Pomeroy	Head of Procurement & Commercial Contracting	Reviewed

Document Sign-off

Name	Role	Sign-off date
Katrina Brunton	GM Policy & Regulation	Signed off

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1 Executive Summary

1.1 Key issues and Opportunities

Hawke’s Bay Regional Council’s (HBRC) Transport Procurement Strategy 2025 sets out the framework for procuring and managing public transport services in a way that delivers safe, reliable, accessible, and low-emission travel for the community. The strategy has been updated to align with the NZTA/Waka Kotahi **Public Transport Procurement Procedures Manual (PT-PPM)**, ensuring compliance with national requirements while reflecting the region’s specific market conditions and transport priorities.

The strategy outlines HBRC’s **strategic context**, including regional growth trends, the transition to zero-emission bus fleets, and the need to strengthen the driver workforce. It recognises the constraints of a small supplier market and the importance of procurement settings that balance competition with operational efficiency.

Key strategic responses include:

- Adopting a single combined Napier–Hastings bus unit to maximise operational efficiency, reduce dead running, and optimise depot use.
- Implementing clear procurement policies by asset class, including contractor-provided vehicles and depots, HBRC-owned ticketing systems, and rules for charging infrastructure transfer at contract end.
- Strengthening workforce provisions to ensure fair pay, training, retention, and indexation pass-through, as required by the PT-PPM.
- Using a relational governance model for high-value, complex contracts, with optional Territorial Authority involvement, structured dispute resolution, and a continuous improvement forum.
- Embedding a monitoring and reporting framework aligned to NZTA templates, including workforce KPIs and fleet decarbonisation milestones consistent with HBRC’s 2028 zero-emission target.

Procurement approach decisions are based on unit size, capital intensity, and market maturity.

For the main bus contract that covers both Napier and Hastings, the Council will use a “relational partnering model”. This means we will work very closely with the chosen operator as a long-term partner, rather than just treating them as a supplier. The contract will be built around shared goals (like growing passenger numbers, improving service quality, and reducing emissions), and both sides will need to collaborate and problem-solve together over time. This approach is better suited to a large, high-value, and more complex network like Napier–Hastings, where ongoing flexibility and joint decision-making are important.

For smaller, less risky services that don’t involve a lot of investment in new vehicles or infrastructure (for example, community shuttles or lower-use rural routes), we may instead use a “staged model”. This is a simpler, step-by-step approach where services are put out for tender in shorter contracts with clearer start and end points. It allows the Council to test the market, keep competition healthy, and change suppliers more easily if needed, without committing to the deeper level of partnership required in Napier–Hastings.

The **procurement programme** provides a clear timeline for upcoming tenders and market engagement, ensuring transparency for potential suppliers.

The **significance policy** sets out thresholds for determining when a change to the strategy requires re-endorsement by NZTA, identifies the HBRC Group Manager Policy and Regulation as the sign-off authority, and establishes a three-year review cycle.

Through this strategy, HBRC commits to delivering a high-quality public transport system that meets the needs of the community, supports the shift to a zero-emission fleet, and ensures value for money for ratepayers and funding partners.

1.2 Recommendations

It is recommended that:

1. The procurement strategy is endorsed.
2. Approval is given to the use of in-house professional services and provision of the Road Safety Unit.

1.3 Endorsement

This Procurement Strategy has been reviewed and approved as per below:

Katrina Brunton Group Manager Policy and Regulation Hawke's Bay Regional Council	
Signature:	Date:

2 Definitions

In this Procurement Strategy, unless the context otherwise requires, the following terms have the meanings set out below:

Approved Operator Register means HBRC's register of small passenger service providers approved to deliver Total Mobility services.

Broader Outcomes means the Government Procurement requirements to consider wider environmental, social, cultural, and economic benefits alongside price and quality.

Capex (Capital Expenditure) means spending on long-term assets such as buses, depots, and charging infrastructure.

CCTO (Council Controlled Trading Organisation) means a council-owned business entity that may be established to operate public transport services.

Corunna Bay Depot means the depot in Napier leased by HBRC to provide equitable depot access for contracted public transport operators.

FAR (Funding Assistance Rate) means the percentage of eligible transport costs co-funded by Waka Kotahi from the NLTF.

GETS (Government Electronic Tenders Service) means the New Zealand Government's electronic procurement portal through which HBRC will publish tenders and receive supplier responses.

HBRC (Hawke's Bay Regional Council) means the regional authority responsible for procuring and managing public transport services in Hawke's Bay.

Innovation is viewed as the mechanism to deliver measurable benefits, including cost efficiency, improved customer experience, and accelerated emissions reduction. Innovation is not treated as a stand-alone benefit but as a means to achieve tangible outcomes.

KPI (Key Performance Indicator) means a measurable target used to monitor and evaluate operator performance against contractual requirements.

Local Economic Benefit means demonstrable, contract-related contributions to the Hawke's Bay economy.

LTMA (Land Transport Management Act 2003) means the legislation governing the planning, procurement, and funding of land transport activities in New Zealand.

LTP (Long Term Plan) means HBRC's statutory 10-year plan, updated every three years, which sets local funding levels for public transport operations and infrastructure.

NLTF (National Land Transport Fund) means the central government fund administered by Waka Kotahi that co-invests in land transport activities, including public transport.

NZTA / Waka Kotahi (New Zealand Transport Agency) means the national transport agency responsible for co-funding, approving, and regulating public transport procurement and service delivery.

Opex (Operating Expenditure) means day-to-day costs of delivering services, including fuel, wages, and maintenance.

PTA (Public Transport Authority) means a public body responsible for procuring and managing public transport services. In this Strategy, PTA refers to HBRC.

PTCI (Public Transport Cost Index) means the national index published by Waka Kotahi to manage inflation and cost fluctuation in public transport contracts.

PTOM (Public Transport Operating Model) means the former national framework for public transport contracting and procurement, now replaced by the Sustainable Public Transport Framework.

PT-PPM / PPM (Public Transport Procurement Procedures Manual) means the Waka Kotahi manual that sets requirements and guidance for the content, structure, and approval of procurement strategies.

PTO (Public Transport Operator) means a contracted service provider engaged by HBRC to deliver public transport services.

Relational Partnering Model means a collaborative contract model for high-value or complex Units, where HBRC and the Operator share risks and responsibilities and work towards common outcomes.

Request for Proposal (RFP) means the formal request for supplier proposals following the ROI stage.

Registration of Interest (ROI) means the first stage in a competitive procurement process used to test market capability and shortlist potential suppliers.

Right-Sized Vehicle Rubric means the Waka Kotahi tool that guides councils in selecting appropriate bus sizes based on patronage forecasts, route characteristics, and accessibility needs.

RLTP (Regional Land Transport Plan) means a 10-year plan, prepared by the RTC and adopted by HBRC, setting out the region's transport vision, objectives, priorities, and funding programme.

RPTP (Regional Public Transport Plan) means HBRC's 10-year plan for public transport services, setting service levels, policies, and decarbonisation milestones.

RTC (Regional Transport Committee) means a statutory committee of HBRC established under the Land Transport Management Act 2003 to provide direction on regional transport planning and investment.

SPTF (Sustainable Public Transport Framework) means the current statutory framework for public transport procurement, embedded in the LTMA 2003 (as amended 2024), requiring decarbonisation, fair pay, workforce protections, and community-responsive service design.

Staged Model means a procurement model suited to low-risk or low-capital services, involving shorter-term contracts with simpler structures and clear start and end points.

Total Mobility Scheme means a co-funded scheme that provides subsidised transport for people with disabilities who cannot use conventional public transport.

Unit means a defined package of public transport services grouped together for procurement and contracting purposes.

3 Introduction

This Transport Procurement Strategy sets out Hawke’s Bay Regional Council’s (HBRC) long-term approach to the procurement of transport activities as approved by the Waka Kotahi (New Zealand Transport Agency) under the Land Transport Management Act 2003 (LTMA) but in anticipation of the adoption of the Public Transport Procurement Procedures Manual – Requirements and guidance for developing procurement strategies and obtaining procurement approvals (Draft, NZ Transport Agency Waka Kotahi, 5 August 2025, Version 3).

The strategy ensures HBRC’s procurement activities:

- Comply with the Public Transport Operating Model (PTOM) legislative framework.
- Align with NZTA/Waka Kotahi’s requirements for the content, structure, and approval of procurement strategies.
- Reflect good practice principles for competitive neutrality, market sustainability, and transparency.

This TPS provides a clear framework for:

- **Strategic context** – defining the operating environment, policy settings, and market conditions.
- **Strategic responses** – including unit structures, procurement policies, and approaches to asset, workforce, and risk management.
- **Procurement approach** – outlining the delivery model, contract structure, risk allocation, and commercial terms.
- **Procurement programme** – detailing the timing, sequencing, and engagement plan for market procurement.
- **Significance policy** – specifying the thresholds and processes for changes requiring re-endorsement.

The scope of this strategy covers all contracted public transport services in the Hawke’s Bay region, including bus operations, ticketing systems, supporting infrastructure, and related service delivery assets. It applies to all procurement activities funded in whole or in part by NZTA/Waka Kotahi.

HBRC will review and, if required, update this strategy at least every three years or sooner if significant changes occur, ensuring ongoing alignment with national policy, regional transport needs, and the evolving supplier market.

Hawke’s Bay Regional Council’s transport activities are grouped under the following activities:

- Transport Planning
- Road Safety
- Passenger Transport and
- Total Mobility

These activities include:

- Preparation of a Regional Public Transport Plan
- Contracting and management of bus services
- Contracting and management of Total Mobility services

- Procurement and implementation of public transport infrastructure and technology
- Road safety education and promotion
- Regional land transport planning and investment, through the Regional Transport Committee
- Professional services associated with these activities

The details and processes in this procurement strategy are consistent with the value of the planned procurements. However, the reference made to NZTA/Waka Kotahi's Procurement Manual requirements mean that the strategy could be applicable to unplanned procurement. If a significant departure is required from this strategy for procurement and other emergency powers are not relevant, then it is expected that a project specific strategy would be prepared for approval prior to the procurement proceeding.



4 Strategic Context

4.1 Scope

4.1.1 Purpose of This Section

This section defines the strategic environment in which HBRC will plan and procure public transport services over the next 10 years. It responds to the NZTA/Waka Kotahi Public Transport Procurement Procedures Manual (PT-PPM, Draft Version 3, August 2025) and incorporates the requirements of the Sustainable Public Transport Framework (SPTF), the Land Transport Management Act 2003 (as amended in 2024), and the Government Procurement Rules (5th Edition – proposed).

4.1.2 Demand and Service Need

HBRC's public transport network serves the Napier–Hastings urban area, connecting key residential, employment, education, and health destinations. Demand has been influenced by:

- Population growth concentrated in Napier, Hastings, and Havelock North.
- Post-Cyclone Gabrielle recovery and related infrastructure resilience priorities.
- Shifts toward low-emission transport choices, active modes, and accessibility.

The 2025 RPTP, adopted 25 June 2025, sets a service vision to deliver a safe, integrated, increasingly used, and climate-aligned network. Anticipated growth in patronage is linked to improved service frequency, reliability, and any new buses provided into the Hawke's Bay Fleet from July 2025 being zero-emission.

4.1.3 Market Depth and Supplier Landscape

The regional bus service market is moderately concentrated, with one incumbent operator holding most of the contracted urban service volume. Potential suppliers include several New Zealand bus companies capable of operating in Hawke's Bay, but market depth is constrained by:

- Limited depot infrastructure in the region.
- High capital cost of acquiring zero-emission fleets.
- The operational efficiency benefits of a single Napier–Hastings unit versus split contracts.

A market engagement process in 2024 indicated interest from both incumbent and out-of-region suppliers, but highlighted that realistic competition will depend on contract scale, lead-in time, and depot access.

4.1.4 Capability and Funding

HBRC has a dedicated transport team with experience in contract management, performance monitoring, and network planning. The Council is funded through a mix of ratepayer contributions and the National Land Transport Fund (NLTF).

Funding constraints mean procurement must prioritise best value for money through efficient service design, whole-of-life asset planning, and transparent performance management.

4.1.5 Asset Control and Provisioning

Under this strategy:

- **Vehicles and depots** – Supplied by the operator.
- **Corunna Bay depot** – Available to operators; if used and charging equipment is installed, charging equipment must transfer to the next operator at an agreed depreciated value.

- **Real-time system** – Council currently owns the Radiola real-time system on its buses and pays Radiola Systems an annual licencing fee for the system including the ‘back end’ access. The need for, and features required, of a future system will be reviewed when the features and opportunities of the new NTS system becomes more solidified.
- **Ticketing system** – Council currently owns the INIT ticketing system on its buses, but from when the new NTS CUBIC shared ticketing platforms system is installed (circa 2027), Council will no longer own the ticketing system (NZTA will) and will not be responsible for procuring it.
- **CCTV** – The CCTV system in the 23 GoBay buses is currently owned by HBRC, but ownership will transfer to the new contract operator from 2027, and Council will not be procuring any separate system from that time on.

4.1.6 Legislative and Policy Drivers

This procurement strategy is shaped by:

- **SPTF requirements** – Fair pay and conditions, community-responsive service design, decarbonisation planning, and allowance for in-house operation if appropriate.
- **2025 Mandate** – From 1 July 2025, only zero-emission public transport buses may be purchased.
- **HBRC 2028 target** – All routes in each unit to be served by zero-emission vehicles by contract year three.
- **Government Procurement Charter** – Commitments to fairness, transparency, and economic benefit.

4.1.7 Emerging Service Requirements

Service procurement may also need to accommodate:

- **On-demand or flexible service models** where traditional fixed routes are inefficient.
- **Resilience measures** to manage climate-driven disruptions.
- **Digital transformation** in passenger information, payment, and service monitoring.

4.1.8 Risk Considerations

Key high-impact risks identified include:

- **Demand volatility** due to economic or social factors.
- **Energy transition challenges** – Infrastructure readiness for zero-emission buses.
- **Industrial action** – Workforce conditions and sector-wide bargaining.
- **Regulatory changes** – Adjustments to LTMA, PT-PPM, or environmental standards.
- **Climate events** – Flooding, cyclone impacts, and network resilience.

Risk allocation is addressed in the dedicated **Risk Allocation Appendix**, with shared, PTA-led, or PTO-led responsibilities defined.

4.1.9 Link to Procurement Approach

The strategic context supports a **single-unit competitive tender** for the Napier–Hastings network, balancing:

- **Operational efficiency** – Reduced dead-running and optimal depot use.
- **Market sustainability** – Contract scale sufficient to attract bids without over-concentrating risk.

- **Future procurement cadence** – Aligning expiry with broader regional and national procurement cycles for potential multi-unit competitions in the future.

4.2 Outcomes Sought

4.2.1 The Regional Land Transport Plan

The Regional Land Transport Plan (RLTP) sets out the region’s vision, objectives, and funding for all modes of land transport for which funding is received from the National Land Transport Fund.

It contains objectives relevant to public transport and also sets out the required funding for the provision of public transport services and infrastructure over the next three years. The RLTP has the following vision: “An efficient transport system that is resilient, low emissions, safe, provides genuine and equitable choices, and places community wellbeing at the centre.”

Supporting strategic objectives include:

- Resilience, security, and asset management
- Drive a low emissions transport system.
- A safe transport system for communities and people
- Inclusive access
- Integrated land use planning and development.

4.2.2 Regional Public Transport Plan (RPTP)

The Hawke’s Bay Regional Public Transport Plan (RPTP), prepared by the Hawke’s Bay Regional Council (HBRC), is a strategic document that sets the objectives and policies for public transport, and contains details of the public transport network and development plans for the next ten years.

The latest RPTP was adopted by Council on 25 June 2025. It is a review of the 2022 plan, with relatively minor changes but an extended implementation horizon.

The RPTP provides a means for councils, transport operators, stakeholders, and the public to work together to develop and improve the public transport network and supporting infrastructure.

Specific outcomes sought by the plan are;

- A safe public transport system that protects passengers, staff, and other road users.
- Increasing public transport use through service improvements and better integration with other modes.
- Integration with active and other transport modes to create seamless journeys.
- Contribution to the economic, social, and environmental wellbeing of the people of Hawke’s Bay.

4.3 Network Overview

The Hawke’s Bay public transport network is designed to provide safe, reliable, and accessible services that connect key population centres, employment hubs, education facilities, and health services across the region. The network’s core is the Napier–Hastings urban bus system and Total Mobility services.

4.3.1 Urban Bus Services

Urban bus services form the backbone of the network, operating between Napier, Hastings, and Havelock North with intermediate stops in key residential, retail, and industrial areas. The network is structured to:

- Provide **regular all-day services** on main corridors with 20–60 minute peak frequencies.
- Serve major trip attractors, including **Hawke’s Bay Hospital, central business districts, and educational campuses**.
- Integrate with active modes through well-located stops, bike racks on buses, and pedestrian-friendly access.

4.3.2 Regional and Targeted Services

There is the potential for a small number of regional routes connect surrounding towns to Napier and Hastings, providing lifeline access for communities with limited transport alternatives. These are typically lower-frequency services operating on selected days or at peak times only.

4.3.3 Total Mobility

The **Total Mobility Scheme** operates alongside the bus network, offering subsidised door-to-door transport for people with disabilities who are unable to use regular buses. HBRC contracts with multiple approved operators to deliver this service.

4.3.4 Bus Service Design Principles

In line with the 2025 RPTP, the bus network is designed to:

- **Increase patronage** through improved reliability, simplified routes, and better travel times.
- **Support equity of access** for all user groups, including low-income households, rural residents, Māori and Pasifika communities, older people, and those with disabilities.
- **Deliver environmental benefits** through the planned transition to a fully zero-emission fleet by 2028.
- **Integrate modes** by aligning timetables and infrastructure to encourage walking, cycling, and micro-mobility connections.

4.3.5 Planned bus Network Enhancements

Over the 2025–2028 period, the network will see:

- The rollout of **zero-emission buses** across urban routes¹.
- Further improvements to **real-time information systems** and digital ticketing.
- Exploration of **on-demand services** in areas with low and dispersed demand.
- Ongoing engagement with communities to refine routes and timetables.

¹ Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

4.4 Inputs required

This section outlines the strategic, operational, market, asset, and financial information used to inform Hawke’s Bay Regional Council’s (HBRC) public transport procurement strategy. These inputs ensure the approach is evidence-based, aligned with statutory requirements, and responsive to regional needs.

4.4.1 Strategic and Policy References

- **Hawke’s Bay Regional Public Transport Plan 2025 (RPTP)** – adopted 25 June 2025; sets the vision *“to deliver a public transport system that is safe, increasingly used, integrated with other modes, and contributes to the economic, social, and environmental well-being of the people of Hawke’s Bay”* and defines service levels, targets, and decarbonisation commitments (all urban routes to be served by zero-emission vehicles by 2028).
- **Hawke’s Bay Regional Land Transport Plan 2024–2034 (RLTP)** – five strategic objectives: resilience and security; emissions reduction; healthy and safe people; inclusive access; environmental sustainability.
- **Government Policy Statement (GPS) on Land Transport 2024** – priorities: economic growth and productivity; increased maintenance and resilience; safety; value for money.
- **Sustainable Public Transport Framework (SPTF)** – embedded in the Land Transport Management Act 2003 following 2024 amendments; mandates fair pay, community-responsive services, and fleet decarbonisation planning.
- **Requirements for Urban Buses in New Zealand (RUB) 2024** – sets minimum vehicle quality, accessibility, and emissions standards.

4.4.2 Market and Service Data

- **Current network** – two main urban units (Napier and Hastings/Havelock North), regional connectors, and Total Mobility services.
- **Patronage** – recovering post-COVID but below pre-pandemic peaks; growth targeted through improved frequency, reliability, and service integration. Key input for determining bus sizes for each route and/or peak services.
- **Customer feedback** – indicates strong demand for improved service frequency, real-time information, and comfort, with a growing expectation for zero-emission buses.
- **Operator market** – limited pool of suppliers in Hawke’s Bay; three to four national-scale operators with relevant capacity, plus smaller Total Mobility providers. Market concentration requires careful unit design to maintain competition.

4.4.3 Asset Base and Condition

- **Fleet** – currently diesel buses, mixed age profile, with limited zero-emission capability; RUB-compliant. All replacement buses from July 2025 must be zero-emission.
- **Depots** – operators currently own and manage facilities in Napier and Hastings; from 1 September, HBRC retains access rights to Corunna Bay depot for present and future contracts.
- **Charging infrastructure** – no existing provision; future installation will be operator-funded but transferred to HBRC’s nominated successor at end-of-term if on council-owned/leased land (i.e. Corunna Bay).

- **Technology systems** – HBRC owns ticketing and real-time systems; CCTV currently in 23 buses will be transferred between contractors as required.

4.4.4 Funding and Financial Parameters

- **Approved budgets** – NLTF co-investment confirmed in RLTP and LTP (2024–2027); local funding constrained by post-Cyclone Gabrielle recovery priorities.
- **Fare revenue** – expected to grow gradually through service quality improvements and population growth; farebox recovery targets/private share aligned with NZTA expectations/agreements.
- **Capital investment** – depot access improvements, charging infrastructure readiness, and technology upgrades planned in parallel with service contracts.

Table 1 Funding Risk–Response Matrix

Scenario	Impact on Procurement	Mitigation
Reduced NLTF co-funding (e.g., lower Funding Assistance Rate or reduced allocation in GPS)	May require scaling back planned service enhancements or delaying capital investments such as depot upgrades or fleet replacement.	Reprioritise programme to protect core service delivery; delay non-essential capital projects; explore targeted central government funding streams or co-investment with territorial authorities.
Local share constraints (e.g., post-Cyclone recovery budget pressures)	Reduced capacity to meet local share of operating or capital costs, potentially limiting service expansion.	Stage service improvements over longer timeframes; consider shorter contract terms with expansion options; investigate PPP or leasing models for capital assets.
Cost escalation (e.g., higher fleet or infrastructure costs due to inflation or supply chain issues)	Risk of tenders exceeding available budget, reducing affordability and competition.	Include price adjusters and phased fleet delivery to spread costs; engage with suppliers early to identify cost drivers; seek indexation-linked funding adjustments.
Loss of targeted capital funding (e.g., decarbonisation grants withdrawn)	Delays to zero-emission fleet rollout or charging infrastructure installation.	Adjust contract specifications to allow staged transition; prioritise highest-impact routes for early conversion; partner with PTOs on joint funding applications.
Fare revenue shortfall (e.g., patronage below forecast)	Reduced operational funding from user contributions; potential gap in NLTF co-funding eligibility.	Review fare structure and marketing to boost patronage; adjust service frequencies to optimise efficiency; seek temporary operational subsidies from external partners.

4.4.5 Legislative and Regulatory Context

- **Land Transport Management Act 2003 (as amended 2024)** – governs procurement, fair pay, and decarbonisation obligations.
- **Government Procurement Rules (proposed 5th edition)** – emphasises measurable economic benefit to New Zealand as part of best value for money.

- **Health and Safety at Work Act 2015** – HBRC requires all contractors to hold SiteWise (or equivalent) accreditation.

4.4.6 Risk and Issue Baseline

- **Market concentration** – risk of limited competitive bids mitigated through optimal unit sizing and early market engagement.
- **Fleet transition** – zero-emission adoption requires significant capital investment and operational adaptation.
- **Funding certainty** – NLTF and local share subject to future budget constraints and national priorities.
- **External shocks** – climate events, pandemics, and energy price volatility could affect service delivery and costs.
- **Industrial relations** – risk of disruption managed through Workforce Requirements clauses and transition obligations.

This evidence base underpins the procurement approach, ensuring alignment between regional priorities, national policy, available resources, and market capacity.

4.5 Supplier Market Assessment

HBRC has assessed the current and potential supplier market for public transport services in Napier and Hastings. The market is characterised by a small number of national-scale operators with the capability to service the region, supplemented by a limited number of smaller, regionally based operators who predominantly focus on charter, school, and Total Mobility services.

The assessment indicates:

- **Number of potential bidders** – likely 3–4 operators with the capability and scale to meet HBRC’s requirements for fleet size, depot access, and zero-emission readiness.
- **Barriers to entry** – capital investment in fleet and charging infrastructure, depot availability, and the relatively small scale of the Hawke’s Bay market compared to urban centres.
- **Local capacity** – the existing urban bus operator has established depot and staff base; smaller operators have limited spare capacity for large-scale service provision.
- **Competitive outlook** – for the combined Napier/Hastings unit, the likelihood of receiving multiple bids is moderate; competition could be constrained if unit design fragments the market or increases dead running.

Recommended structure:

A single combined Napier/Hastings unit is recommended to maximise operational efficiency, reduce dead running, optimise depot use, and ensure consistent service quality. While this may limit competition to the larger national operators, the efficiency gains and service integration benefits outweigh the risks, particularly when mitigated by early market engagement and transparent tender processes.

For detailed analysis, including lessons from comparable regions such as Horizons, refer to **Appendix 2 – Supplier Market Assessment**.

4.6 Policy and Funding Context

4.6.1 National Policy Framework

HBRC's public transport procurement approach is guided by national legislation, procurement rules, and sector guidance, including:

- **Land Transport Management Act 2003 (LTMA) – as amended in 2024**
The 2024 amendments embed the Sustainable Public Transport Framework (SPTF) into statute, requiring procurement strategies to address:
 - Decarbonisation, with PTA fleet transition plans and the 2025 Mandate for only zero-emission bus purchases from 1 July 2025.
 - Fair pay and improved working conditions for the public transport workforce.
 - Community-responsive service design, including potential on-demand services.
 - Stronger partnership obligations with territorial authorities, iwi/Māori, and stakeholders.
- **Sustainable Public Transport Framework (SPTF)**
The SPTF replaces the Public Transport Operating Model (PTOM) and provides greater flexibility in unit design, encourages collaborative partnerships, and prioritises sustainability and workforce wellbeing alongside cost efficiency.
- **Government Policy Statement on Land Transport (GPS) 2024**
The GPS sets the funding ranges and national priorities for land transport investment, with four key priorities relevant to HBRC:
 - Economic growth and productivity.
 - Increased maintenance and resilience.
 - Safety.
 - Value for money.
- **Government Procurement Rules (5th Edition – proposed)**
The proposed rules replace the “Broader Outcomes” framework with a requirement for suppliers to demonstrate how they deliver **economic benefit for New Zealand**. Procurement must still integrate environmental, social, and cultural considerations where these contribute to public value.
- **Requirements for Urban Buses in New Zealand (RUB)**
All contracted urban buses must meet RUB minimum standards for quality, accessibility, and emissions, with additional features specified in HBRC tender documents as required.

4.6.2 Regional and Local Policy Drivers

- **Regional Public Transport Plan (RPTP) 2025**
Adopted on 25 June 2025, the RPTP sets the vision to deliver a public transport system that is safe, increasingly used, integrated with other modes, and contributes to the economic, social, and environmental wellbeing of the people of Hawke's Bay. It establishes outcomes, service levels, and decarbonisation targets (all units to be served by zero-emission vehicles by 2028).
- **Regional Land Transport Plan (RLTP) 2024–2034**
Identifies five strategic objectives: resilience and security, emissions reduction, healthy and safe people, inclusive access, and environmental sustainability.

- **Long Term Plan (LTP) 2024–2027**

Sets funding levels for public transport operations and infrastructure. The current LTP is a three-year plan reflecting Cyclone Gabrielle recovery constraints, with both local share and co-funding from the National Land Transport Fund (NLTF).

4.6.3 Funding Environment

Public transport services in Hawke’s Bay are funded through a combination of:

- **Bus fares** – as paid by the passenger or other third-party funder
- **Third-party** – such as revenue received from the sale of advertising on buses
- **Local share** – funded via targeted and general rates.
- **NLTF co-funding** – typically at the standard FAR (Funding Assistance Rate) for public transport services and infrastructure.
- **Targeted capital investment** – including decarbonisation funding opportunities from central government.

Funding risks include constrained local budgets due to post-Cyclone Gabrielle recovery priorities, and potential changes to NLTF allocations under future GPS settings. Procurement must therefore balance affordability with service quality, decarbonisation timelines, and workforce conditions.

4.6.4 Alignment and Implications for Procurement

This policy and funding environment requires HBRC to:

- Design **contract units** that balance operational efficiency with market sustainability.
- Embed **zero-emission fleet transition milestones** in all service contracts.
- Require tenderers to address **fair pay, workforce retention, and training** in accordance with the LTMA and PT-PPM.
- Weight evaluation criteria to capture **economic benefit for New Zealand**, alongside environmental and social contributions.
- Ensure services align with RPTP outcomes and RLTP objectives while remaining within the confirmed LTP funding envelope.

The procurement approach set out in Section 6 of this strategy responds directly to these policy and funding drivers, ensuring HBRC delivers a public transport system that meets national requirements, regional aspirations, and local affordability constraints.

4.6.5 Current Funding

Based on the current LTP (HBRC LTP 2024-27)², the operational and capital spending for land transport services across the Council is as follows:

Prospective funding impact statement

Transport – year ending 30 June

	Regional Council			
	Annual Plan	3YP Yr1	3YP Yr2	3YP Yr3
	23/24	24/25	25/26	26/27
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	229	167	170	173
Targeted rates	3,091	4,576	5,355	5,197
Subsidies and grants for operating purposes	4,085	5,885	6,631	6,496
Fees and charges	-	350	500	550
Interest and dividends from investments	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipt	-	-	-	-
Total operating funding	7,405	10,979	12,656	12,415
Applications of operating funding				
Payments to staff and suppliers	5,459	9,259	11,030	10,819
Finance costs	3	3	2	2
Internal charges and overheads applied	1,645	1,482	1,608	1,581
Total applications of operating funding	7,107	10,744	12,640	12,402
Surplus / (deficit) of operating funding	299	235	16	14
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Increase / (decrease) in debt	(14)	(14)	(14)	(14)
Total sources of capital funding	(14)	(14)	(14)	(14)
Applications of capital funding				
Capital expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
	-	-	-	-
Increase / (decrease) in reserves	(285)	221	2	-
Increase / (decrease) of investments	570	-	-	-
Total application of capital funding	285	221	2	-
Surplus / (deficit) of capital funding	(299)	(235)	(16)	(14)

Figure 1 Operational and Capital funding for transport, HBRC. Source HBRC 2024/2027 LTP.

² Final funding is also subject to funding delivered through the NLTP.

4.7 Internal Capability

Hawke’s Bay Regional Council (HBRC) has the organisational capability, governance arrangements, and technical expertise to plan, procure, and manage public transport services in compliance with the Land Transport Management Act 2003 (as amended in 2024), the Sustainable Public Transport Framework (SPTF), and the NZTA/Waka Kotahi Public Transport Procurement Procedures Manual (Version 3, August 2025).

4.8 Roles and Responsibilities

Public transport activities are led by the Manager, Transport, within HBRC’s Policy and Regulation Group. Key responsibilities are as follows:

Table 2 HBRC Transport Team Roles and Responsibilities

Role	Responsibility
Group Manager, Policy & Regulation	Executive sponsor of the procurement strategy; approves procurement plans and re-endorsement requests; ensures strategic alignment with RPTP and RLTP.
Manager, Transport	Oversees procurement planning, tendering, contract negotiations, and operational performance monitoring; primary liaison with Waka Kotahi.
Senior Advisor, Transport Strategy & Policy	Develops service specifications in line with RPTP outcomes; leads community engagement and demand analysis.
Sustainable Transport Advisor	Manages day-to-day contract delivery, performance reporting, and KPI compliance.
Transport Coordinator	Provides administrative support to the Transport team and the Total Mobility programme.
Procurement Team	Provides procurement process expertise, compliance checks, and probity oversight.
Corporate Services / Finance	Oversees budget setting, financial modelling, and NLTF funding claims.
Health & Safety Advisor	Ensures SiteWise and other safety requirements are embedded in procurement and contract management.

4.8.1 Organisational Structure & Governance

- Public transport procurement sits within HBRC’s Policy & Regulation Group under the Group Manager.
- Major procurement decisions are overseen by the council’s Senior Leadership Team, ensuring probity and alignment with council policy.
- Public transport procurement aligns with the RPTP 2025 and is integrated into HBRC’s Long Term Plan (LTP) and Annual Plan processes.

4.8.2 Skills and Experience

HBRC's transport and procurement staff have direct experience in:

- PT-PPM compliant tender processes (including recent urban bus and Total Mobility procurements).
- Negotiating and managing multi-year service contracts.
- Fleet transition planning for zero-emission buses in line with the 2025 Mandate.
- Embedding fair pay, workforce requirements, and broader outcomes into contract terms.

Specialist support is available through:

- External legal advisors experienced in PT contract law.
- Fleet and infrastructure consultants for depot and charging asset specifications.
- Independent probity auditors for major tenders.

4.8.3 Systems and Processes

- Procurement is managed through Central Government's GETS electronic procurement platform and complies with HBRC's Procurement Policy, NZTA requirements, and the Government Procurement Rules.
- Contract management uses HBRC's contract performance monitoring framework, incorporating NZTA monitoring templates.
- Workforce, fleet decarbonisation, and safety KPIs are monitored monthly and reported (at least) quarterly to Waka Kotahi.

4.8.4 Resourcing Capacity

- The PT team is resourced to manage current and planned procurement activity, with surge capacity supported by HBRC's Procurement Team and external advisors when required.
- Additional technical support for fleet transition and depot readiness can be engaged on a project basis during procurement of the Napier–Hastings unit.

4.8.5 Continuous Improvement

HBRC has a practice of conducting post-procurement reviews to capture lessons learned and applying them to future tenders. Staff undertake regular training on PT-PPM updates, LTMA changes, and market engagement best practice.

4.8.6 NZTA Waka Kotahi Interface

The Manager, Transport is the designated lead for all NZTA communications on procurement matters, approvals, and monitoring. HBRC maintains open-book reporting and full compliance with NZTA's monitoring and reporting requirements.

4.9 Internal Capability & Market Sustainability Cross-Reference

HBRC's internal capability in procurement planning, contract management, and market engagement directly supports the delivery of a sustainable and competitive supplier environment in the Hawke's Bay public transport sector.

The organisational strengths outlined in Section 3.7–3.8 enable HBRC to:

- **Plan and structure procurements** that balance operational efficiency with market attractiveness, informed by the supplier market assessment in Section 3.5.
- **Engage early and transparently** with potential operators to identify and address barriers to entry before tenders are released.
- **Manage asset access and ownership** (including depots, charging infrastructure, and ticketing systems) in a way that reduces capital entry costs for new operators.
- **Implement workforce and asset transition provisions** that give new entrants certainty over staff and resources, minimising disruption risk.

These capabilities underpin the measures set out in 6.5.4 Market Sustainability, which target maintaining at least three viable PTOs in or able to enter the regional market. The procurement team’s experience with competitive tendering, transitional contracting, and supplier relationship management ensures HBRC can act swiftly if competition drops below threshold, either by adjusting contract structures or activating contingency procurement models with NZTA approval. See Appendix 13. Contingency Procurement Pathways

By integrating internal capability with market sustainability planning, HBRC is positioned to both preserve a healthy level of supplier competition and secure the long-term resilience of the region’s public transport services.



5 Strategic Responses

5.1 Unit Structure & Rationale

Unit Design under SPTF

Under the SPTF, units remain essential building blocks for contracting public transport services. However, compared to the LTMA original approach, their definition is now broader to allow procurement of on-demand and shuttle services, either on their own or integrated with fixed-route units, without exclusivity constraints.

Units must be defined strategically—based on integration, operational and financial efficiency, infrastructure availability, energy usage, and market attractiveness—to support services that are flexible, efficient, and aligned with network and decarbonisation goals.

HBRC has defined the following unit/s operating within the region. A detailed description of the services contained in this unit is to be found in the RPTP 2025-35.

- It is proposed to continue to operate the Napier and Hastings urban services as one unit.

Rationale

- Operational efficiency – consolidating Napier and Hastings into one unit reduces duplication of routes and resources, minimises dead running between cities, and enables flexible deployment of vehicles and drivers.
- Depot location – the combined geography allows strategic use of centralised depots to serve both urban areas efficiently.
- Competition – while a single large unit can limit the number of bidders, in a market of HBRC’s scale, multiple small units would risk attracting no bids for some units or increasing per-unit costs.
- Procurement cadence – managing one major unit allows HBRC to focus market engagement and procurement resources, with contract renewal cycles timed to maintain competitive tension.

The current contract was due to expire at the end of July 2025, but this has now been extended until the end of July 2027.

The current service provider is Go Bus Transport Ltd.

Table 3 Current bus network

Unit	Description	Number of buses	Start date
Napier- Hastings Urban Bus Services (Napier- Hastings- Havelock North- Taradale- Flaxmere- Ahuriri)	Operates Monday to Sunday (6.00am to 6.30pm) within the Napier- Hastings urban boundaries with link services to the satellite centres of Taradale, Havelock North, Flaxmere, Clive, Westshore, Bay View. Service details are set out in the bus timetable dated April 2019.	23 PV including MyWay	September 2016

5.1.1 Description of services integral to the Hawke’s Bay public transport network and unit delineation

Proposed 2026 Network – Phase 1 from 2026

Table 4 Proposed 2026 Network

Route #	Description	Frequency
1	Between Napier, Hastings & Havelock North	<ul style="list-style-type: none"> • Every 20 minutes 7am-9am, 3pm to 6pm, Monday to Friday • Every 30 minutes between 6am-7am & 9am and 3pm, Monday to Friday • Every 60 minutes between 7am and 6pm, Saturday • Every 120 minutes between 8am and 6pm, Sunday
2	EIT to Napier via Tamatea	<ul style="list-style-type: none"> • Every 60 minutes 7am-7pm, Monday to Friday • Every 60 minutes 7am-6pm Saturday
3	Tamatea to Napier via Maraenui	<ul style="list-style-type: none"> • Every 60 minutes 7am-7pm, Monday to Friday • Every 60 minutes 7am-6pm Saturday
4	Flaxmere to Akina via Hastings	<ul style="list-style-type: none"> • Every 60 minutes 7am-9am, 3pm to 6pm, Monday to Friday • Every 60 minutes between 9am and 3pm, Monday to Friday • Every 120 minutes between 7am and 6pm, Saturday • Every 120 minutes between 8am and 6pm, Sunday
5	Flaxmere to Karamu via Hastings	<ul style="list-style-type: none"> • Every 60 minutes 7am-9am, 3pm to 6pm, Monday to Friday • Every 60 minutes between 9am and 3pm, Monday to Friday

Route #	Description	Frequency
		<ul style="list-style-type: none"> • Every 120 minutes between 7am and 6pm, Saturday • Every 120 minutes between 8am and 6pm, Sunday
6	Napier to Hawke's Bay Airport via Bluff Hill and Ahuriri – and to Bay View	<ul style="list-style-type: none"> • Every 60-90 minutes 6am-7pm, 7 days a week – Airport • Every 120-150 minutes 6am-7pm, Mon-Sat – Bay View
7	Hastings to Hospital via Raureka and Camberly	<ul style="list-style-type: none"> • Every 60 minutes 7am-7pm, Monday to Friday • Every 60 minutes 7am-6pm Saturday
8	Hastings to Napier via Mahora, Whakatu, Clive and Te Awa	<ul style="list-style-type: none"> • Every 60 minutes 7am-7pm, Monday to Friday

Proposed 2028 Network – Phase 2

Table 5 Proposed 2028 Network

Route #	Description	Frequency
1	Between Napier, Hastings & Havelock North	<ul style="list-style-type: none"> • Every 15 minutes 7am-9am, 3pm to 6pm, Monday to Friday • Every 30 minutes between 9am and 3pm, Monday to Friday • Every 30 minutes between 6am and 7am and 6pm and 9pm, Monday to Friday • Every 30 minutes between 7am and 9pm, Saturday and Sunday
2	EIT to Napier via Tamatea	<ul style="list-style-type: none"> • Every 30 minutes 7am-7pm, Monday to Sunday
3	Tamatea to Napier via Maraenui	<ul style="list-style-type: none"> • Every 30 minutes 7am-7pm, Monday to Sunday

Route #	Description	Frequency
4	Flaxmere to Akina via Hastings	<ul style="list-style-type: none"> • Every 30 minutes 7am-7pm, Monday to Sunday
5	Flaxmere to Karamu via Hastings	<ul style="list-style-type: none"> • Every 30 minutes 7am-7pm, Monday to Sunday
6	Napier to Hawke's Bay Airport via Bluff Hill and Ahuriri – and to Bay View	<ul style="list-style-type: none"> • Every 30 minutes 6am-9pm, Monday to Sunday – Airport • Every 120 minutes 6am-7pm, Monday to Sunday – Bay View
7	Hastings to Hospital via Raureka and Camberly	<ul style="list-style-type: none"> • Every 60 minutes 7am-7pm, Monday to Sunday
8	Hastings to Napier via Mahora, Whakatu, Clive and Te Awa	<ul style="list-style-type: none"> • Every 60 minutes 7am-7pm, Monday to Sunday

The Napier-Hastings Urban Bus service will be identified as one unit because:

- forms one marketable whole,
- is of sufficient size to attract competition, and
- maximises the efficient use of operator and council resources and therefore promotes value for money

5.1.2 Unit Procurement

The allocation of the Napier & Hastings services into one unit in the RPTP allows for simple programmed procurement.

When and if funding permits, a second unit for Central Hawke's Bay to Hastings will be also procured.

Currently, there are no privately operated public transport services in Hawke's Bay that require transition into the Council's contracted public transport network.³

³ Commercially registered services are public transport routes that a private operator runs independently, without council funding. Under the Public Transport Management Act (PTMA), councils may need to transition such services into the contracted public transport network if they overlap with, or affect, planned council-funded services.

Table 6 Future public transport procurements

Unit name	Forecast annual spend (opex.)	Full contract value (unindexed)	Contract start date	Base term	Extension provisions	Tender release & procurement method
Napier-Hastings	\$8.5m	\$76.5m	1 Aug 2027	9 years	2 years	13 Jan '26 (open competitive)
Central Hawke's Bay - Hastings	\$540,000	\$1.08m	1 Aug 2028	2 years	n/a	1 Sept '27 (open competitive)

Note that this plan only forecasts operational expenditure. Capital expenditure, which might be expected for bus shelters and interchanges, fall within the responsibility of the region's territorial authorities.

5.2 Procurement Policies

5.2.1 Purpose

This policy summary sets out how Hawke’s Bay Regional Council (HBRC) will plan, procure, and manage public transport services in line with the council’s own procurement policies, the Sustainable Public Transport Framework (SPTF), the Land Transport Management Act 2003 (LTMA), the Government Procurement Rules (5th Edition, pending), and the NZTA/Waka Kotahi Public Transport Procurement Procedures Manual (PT-PPM).

Our goal is to deliver a safe, integrated, efficient, zero-emission public transport system that meets community needs, supports workforce wellbeing, and delivers best value for money for ratepayers and funding partners.

5.2.2 Background

The current local environment for competition is limited, with one major supplier (Go Bus Transport Ltd) holding the public transport contract for the provision of the Napier and Hastings urban bus services, which comprise one public transport unit. This supplier first won the contract in 2008, and retained it when the contract was re-tendered in 2015 under PTOM requirements.

The other major operator in the region is Tranzit, who have held a number of HBRC contracts previously (under Nimons) and currently operate a number of school, tour, charter and private services. Other smaller local operators include Waipawa Buses, Brun’s Charter Services and Bay Tours and Charters with neither having any significant urban bus operation experience. However, there are bus operators outside of Hawke’s Bay who tendered for the Napier–Hastings Bus Unit in 2015 and could potentially tender in the region again in the future.

In early 2024 council undertook an ROI process in anticipation of rendering the Napier/Hastings unit in 2024. Five expressions of interest were lodged, all New Zealand operating bus companies, giving some weight to the expectation of active interest in any future Hawke’s Bay bus tender process.

5.2.3 Strategic Outcomes

Public transport procurement will contribute to HBRC’s vision of a healthy environment and a resilient, prosperous community by:

1. Environmental Wellbeing – Supporting zero-emission fleet transition by 2028⁴, reducing carbon emissions, and minimising environmental impacts across the service lifecycle.
2. Social Wellbeing – Improving access for all, fostering fair and equitable pay and working conditions for transport staff, and supporting local workforce development.
3. Economic Wellbeing – Strengthening the regional supply chain, supporting local businesses, and delivering economic benefit to New Zealand in line with Government Procurement Rules.
4. Cultural Wellbeing – Partnering with mana whenua in planning and service design to reflect local values and aspirations.

⁴ Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

5.2.4 Procurement Principles

HBRC will ensure procurement is:

- Transparent & Fair – All suppliers have equal access to information and opportunities.
- Competitive & Efficient – Contracts structured to encourage participation while ensuring operational efficiency.
- Accountable & Ethical – Decisions documented, conflicts of interest managed, and commercial confidentiality respected.
- Sustainable – Whole-of-life costs, environmental impacts, and social benefits factored into evaluation and delivery.
- Aligned with Best Value for Money – Selecting suppliers based on public value, considering service quality, capability, economic benefit, and total cost of ownership.

5.2.5 Compliance & Requirements

All public transport procurement will:

- Meet legislative obligations under the LTMA, LGA, Health and Safety at Work Act, and other applicable laws.
- Follow NZTA/Waka Kotahi PT-PPM procedures for all NLTF-funded activities.
- Integrate workforce protections including fair pay, training, and retention requirements.
- Align with decarbonisation mandates including the 1 July 2025 zero-emission bus purchase requirement and HBRC's 2028⁵ full fleet target.
- Apply the Government Procurement Charter commitments to planning, fairness, public value, and collaboration.
- Test and weight economic benefit as a key evaluation criterion (minimum 10% for high-value contracts).

5.2.6 Implementation

HBRC will:

- Define **service units** to balance operational efficiency, competition, and market sustainability.
- Engage early with suppliers to encourage innovation⁶, readiness, and sustainable pricing.
- Monitor contract performance through NZTA-aligned templates, including KPIs for workforce retention, driver pay indexation, service quality, and decarbonisation milestones.
- Review and update this strategy at least every six years, or sooner if legislative or strategic changes require.

⁵ Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

⁶ Application of innovation as a mechanism to deliver measurable benefits, including cost efficiency, improved customer experience, and accelerated emissions reduction. Innovation is not treated as a stand-alone benefit but as a means to achieve tangible outcomes.

A full review of all applicable guidelines, requirements and principles of procurement as per HBRC's own procurement policies, the Sustainable Public Transport Framework (SPTF), the Land Transport Management Act 2003 (LTMA), the Government Procurement Rules (5th Edition, pending), and the NZTA/Waka Kotahi Public Transport Procurement Procedures Manual (PT-PPM) is included in the appendices of this strategy.

5.3 High Risk or Unusual Procurement Activities

HBRC are not aware of any high risk or unusual activities.

5.3.1 Public Transport and Mobility Services

The procurement programme for HBRC for the next 3 years, that this procurement strategy covers, includes the re-tendering of the public transport contract for bus services and tendering or renewal of Total Mobility contracts.

5.3.2 Professional Services

The current level of resourcing within the HBRC means that the majority of professional services are delivered in house. The exception to this is when specialised work and any other work that is needed where internal resources are not available.

5.3.3 Physical Works

At this stage there is no plan to build any new infrastructure to support contracted bus services. The council offices in Napier are available for bus drivers for breaks, but the bus depots are the responsibility of the bus provider, except where the contractor may choose to utilise the council's lease of the site at Corunna Bay (see below). Bus charging stations may be required in the future, when the provider invest in zero emission vehicles, but their location would need to be determined at the time and would be the responsibility of the provider.

5.3.4 Depots

HBRC has committed to a long-term lease over the current Go Bus depot site in Corunna Bay, Napier. As industrial sites suitable for bus depots are scarce in Napier (versus Hastings – at this time), the council has identified the benefits of it assuming a lease for the site which will be provided to the successful tenderer for future bus operations to utilise. This will create a more level playing field for prospective tenderers.

The lease is based on the site being available to a potential contractor. Should the contractor choose not to use the site, it will be available for release back to the owner, subject to any other requirement that the council may have at the time.

5.4 Unplanned Procurements

If there is a procurement required because of some unplanned event it will be determined, at the time, if the procurement fits within this strategy or whether a particular procurement strategy and plan needs to be developed.

5.4.1 Total Mobility Services

All known small passenger services in the region are currently contracted to provide Total Mobility. At such time as a new service commences operating, HBRC will follow the current NZTA/Waka Kotahi's Procurement Manual processes for the procurement of these services.

5.4.2 Infrastructure

Public transport infrastructure improvements, i.e. bus stops and associated infrastructure, are carried out by the city and district councils of the region. HBRC provides information signs and timetables at bus stops. Council works collaboratively with the city and district councils to plan and agree placement of such infrastructure. Since bike racks on buses can only carry two at any one time, improving bike parking at key bus stops and interchange points would support greater use of bikes for first/last mile access.

When the fleet transitions to electric vehicles there may need to be appropriate charging stations for buses, but as noted earlier, at this time, this will be the responsibility of the contracted bus operator.

5.4.3 Exempt Services

Exempt services are not required to be arranged into units and contracted by the regional council. Exempt services are those which are exempt under Section 130(2) of the LTMA or treated as exempt under section 153(2).

There are a number of services in the Hawke's Bay region which are exempt or to be treated as exempt. These are listed in Appendix A.



6 Procurement Approach

6.1 Confirmation of specific strategic objectives.

The Regional Land Transport Plan (RLTP) sets out the region's vision, objectives and funding for all modes of land transport for which funding is received from the National Land Transport Fund. It contains objectives relevant to public transport and also sets out the required funding for the provision of public transport services and infrastructure over the next three years.

The Hawke's Bay RLTP has the following 30 Year vision:

"An efficient transport system that is resilient, low emissions, safe, provides genuine and equitable choices, and places community wellbeing at the centre."."

Supporting strategic objectives include:

- Resilience, security, and asset management
- Drive a low emissions transport system.
- A safe transport system for communities and people
- Inclusive access
- Integrated land use planning and development.

In accordance with the Council's strategic outcomes, bidding companies will need to demonstrate how they can deliver Broader Outcomes as outlined in section 7.4.1.

This approach to procurement will achieve the procurement objectives by ensuring local contractors can compete for work on an equal basis with the large National and International contractors. This will achieve the objectives of value for money and development of local suppliers.

6.2 Delivery Model - Buses

6.2.1 Section 17(a) review

The SPTF enables in-house delivery of public transport services (public transport authorities will be able to operate public transport services, e.g. own buses, employ bus drivers, and run services themselves). It is currently possible for a regional council to provide a bus service through a Council Controlled Trading Organisation (CCTO). It could take several years to be established following appropriate consultation.

There is no desire, at the moment, for a change to the management or delivery of bus services in terms of bringing delivery in house, even if it were possible.

In 2023 the elected members were consulted on their desire for a Section 17(a) review and have confirmed that they would prefer to continue to out-source the bus services and feel that the cost of the review would outweigh any benefits.

6.2.2 Model chosen for provision of public transport

The NZTA/*Waka Kotahi Procurement Manual* outlines a number of preferred delivery models for the provision of public transport activities.

Hawke's Bay Regional Council has identified the **partnering model** as the preferred delivery model for its Napier–Hastings bus service, as this contract meets the criteria for partnering contracts as set out in the Procurement Manual.

The partnering model was chosen as it emphasises collaboration built on mutual trust and shared objectives. Highlights include:

- Recognises the different skills and risk-handling capacities of both purchaser and supplier.
- Encourages both parties to engage in innovation, data-sharing, and efficiency improvements, with a focus on growing patronage and reducing reliance on subsidy.
- While it's not a formal legal partnership or alliance, it establishes an implied covenant of good faith focused on delivering improved service outcomes.

The procurement approach for bus services aims to encourage local contractors to compete with national suppliers. Whichever company wins the contract will need to establish their own depots in the region, but with an option to utilise the council leased depot in Corunna Bay in Napier. The development of the local bus market will provide longer term value and ensure these resources are available locally for other businesses.

6.3 Delivery model – Total Mobility

HBRC will procure Total Mobility (TM) services in accordance with Procurement Procedure 4 – Total Mobility, as set out in the Waka Kotahi Procurement Manual and the Public Transport Procurement Procedures Manual (PT-PPM, Version 3, August 2025).

The TM scheme is delivered in partnership with approved small passenger service (SPS) operators to provide door-to-door transport for people with disabilities who cannot use conventional bus services.

6.4 Contract Structure & Duration

6.4.1 Public Transport

6.4.1.1 Contract term

HBRC has chosen the default partnering model length of contract for the Napier- Hastings urban service, which will be nine years. Council considers a longer-term contract appropriate as it will allow for the provider to have greater certainty and enable investment in the delivery of the service, in terms of people and assets. For any other small units subsequently identified in Wairoa or Central Hawke's Bay, a trial period followed by a six-year term is appropriate given that these are likely to be one bus units, with low capital investment.

6.4.1.2 Bus sizing

When determining the most appropriate bus sizes to include in each contract unit, the Council will apply the Waka Kotahi "right-sized vehicle" rubric contained within the Public Transport Design Guidance and the NZTA Procurement Manual. This requires assessment of service demand profiles, route characteristics, passenger boarding data, and accessibility requirements to ensure vehicles are matched to forecast patronage while maintaining operational efficiency. Consideration will also be given to infrastructure constraints (such as road geometry, bridge weight limits, and terminal facilities), the need for wheelchair accessibility, and alignment with regional mode shift and emissions reduction goals.

In line with the NZTA Procurement Manual and broader Government Procurement Rules, the Council will embed these requirements in procurement documentation so that tenderers clearly understand the expected vehicle specifications. Vehicle sizes and configurations will be specified at a unit level, with flexibility to allow operators to propose innovative fleet solutions provided they remain within the agreed parameters of the NZTA rubric. This ensures that procurement decisions deliver value for money, maintain compliance with Waka Kotahi guidance, and support consistent, high-quality customer outcomes across the network.

See attached Appendix 12 for the decision framework (bullet points or table) showing the exact factors HBRC would weigh (e.g. peak loadings, low-patronage coverage routes, emissions targets) on determining bus size for the contract.

6.4.1.3 Group tenders

Group tenders are not applicable in the Hawke's Bay region at present as there is only one bus unit. Should future small bus units be established, HBRC will allow group tenders where it considers that this could represent good value for money, using criteria consistent with NZTA/Waka Kotahi policy.

6.4.1.4 Alternative tenders

HBRC may make provision for alternative tenders in its tender documents. An alternative may provide better value for money than the original service specifications. Also, the provision for alternative tenders is a vehicle for the encouragement of innovation. The full criteria for alternative tenders will be outlined in the tender documents. Any alternative tenders will be evaluated as required by the NZTA/Waka Kotahi's Procurement Manual and will be required to be accompanied by a conforming tender.

6.4.1.5 Service Level Variations

As part of any bus service tender process, a per km (by bus type), per hour and per bus type variation rate will be used as part of the Price Quality assessment model. Further details of this, including any formulae, will be contained within the Contract for Napier & Hastings Public Transport Services ~~HBRC Contracting Manual~~. Any variations during the term of the contract will be priced according to the tendered variation rate.

6.4.1.6 Gross Price Resets

There will be no scheduled price review or increase (Gross Price Reset) in the sixth year of the contract.

6.4.1.7 Indexation

Indexation will be applied to bus contracts according to NZ Transport Agency Waka Kotahi's Indexation for public transport operating contracts - Managing inflation and cost fluctuation risk – document released in April 2025.

Council may choose to exclude capital components of bus contracts from indexation requirements. Council will consult with the industry before including or excluding any such provisions in its bus contracts.

6.4.2 Total Mobility

6.4.2.1 Procurement procedure

- TM services are procured on a non-price competitive basis.
- HBRC maintains an Approved Operator Register. Any SPS operator who meets the required quality, safety, and compliance standards may be approved and added to the register at any time.
- The council's website will describe the application process, which will be way of contacting the transport team. A draft contract with all quality, safety, and compliance standards included will be sent for their consideration, along with an application form.
- The competed application form will then be assessed against the contract requirements. Site visits and interviews will be undertaken as required. Where all points of the application are satisfactorily complete, a contract will be entered into.
- This approach ensures market openness while removing the need for competitive tendering, consistent with Waka Kotahi's national requirements.

6.4.2.2 *Commercial terms*

- Approved operators enter into a standardised Total Mobility Operator Agreement with HBRC.
- Operators set their own fares in line with SPS regulations and the Total Mobility contract. HBRC reimburses the subsidy portion of the fare up to the regional cap.

6.4.2.3 *Quality and compliance requirements*

Operators must demonstrate and maintain:

- SPS licensing, vehicle safety certification, and insurance compliance.
- Provision of Wheelchair Accessible Vehicles (WAVs), with minimum service levels defined by HBRC.
- Driver training, including disability awareness and safe securement.
- Trip and invoicing data in an electronic format suitable for audit and fraud prevention.
- A customer complaints process consistent with HBRC's service standards.

Performance monitoring

- HBRC monitors performance against KPIs including:
 - Trip reliability and timeliness.
 - WAV booking fulfilment rates.
 - Complaint rates and resolution times.
 - Data accuracy and timeliness of invoicing.
- Persistent non-compliance may result in suspension or removal from the Approved Operator Register.

Stakeholder engagement

- HBRC will consult with disability sector representatives, assessment agencies, and operator partners to review service delivery, address accessibility gaps, and continuously improve the scheme.
- HBRC may provide targeted support (e.g., grants for WAV acquisition or retrofitting) to ensure adequate service coverage and accessibility.

6.4.3 Professional Services

Wherever possible, HBRC would like to retain expertise in-house and train and develop technical staff and managers within council. However, there will be some areas where consultants with specialised knowledge are able to provide a cost effective and timely response.

6.4.3.1 *Market, Procurement Complexity, Innovation and Risk*

The Professional Services procurements that this strategy covers will be generally small and less complex. The procurements will be for both general and specialist services to support the in-house team. The services planned to be procured are generally transportation modelling and policy and the preparation of compliance, consultation or reporting documentation. These procurements are not complex.

The highest risk to professional service delivery is the amount of competition for this resource within the neighbouring regions and nationally. This demand for professional services is expected to continue over the next three years. The procurement approach will manage this risk by developing a relationship with the

suppliers through a number of small contracts. The number of small contracts spreads this delivery risk so there is an overall low risk to service disruption by a failure of an individual procurement.

6.4.3.2 *Aggregation, Bundling and Contract term*

The approach in this Strategy is not to aggregate different projects of work. The approach is to size the work packages to match the resources in the market. However, where the same work is being undertaken by other councils this could be bundled to make joint procurements if the other parties are willing. This could be appropriate for some professional services e.g. speed management.

The term of the engagement for professional services will match the project’s duration.

6.4.3.3 *Key attributes and best value for money*

The key attributes for professional services procurement are to size the procurements so that it is feasible for smaller companies to bid for the work. This procurement approach will ensure competitive prices.

The approach means that in the longer term there will be:

- a more competitive supplier market,
- a more resilient supply of service to support the Council’s delivery, and
- a reduced impact on the environment of the service delivery.

6.4.3.4 *Proposed delivery model(s) and supplier selection methods*

The procurement approach taken to engaging Professional Services will utilise either an open or closed procurement process, depending on the contract value. The supplier selection method will follow the requirements of the NZTA/Waka Kotahi’s procurement manual.

The proposed delivery models and their usage is described in the table below. Note the value limits are as set out by NZTA/Waka Kotahi’s Procurement Manual. However, the direct appointment model will usually only be used when the value of the work is estimated to be less than **\$100,000**. Above this value a closed contest would be considered.

Table 7 Procurement and Delivery Model Professional Services

Supplier Selection Method	Expected Usage	Typical Value	Price weight [%]
Direct Appointment (similar work, known performance and track record)	Generally	Up to \$100k	NA
Direct Appointment (new supplier)	Rarely	Up to \$100k	NA
Closed Contest (LPC & PQ) ⁷	Occasionally	Up to \$200k	See below

⁷ LPC = Lowest Price Conforming, PQ =Pre-Qualification

Supplier Selection Method	Expected Usage	Typical Value	Price weight [%]
Lowest Price Conforming	Rarely	All	100
Price quality (physical works)	Generally	>\$100k	50-70
Price quality (professional services)	Generally	>\$100k	30-50
Purchaser Nominated Price	Rarely	NA	0
Quality Based	Rarely ⁸	>\$1M	0
Prequalification (health and safety)	Generally	All	N/A

Professional services procurements will be kept simple and relatively low risk. The limited size of each procurement will mean that the overall risk to the programme will be low. The procurement models for larger procurements are included in this Strategy in case they are required for some unplanned procurement that may arise from an emergency event.

6.4.3.5 Risk management

The highest risk to professional service delivery at present is the amount of competition for this resource across the country. This demand for professional services is expected to continue over the next three years. The procurement approach will manage this risk by developing a relationship with smaller suppliers through a number of small contracts. The number of small contracts spreads this delivery risk so there is an overall low risk to service disruption by a failure of an individual procurement. Where possible, services will be delivered in house.

6.4.4 Delivery model for Physical Works

Most of the physical works are minor in nature (considerably less than \$100,000 in value) so are to be procured by direct appointment to a known supplier, who has provided similar services in the past, or three suitable suppliers will be invited to submit a tender. Any procurement activity will be in alignment with HBRC's procurement policy.

Any work estimated to cost more than \$100,000 will be advertised on GETS through open tender with tender evaluation based on quality and price as defined in the NZTA/Waka Kotahi Procurement Manual.

The procurement approach which encourages small suppliers to bid for the work is expected to provide greater innovation. This is because these small businesses can better manage the risk which goes with innovating, so they are more likely to try new ideas.

6.4.4.1 Procurement Spend Profile

The following table outlines the supplier selection methods that will be used. When setting the appropriate weighting for attributes the weight for delivering of the Broader Outcomes will be a minimum of 10%.

Table 8 Supplier selection methods infrastructure

Type of Service	Approximate Annual Expenditure (\$)	Delivery Method	Preferred* Supplier Selection Method
Bus Timetable display units	\$1,000	Staged	Direct Appointment
Bus shelters	\$26,500	Staged	Direct Appointment Closed Contest

6.5 Risk Allocation Approach

HBRC's approach to risk allocation is based on the principle that each risk should be allocated to the party best able to manage or mitigate it, at least cost, while ensuring transparency, contractual clarity, and market sustainability. This approach reflects the requirements of the Sustainable Public Transport Framework (SPTF), the amended Land Transport Management Act 2003, and the draft NZTA/Waka Kotahi Public Transport Procurement Procedures Manual (Version 3, August 2025).

6.5.1 Principles

- Risks are identified early through market assessment, service planning, and internal capability review.
- Allocation is designed to maintain competitive tension and encourage participation from a range of qualified operators.
- Contract clauses will be clear and specific about each party's obligations, with dispute resolution mechanisms where risk materialisation is uncertain or shared.
- Allocation will not unfairly transfer unmanageable risks to operators, as this may reduce bid quality, increase cost, or undermine service continuity.
- Where risks are shared, HBRC will establish governance processes, data-sharing arrangements, and joint contingency planning to ensure coordinated mitigation.

6.5.2 Key Risks and Allocation Rationale

HBRC has assessed the following high-impact risks (refer to *Appendix 10 – Risk Allocation Table* for detail):

1. Demand Risk – Patronage volatility driven by economic, demographic, or behavioural changes will be managed primarily by HBRC through fare policy, service design, and marketing. Operators will be expected to maintain service quality regardless of demand fluctuations, but will not bear financial risk from lower patronage.
2. Fuel/Energy/Charging Cost Risk – Electricity and alternative fuel price volatility will be managed via NZTA indexation provisions. Operators will manage efficiency, but pass-through adjustments will be permitted to maintain financial sustainability.

3. Depot Availability Risk – HBRC has committed to a long-term lease over the current Go Bus depot site in Corunna Bay, Napier. This site will be made available to the successful operator, but not compulsorily, under a sublease arrangement at a fair market rate. Lease costs, if chosen to use, must be incorporated into operator pricing. Should the operator install charging infrastructure on the site, transfer provisions will apply at contract end, with the incoming operator or HBRC compensating the outgoing operator for the agreed depreciated value of those assets. If the successful contractor chooses not to use the depot, HBRC may release the site back to the site owner, subject to any ongoing requirements of Council.
4. Workforce and Industrial Action Risk – Public Transport Operators (PTOs) will be responsible for workforce management, recruitment, retention, and compliance with fair pay provisions. HBRC will mitigate systemic workforce shortages through engagement with training providers and sector-wide advocacy.
5. Regulatory Change Risk – Material legislative or policy changes will generally be shared, with contract variation provisions to address cost or service impacts.
6. Pandemic or Climate Event Disruption – Response planning will be jointly developed. HBRC will lead service-level decisions and emergency funding arrangements, with PTOs responsible for operational continuity where possible.

6.5.3 Contractual Integration

Risk allocation will be embedded in:

- Contract Schedules defining specific roles, responsibilities, and mitigation actions.
- Performance Regimes with KPIs linked to operator-controlled outcomes only.
- Indexation Mechanisms that fairly address cost volatility without over-compensation.
- Force Majeure Clauses for extraordinary events beyond either party's control.
- Asset Transfer Provisions to manage residual value risk for major infrastructure.

6.5.4 Market Sustainability

The allocation approach is intended to:

- Provide operators with a predictable and manageable risk environment.
- Avoid excessive risk premiums in tender pricing.
- Encourage multiple competitive bids while ensuring long-term operator viability.
- Support HBRC's broader objectives for zero-emission fleet transition, workforce wellbeing, and service resilience.

HBRC recognises that a sustainable, competitive supplier market is critical to delivering best value for money, maintaining service quality, and ensuring resilience in the public transport network.

Target Number of Public Transport Operators (PTOs)

For the Hawke's Bay urban network, HBRC's target is to maintain at least **three viable PTOs** active or capable of entering the regional market. This number is considered optimal to sustain competitive tension for tenders, enable service continuity in the event of a supplier exit, and support healthy innovation in service delivery.

Actions to Lower Barriers to Entry

To support market sustainability and encourage new or returning entrants, HBRC will:

- **Depot Access and Leasing** – Maintain access rights to the Corunna Bay depot and make it available for lease to incoming operators at a fair market rate.
- **Early Market Engagement** – Undertake supplier briefings and release draft tender documents well ahead of procurement to allow adequate preparation time for all potential bidders.
- **Infrastructure transfer** – Enable end of contract charging infrastructure transfer (and any other strategic assets) with clear transfer mechanisms at contract end to support continuity.

Approach if Competition Drops Below Threshold

If fewer than two compliant bids are received for a public transport procurement, HBRC may take the following steps:

1. Structured Review

- Review the procurement design, including contract size, term, and risk allocation, to identify barriers to participation. Any changes must be documented and applied consistently to all potential bidders.

2. Market Engagement (Open and Transparent)

- Conduct a **market sounding or open industry consultation** to identify challenges or deterrents affecting supplier participation.
- Any clarifications, adjustments, or non-core term refinements must be **published to all prospective suppliers** to maintain fairness.

3. Procurement Adjustment

- Consider options such as **staging or dividing the contract**, provided that operational efficiency, service quality, and cost-effectiveness are preserved.
- Adjustments must be **documented and communicated to the market**, and all suppliers must have an equal opportunity to submit revised bids.

4. Interim Service Arrangements

- Where service continuity is at risk, HBRC may negotiate **short-term interim contracts** with NZTA approval.
- These arrangements are **strictly temporary** and designed to maintain service while market adjustments are implemented.

5. Documentation and Oversight

- All decisions and engagement must be **fully recorded**, with justification for any changes, to maintain auditability, fairness, and compliance with NZTA and government procurement guidelines.

This approach ensures that HBRC can maintain a healthy, competitive market for public transport services while safeguarding network resilience and long-term value for ratepayers and funding partners.

6.6 Sourcing/Selection Methods

HBRC will adopt procurement methods that are transparent, competitive, and consistent with the NZTA/Waka Kotahi Procurement Manual and Central Government Procurement Rules. The objective is to ensure value for money while maintaining the integrity and resilience of the supplier market.

Default Procurement Pathway

For major public transport service contracts, the default process will be a one-stage, open competitive approach. All interested suppliers may submit detailed proposals addressing commercial, technical, and compliance requirements.

Evaluation Framework

Unless otherwise agreed with NZTA Waka Kotahi, the indicative evaluation weighting will be:

- **Price:** 60%
- **Non-Price:** 40%

The 60% price weighting reflects HBRC's commitment to achieving value for money and ensuring affordability within constrained funding conditions. A 40% non-price weighting is retained to ensure that service quality, workforce stability, and decarbonisation outcomes remain critical factors in the evaluation process.

Non-price criteria are expected to include:

- Service quality and operational capability.
- Workforce plan and compliance with HBRC's Workforce Requirements.
- Environmental performance and contribution to decarbonisation goals.
- Asset management and maintenance strategies.
- Innovation and continuous improvement initiatives.

Pass/fail criteria will apply to:

- Compliance with the Asset Control Policy.
- Demonstrated ability to meet workforce minimum standards.
- Compliance with mandatory health, safety, and legislative requirements.

Economic Benefit Weighting

For high-value contracts (as defined by the NZTA/Waka Kotahi Procurement Manual), a local economic benefit weighting of no less than 10% will be applied within the non-price component.

For the purposes of this strategy, "local" means demonstrable, contract-related contributions to the Hawke's Bay economy. Assessment will include (but is not limited to):

- Employment of Hawke's Bay residents.
- Use of regional suppliers and subcontractors.
- Investment in local depots, facilities, or training.

Preference is not based on geographic location of company ownership, but on the delivery of measurable economic benefit to the region through the performance of the contract.

Alternative Procurement Methods

Where market conditions, contract scope, or urgency warrant an alternative approach (e.g., direct award, closed tender, or negotiated procurement), HBRC will:

- Document the rationale and justification for the method.
- Seek advance approval from NZTA/Waka Kotahi where required under the Procurement Manual.
- Ensure that probity, transparency, and value-for-money considerations are maintained.

6.6.1 Bus contracts

The staged model will be used for all procurement activities. This model requires land transport activities to be well defined, low risk and that the scope can be easily defined in contract documents. This model is also best used when the scale of contracts is low to medium. Further information can be found in the Waka Kotahi’s Procurement Manual.

The following table outlines the supplier selection methods that will be used. Note that Price Quality is reliant on assessing tenders through non-priced weighted attributes. When setting the appropriate weighting for attributes the weight for delivering Broader Outcomes⁹ will be a minimum of 10% of the weighting.

Table 9 Supplier Selection Process

Type of Service	Approximate Annual Expenditure (\$)	Delivery Method	Preferred* Supplier Selection Method
Napier Hastings Bus Services	\$6,000,000	Partnering	Price Quality*
Other bus services	Variable	Staged	Price Quality Price Quality* (without disclosure of estimate) Direct Appointment (below \$50,000, but up to \$100,000 if approved by the HBRC Chief Executive) Lowest Price Conforming
Total Mobility	\$2,000,000	N/A	Total Mobility services will be procured using NZTA/Waka Kotahi Procurement Procedure 4

Unless otherwise specified in this Strategy, the direct appointment limits specified in the *Procurement Manual* will apply.

⁹ For public transport contract procurement this means: Promoting local employment and training opportunities, encouraging the use of low-emission vehicles, supporting community engagement and cultural inclusivity and contributing to regional economic development.

NZTA/Waka Kotahi's *Procurement Manual* specifies rules for the procurement of transport activities. Hawke's Bay Regional Council has defined the following approaches to procure transport activities for the future.

Council's tendering approach is to tender all public transport services as they fall due. For the Napier - Hastings urban bus service tendered in 2015, the retendering process would commence no less than 12 months prior to the extended expiry date of that contract on 31 July 2025.

The current contract was extended in January 2025 and will now expire 31 July 2027. Hence the need to ensure that this procurement strategy meets all statutory requirements so that the current retendering process can commence. For any other small units which might in future be identified in Wairoa or Central Hawke's Bay, tendering will commence at least six months prior to the start of the contract.

6.7 Commercial Terms

The commercial terms for HBRC's contracted public transport services are designed to deliver a financially sustainable, high-quality network that meets the objectives of the 2025 Hawke's Bay Regional Public Transport Plan (RPTP), supports the Sustainable Public Transport Framework (SPTF) requirements introduced through the 2024 LTMA amendments, and aligns with Waka Kotahi procurement principles.

6.7.1 Contract Form

HBRC will procure the Napier–Hastings urban network as a **single gross-cost unit** under a competitively tendered contract. Under this model:

- HBRC retains fare revenue risk and responsibility for fare policy.
- The Public Transport Operator (PTO) is paid a fixed rate to operate the entire contract, subject to indexation.
- The gross-cost structure supports stable operator cashflow and allows HBRC to directly manage service integration and fare settings.

Specialised services (e.g., Total Mobility, school connections, on-demand pilots) may be contracted separately using the most appropriate form (gross-cost or net-cost) depending on the market and service characteristics.

6.7.2 Contract Term

For the primary public transport service contract(s), HBRC intends to adopt a base term of **nine (9) years** with an option to extend by up to **two (2) years**, subject to performance.

Rationale

The base term is designed to consider the expected economic life of the vehicle fleet, particularly for zero-emission buses, and to provide the successful operator with sufficient certainty to invest in fleet, depot facilities, and workforce capability. This duration also reflects the balance between enabling market stability and providing opportunities for competitive re-tendering.

Extension Provisions

Extensions will only be granted where the operator:

- Achieves or exceeds agreed performance targets across service quality, reliability, and customer satisfaction.
- Maintains full compliance with HBRC's workforce requirements, including wage indexation pass-through and training commitments.

- Meets environmental performance obligations, including agreed fleet transition milestones.

Decisions on extensions will be made no less than eighteen (18) months before the expiry of the base term to provide both HBRC and the operator with sufficient planning certainty.

6.7.3 Payment and Indexation

- Payment basis: fixed payment of the annual contract amount paid in 12 equal monthly portions, less any contract liquidated damages for KPI delivery issues
- Indexation: applied quarterly using the NZTA Public Transport Cost Index (PTCI), with separate labour, fuel/energy, and other cost components.
- Labour pass-through: as required by PT-PPM, 100% of the indexed labour cost component must be passed to drivers' wages and conditions.
- Invoices must be supported by verifiable operational data (as per the Monitoring & Reporting Appendix).

6.7.4 Performance Regime

The contract will include a performance regime linked to incentives and liquidated damages. Core KPIs include:

- Service reliability (minimum % trips delivered)
- Punctuality (minimum % trips meeting departure/arrival windows)
- Customer satisfaction (periodic survey results)
- Workforce stability (driver turnover limits)
- Fleet decarbonisation (milestones towards 2028¹⁰ ZEV target)
Persistent non-performance may trigger contractual remedies, including performance improvement plans or termination.

6.7.5 Asset Ownership and Control

- The PTO will supply and own/lease all vehicles and depot facilities required for service delivery.
- HBRC will make the Corunna Bay depot available for use (via a sub lease) if requested; if the PTO installs charging equipment, it must be transferred to the next contractor at end of term in good working order, with residual value determined by independent arbitration if necessary.
- HBRC will own all ticketing and real-time information systems, and will pass over ownership of the CCTV units currently fitted to 23 incumbent buses, which must be installed in the incoming fleet.
- The Asset Control Policy Appendix sets out detailed end-of-term transfer and valuation arrangements.

6.7.6 Change Mechanisms

Service variations may be initiated by HBRC to respond to demand, funding changes, or policy priorities.

- Changes will be priced in accordance with the contract's agreed rates and variation schedules.

¹⁰ Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

- Variations to assets (e.g., fleet upgrades, charging infrastructure expansion) will be negotiated in line with the Asset Control Policy.
- Disputes will be managed through the staged dispute resolution process in the Relational Governance Appendix.

6.7.7 Market Sustainability

The commercial structure has been developed to:

- Avoid over-allocating risks beyond operator control.
- Provide revenue certainty through gross-cost payments.
- Offer a contract length that supports amortisation of zero emission bus investment.
- Maintain competition by giving clear forward notice of procurement timelines and service requirements.

6.7.8 Workforce Requirements

All public transport service contracts will incorporate workforce provisions consistent with the Sustainable Public Transport Framework (SPTF) and the Public Transport Procurement Procedures Manual (PT-PPM).

- **Minimum Pay and Conditions** – Tenderers must comply with the Fair Pay Agreement for bus drivers (if in force) and, as a minimum, meet or exceed prevailing market rates, minimum hours provisions, and employment protections specified in the tender documents. Conditions must include paid rest breaks, leave entitlements, and protections for continuity of service during contract transitions.
- **Training and Retention** – Operators are required to implement driver recruitment, training, and career development programmes, including induction for zero-emission vehicle operation, customer service skills, and health and safety compliance. Retention initiatives, such as shift pattern optimisation and performance incentives, should be incorporated into workforce management plans.
- **Workforce KPIs and Monitoring** – Contracts will include workforce-related Key Performance Indicators (KPIs), covering driver turnover rates, absenteeism, training completion, and compliance with minimum conditions. HBRC will monitor KPI performance quarterly, with results reported to NZTA and published as part of the annual performance summary. Persistent under-performance may result in contractual remedies, including improvement plans or financial penalties.

These requirements aim to improve recruitment and retention, enhance service reliability, and support the long-term sustainability of the regional public transport workforce.

6.7.9 Special Conditions

- **Decarbonisation:** all services in the unit must be operated by zero-emission vehicles by 2028¹¹, with preference for operators able to commence with a fully ZEV fleet.
- **Health & Safety:** operators must maintain SiteWise (or equivalent) accreditation and meet all HBRC safety reporting requirements.

¹¹ Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

- **Data Sharing:** operators must provide all operational data needed for monitoring, planning, and NZTA reporting, as per the Monitoring & Reporting Appendix.

7 Procurement Programme

7.1 Bus services

Tender Timeline: Napier & Hastings Urban Bus Services

- Phase 1: Planning & Pre-Procurement
 - Confirm service scope and procurement strategy: August 2025
- Stakeholder engagement: August–September 2025
 - Draft RFP documents and contract: September–October 2025
 - Draft network design and timetables: October 2025
 - Legal and internal review of documents: November 2025
 - Council approval of procurement approach and documents: Late November 2025
 - Finalise GETS tender pack: December 2025
- Phase 2: Tender Process
 - Tender opens on GETS: Monday, January 12, 2026
 - Clarifications / supplier Q&A period: January–February 2026
 - Tender closes: Friday, February 27, 2026
- Phase 3: Evaluation & Negotiation
 - Evaluation (technical, pricing, commercial): March–mid-April 2026
 - Clarifications, interviews/site visits: Mid–late April 2026
- Final negotiations with preferred tenderer: Early–mid May 2026
- Finalize award recommendation: Early June 2026
- Phase 4: Approvals & Contract Award
 - Council approval of contract award: Early June 2026
 - Notify bidders and start standstill period: Mid-June 2026
 - Contract signed: By June 30, 2026
- Phase 5: Post-Award – Debriefs
 - Debriefs with unsuccessful bidders: August 2026
- Phase 6: Mobilisation Phase
 - Mobilisation by successful operator: July 2026–July 2027
 - Timetable finalisation and bus stop signage: April–July 2027
 - Public awareness and marketing campaign: April–July 2027
- Phase 7: Contract Commencement
 - New services go live: August 1, 2027

7.1.1 Approach to contract management

In line with the **Draft Public Transport Procurement Procedures Manual (PT-PPM, August 2025)**, our approach to contract management will ensure transparency, accountability, and delivery of agreed service outcomes across the contract lifecycle.

Performance Monitoring: We will establish clear Key Performance Indicators (KPIs) and reporting requirements, covering reliability, punctuality, customer satisfaction, safety, and broader outcomes.

Risk and Issue Management: Contract management will include proactive identification and management of operational and commercial risks, with agreed escalation and resolution pathways.

Relationship Management: We will maintain a collaborative and transparent relationship with the operator through regular contract management meetings, open-book financial reporting (where required), and joint problem-solving.

Change Management: Processes for contract variations, service changes, and policy shifts will follow PT-PPM guidance to ensure fairness, consistency, and alignment with funding requirements.

Continuous Improvement: We will use data from the Ridewise system (for Total Mobility) and other monitoring tools (from Bee card/Motu Move systems) to identify service improvement opportunities, ensuring that contracts adapt to changing community needs and support broader public transport objectives.

This approach ensures compliance with NZTA requirements while enabling flexible, effective, and value-for-money delivery of public transport services.

7.2 Impact of Procurement

7.2.1 Public Transport

The public transport supply contract is by far the largest of all Council's transport contracts. It is anticipated that this will have an impact on the local market unlike the rest of the procurement covered by this strategy.

Therefore, Council intends to consult the public transport suppliers in the region, including charter services and national carriers, to determine the best way to achieve healthy competition for the supply of public transport services.

The new tender will go to market two years following large units being tendered in the Manawatū-Whanganui region, and a year after tendering in Taranaki, so may be of interest to suppliers outside the region who may be considering widening their options.

7.2.2 Other Services Including Mobility Services

The size of the procurements under this strategy will mean that most suppliers will be able to continue to provide services to other clients. There are a reasonable number of potential suppliers for most contracts (with the exception of Public Transport) so Council are confident of receiving sufficient tenders for all other contracts.

The procurements are intended to support a number of local suppliers remaining in the local area which will benefit other clients and businesses in the Hawke's Bay area.

7.3 Customised Procurement

If there is a procurement required because of some unplanned event it will be determined, at the time, if the procurement fits within this strategy or whether a particular procurement strategy and plan needs to be developed. There is no anticipated requirement for variations to the procurement rules.

7.4 Implementation

7.4.1 Internal Procurement Processes

HBRC have a current Procurement Policy, a Procurement Manual and a Progressive Procurement Toolkit.

HBRC policy is that a progressive procurement is the pathway to achieving positive sustainable outcomes, these being economic, social, environmental and cultural, while ensuring competitive pricing and maintaining quality standards.

The 2020 Procurement Policy and Strategy adopted by Hawke's Bay Regional Council reflected the change in Government procurement focus (at the time) from "value for money" to "public value". Hawke's Bay Regional Council has the ability to deliver additional benefits to the community and/or meet other strategic objectives through its supply chain.

The HBRC is embedding the economic outcomes in its procurements. The embedding of the economic outcomes is expected to further enhance the wellbeing of the communities of the surrounding Te Matau-a-Māui Hawke's Bay region.

In simple terms, as part of procurement planning and contract management, the Regional Council requires staff to keep a record of how the economic outcomes influence selection, and the awarding of contracts to suppliers.

The economic outcomes will be incorporated into the procurement of bus services through requiring tender responses to document how they will actively:

- Environmental – preventing and reversing environmental degradation - seeking to reduce the CO2 emissions from the bus fleet and any associated activities including management and administration activities.
- Economic - building a diverse and prosperous local economy – helping transport seasonal workers to local farms or processing units, creating opportunities for new business start-ups to support the bus fleet (potentially maintenance units) and supporting innovation or on-line services to deliver timely information to customers.
- Social – shared and equal opportunity for community prosperity – providing equal opportunity for employment, training and promotion for local people to join the supplier's company. Providing fair and equitable employment conditions and pay, including pay scales at or above the current suppliers agreement with their drivers. Demonstrating good staff retention and high skill levels. Actively engaging in community initiatives or sponsorship.
- Cultural – finding opportunities to genuinely partner with mana whenua – suppliers that are actively engaged with the local community and actively seek opportunities to deliver services for vulnerable groups, particularly those with limited transport choices, who otherwise may be house-bound. Suppliers that understand the likely increased demand for services at special times or events.

7.4.2 Performance Measurement and Monitoring

Hawke's Bay Regional Council has a range of performance monitoring systems for reporting. Future tenderer's need to be aware that Council will require on-going monitoring of contract delivery to ensure that desired outcomes are achieved.

To measure the performance of this strategy, HBRC intends to adopt the performance measures (as per section 11.3 of the NZTA/Waka Kotahi *Procurement Manual*).

7.4.3 Key Performance indicators

HBRC currently measure the following KPI's and report on them in the Annual Reports:

1. Adopted Regional Land Transport Plan (RLTP), Regional Public Transport Plan (RPTP) and Regional Cycling Plan in place.
2. Percentage of the Hawke's Bay population that use public or active transport for work or education
Source: Statistics NZ, bus patronage, cycleway meters
3. Annual patronage on the Hawke's Bay bus services.
4. Percentage of urban households within 400m of a regular bus route.

The Council's procurement toolkit requires staff to place a high emphasis on "Broader Outcomes" in procurement with all large tenders expected to include the broader outcomes as a weighted attribute comprising at least 10% of the total non-priced attributes. These attributes are required to be assessed throughout the contract as part of the performance measures.

The Council's Request for Tender documents will include the full terms and conditions regarding Performance Management.

The Council's Procurement Manual also requires the monitoring and recording of contract performance against the key performance indicators for public transport services. These KPI's are also set out in the NZTA/Waka Kotahi Procurement Manual.

7.4.4 Business Planning

The public transport contract for the Napier-Hastings Bus Unit will require the Contractor and Council to form a business team to work collaboratively to plan and review services during the life of the contract.

The regular monthly meetings of this business team will follow a set agenda detailed below.

- review contract performance
- identify issues for resolution
- develop plans for the improvement of existing services or the introduction of new ones
- review patronage targets
- plan for the introduction of new technology
- discuss joint marketing strategies
- review the management of any health and safety issues
- review performance against the broader outcomes described in tender documents, with particular reference to those that are measurable such as staff working conditions, hours, training, use of subcontractors, sponsorship, health and safety, and emission reduction measures).

7.4.5 Partnering Principles

The public transport contracts will be partnering contracts. They will contain high-level principles guiding the actions of each party during the course of the contract. It is expected that both parties will act in good faith with trust and mutual respect in relation to the rights of the other party during the term of the contract. These principles will include but are not limited to:

- A one team approach
- Commitment by both parties to attend planning and contract management meetings
- Being open, fair, reasonable and honest
- Not impeding or restricting the performance of another participant’s responsibilities under the agreement
- Committing to establish a culture of no blame to minimise disputes
- Respecting confidentiality
- Keeping each other informed – “no surprises”
- Acting upon requests by the other party in a timely manner

7.5 Capability and Capacity

The Governance of the HBRC procurement policy is provided by the Corporate Services Group Manager, responsible for the oversight and high-level management. They will provide the strategic direction, resources and the decision making necessary to support and deliver the policy.

Monitoring will be reported through the Finance Audit and Risk Committee.

HBRC will assign appropriately experienced employees to manage its procurement activities. HBRC will provide training and supervision to employees to support good practice in procurement and purchasing activities. Where required for specific procurement activities, additional specialist expertise may also be employed by HBRC. Any specialist experts employed must also comply with the HBRC’s procurement policy.

Hawke’s Bay Regional Council’s current roles and responsibilities and current structure relating to its transport activities are as follows:

Table 10 HBRC transport Team roles and responsibilities

Role	Responsibility
Group Manager Policy & Regulation	Oversees the management of Policy and Strategic Planning. Transport Services are included as part of this group.
Manager Transport	Oversees the management of public transport operations, transport policy, planning and strategy, the Total Mobility Scheme and Road Safety functions.
Senior Advisor, Transport Strategy & Policy	Responsible for delivery and maintenance of the RLTP and RPTP and general policy advice into the transport group.

Role	Responsibility
Sustainable Transport Coordinator	Responsible for the day-to-day operation, marketing and monitoring of the bus service, as well as promotion of alternative transport modes
Total Mobility Coordinator	Responsible for the co-ordination of the Total Mobility Scheme.
Road Safety Coordinator	Responsible for the co-ordination of regional road safety activities

7.6 Communications Strategy

7.6.1 Internal Communications

Formal reports and operational updates are provided to the Hawke's Bay Regional Council's Corporate and Strategic Committee and the Regional Transport Committee.

7.6.2 External Communications

7.6.2.1 *Procurement strategy communication*

The Transport Procurement Strategy, once approved by NZTA/Waka Kotahi, will be communicated to Council's strategic partners and other parties where they have a major input into the delivery of the HBRC transport programme. It will also be made publicly available through the HBRC website.

7.6.2.2 *Ongoing bus contract communication*

Hawke's Bay Regional Council seeks open communication with bus operators.

Meetings will be held with current and future contracted operators where required. Additional meetings may occur if significant changes are occurring. All tenderers will be advised of the outcome of each tender in accordance with NZTA/Waka Kotahi requirements.

For other activities of Council, consultation will generally be undertaken via the LTP and Annual Plan processes.

8 Significance Policy

The purpose of this Significance Policy is to define what constitutes a “significant” change to the Transport Procurement Strategy (TPS) in accordance with the NZTA Public Transport Procurement Procedures Manual (PT-PPM) requirements.

8.1 Cross-Reference to PT-PPM Requirements

This policy aligns with section 5.4.5 of the PT-PPM, ensuring that HBRC consults NZTA/Waka Kotahi whenever uncertainty exists over the significance of a proposed change.

8.2 Criteria for Significant Change

A change will be considered significant if it meets any of the thresholds outlined in the PT-PPM requirement list, including but not limited to:

- Alterations to the procurement approach for one or more units that materially impact competition or market access.
- Major changes to the size, structure, or allocation of units.
- Material amendments to the asset control policy, risk allocation, or workforce requirements.
- Substantial changes to the procurement programme that alter timing, sequencing, or market engagement.

8.3 Cross-Reference to PT-PPM Requirements

This policy directly aligns with the PT-PPM requirement list for significance determinations (refer to PT-PPM Appendix). Each relevant requirement is cross-checked during internal review to ensure compliance.

8.4 Sign-Off Authority

All requests to NZTA/Waka Kotahi for TPS re-endorsement, following a significant change, must be signed off by the Group Manager Policy and Regulation.

8.5 Timetable for Preparing an Update

- Routine Review: Every three years, to align with HBRC’s strategic planning cycle.
- Ad-hoc Updates: As may be required when significant changes arise outside the routine review period, in line with the PT-PPM significance criteria.

8.6 Notification

HBRC will notify NZTA/Waka Kotahi as soon as a potential significant change is identified, providing a summary of the change, the rationale, and a proposed timetable for re-endorsement.

8.7 Examples

A change to this Procurement Strategy will be considered **significant** if it materially alters the basis on which Waka Kotahi endorsement was granted. The following criteria apply, with examples provided for clarity:

Table 11 Example Scenarios

Criterion	Example Scenarios
Change in Contract Structure or Unit Design	<ul style="list-style-type: none"> • Splitting the Napier–Hastings unit into separate contracts mid-strategy. • Combining urban and regional services into a single tender where previously separate.
Change in Contract Duration or Delivery Model	<ul style="list-style-type: none"> • Extending a contract by more than two years beyond the original term without a competitive process. • Moving from a relational delivery model to a staged competitive model.
Material Change in Risk Allocation	<ul style="list-style-type: none"> • Transferring depot ownership risk from operator to HBRC mid-contract. • Shifting full fuel/energy cost risk to operators without adjustment mechanisms.
Material Change in Funding or Co-Investment	<ul style="list-style-type: none"> • Reduction in NLTF co-funding rate below forecast affecting service levels. • Loss of targeted capital funding (e.g., for zero-emission buses) requiring procurement delays or scope reduction.
Change in Asset Ownership or Control Policy	<ul style="list-style-type: none"> • Moving from operator-supplied vehicles to council-owned fleet during the contract term. • Introducing shared-use depots mid-strategy where previously exclusive use applied.
Introduction of New Service Types or Technologies	<ul style="list-style-type: none"> • Adding large-scale on-demand services not contemplated in the RPTP or original procurement approach. • Introducing fully autonomous vehicles into service before the next strategy review.
Significant Change to Workforce Requirements	<ul style="list-style-type: none"> • Introducing new minimum pay requirements exceeding 20% above original contract baseline. • Adding mandatory training programmes that materially change operating costs or resource needs.
Change in Procurement Timing that Affects Market Coordination	<ul style="list-style-type: none"> • Bringing forward a major tender by more than 12 months, potentially conflicting with neighbouring PTAs' procurement programmes. • Deferring a planned tender beyond the strategy's three-year review cycle without interim measures.

9 Appendices



1 Appendix A List of Exempt Services

Inter-regional services operated by Intercity Ltd. to and from Taupo, Gisborne, Palmerston North and towns in between. Timetables as indicated on www.intercity.co.nz, as altered from time to time.

Commercial School services (as of March 2025)

Table 12 Commercial School services

Route ID	Service
16	Havelock North to Napier Boys High & Napier Girls High
17	Taradale to Napier Girls High School
18	Greenmeadows West to Napier Girls High School
19	Greenmeadows East to Napier Girls High School
21	Bayview to Napier Schools
22	Taradale via Meeanee to Napier Boys High School
23	Greenmeadows East/Tamatea to Napier Boys High School
24	Greenmeadows via Meeanee to Napier Boys High School

2 Supplier Market Assessment

This Supplier Market Assessment supports the Hawke's Bay Regional Council (HBRC) Transport Procurement Strategy. It provides an overview of the supplier market for public bus services in Napier and Hastings, assesses potential barriers to entry, and recommends an optimal number of operators for the combined Napier–Hastings bus unit.

2.1 Potential Bus Operators

Based on market intelligence and previous procurement exercises, the 2024 EOI process, the potential suppliers for the Napier–Hastings public transport unit include:

- Transit Group – active in multiple regions including Hawke's Bay (schools and charter) Horizons, Taranaki, Auckland and Wellington, with capacity for large contracts.
- Go Bus – incumbent operator, also operates services in several regions including Waikato, Christchurch, and Tauranga.
- Ritchies Transport – large national operator with urban service experience in Rotorua, Christchurch, Timaru, Dunedin and Auckland.
- Uzabus – regional operator with urban services in Wellington, Horizons and Bay of Plenty.
- Local niche operators – limited scale and resources; may only bid as subcontractors or for smaller units if they were tendered (for instance a Central Hawke's Bay to Hastings trial service).
- Note that in the 2024 EOI process Pavlovich Coachlines expressed interest in the Napier-Hastings bus tender. Pavlovich has since been bought by Ritchies so is no longer a potential bidder.

2.2 Potential Barriers to Entry

- Depot availability – limited suitable depot facilities in optimal locations within Napier and Hastings.
- Fleet requirements – transition to zero-emission vehicles (ZEVs) requires substantial capital investment.
- Driver availability – recruitment and retention challenges across the national market.
- Contract scale – combined unit size may discourage smaller entrants due to high operational and asset requirements.
- Local knowledge – operators unfamiliar with the network and passenger demand patterns may face a steep learning curve.

2.3 Current Local Operator Capacity

The incumbent operator has established depots, a trained workforce, and local operational expertise. While capable of delivering the combined unit, this incumbency advantage can deter new entrants unless mitigated through clear market signalling, adequate bid preparation time, and support for depot access. Local smaller operators lack the scale to independently operate the combined unit but could participate as subcontractors.

2.4 Likelihood of Multiple Bids for Combined Unit

Given the market's current structure and barriers to entry, it is expected that between two and three bids could be received for the combined Napier–Hastings unit. This aligns with similar markets such as Horizons, where large, single-unit tenders have attracted a small number of major national operators despite market engagement activities.

2.5 Recommended Optimal Number of Operators

The recommended optimal number of operators for the Napier–Hastings bus unit is one. This is based on:

- Operational efficiency – a single operator minimises dead running, optimises vehicle scheduling, and leverages existing depot infrastructure.
- Economies of scale – one operator can achieve cost efficiencies in fleet procurement, maintenance, and management.
- Service integration – a unified operational approach simplifies customer experience, branding, and performance monitoring.
- Precedent – the Horizons region has successfully used a single-operator model for its main urban unit, achieving cost stability and service quality while maintaining some competitive tension through contract term management.

2.6 One Unit Rationale

- Operational efficiency – consolidating Napier and Hastings into one unit reduces duplication of routes and resources, minimises dead running between cities, and enables flexible deployment of vehicles and drivers.
- Depot location – the combined geography allows strategic use of centralised depots to serve both urban areas efficiently.
- Competition – while a single large unit can limit the number of bidders, in a market of HBRC’s scale, multiple small units would risk attracting no bids for some units or increasing per-unit costs.
- Procurement cadence – managing one major unit allows HBRC to focus market engagement and procurement resources, with contract renewal cycles timed to maintain competitive tension.

3 Bus tender procurement timeframe

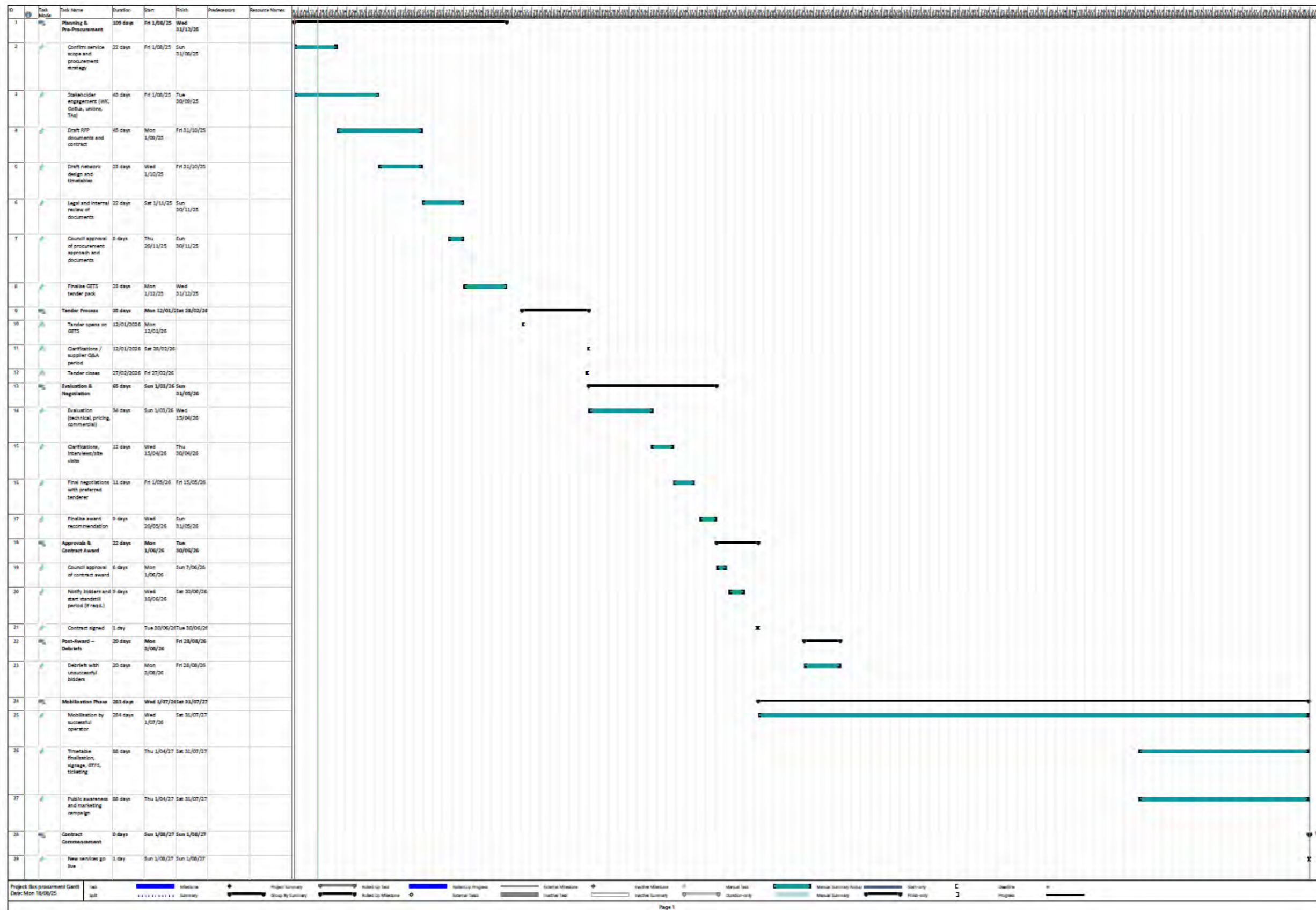


Figure 2 Bus tender procurement timeframe

4 Appendix: Asset Control Policy

This appendix sets out HBRC’s Asset Control Policy by asset class, as required by NZTA’s Public Transport Procurement Procedures Manual. It includes ownership models, responsibilities, end-of-term transfer provisions, and valuation approaches, along with rationale for the selected control choices.

Table 13 Asset Control Policy Table

Asset	Owner	Controller	Capex Responsibility	Opex Responsibility	End-of-Term / Residual Value Rules	Notes / Special Conditions
Buses	Contractor	Contractor	Contractor	Contractor	Contractor retains residual value unless otherwise agreed in contract.	Buses must meet national accessibility and emissions standards (RUB).
Depots	HBRC (leaseholder)	Contractor (day-to-day)	HBRC (lease costs)	Contractor (operations/maintenance)	Return to HBRC control at lease end; condition per lease agreement.	Contractors must maintain interoperability for multi-operator use; depot charging and safety systems must meet HBRC standards.
	Contractor	Contractor (day-to-day)	Contractor	Contractor (operations/maintenance)	Return to HBRC control at lease end; condition per lease agreement.	Contractors must maintain interoperability for multi-operator use; depot charging and safety systems must meet HBRC standards.
Charging Infrastructure	HBRC (future) / Contractor (current)	Contractor	Shared (per agreement)	Contractor	Transfer to next contractor at contract end if contractor requires; residual value settled as per contract.	Charging units must be compatible with multiple vehicle makes/models; performance warranties and software licences must transfer to HBRC.
Ticketing Systems	HBRC	HBRC	HBRC	HBRC	Remain with HBRC; transition to new contractor upon contract change.	All fare and passenger data remains HBRC property; system must integrate with national ticketing interoperability standards.

Asset	Owner	Controller	Capex Responsibility	Opex Responsibility	End-of-Term / Residual Value Rules	Notes / Special Conditions
Real-Time Information Systems (RTI)	HBRC	HBRC	HBRC	HBRC	Remain with HBRC; transition to new contractor upon contract change.	Data formats must comply with national GTFS/GTFS-RT standards; all data rights stay with HBRC.
Contract Management Systems	HBRC	HBRC	HBRC	HBRC	Remain with HBRC; maintained under HBRC ICT policy.	All procurement and performance data must be stored on HBRC-approved secure platforms with full data access retained by HBRC.

4.1 Rationale for Asset Control Choices

- Vehicles: Operator ownership ensures that contractors bear the capital and operational risks associated with fleet supply while maintaining flexibility to innovate and manage assets efficiently. This aligns with HBRC's objective to avoid holding depreciating vehicle assets.
- Depots: Allowing operator-provided depots supports competition and reduces HBRC's capital/lease commitments. Offering access to the HBRC-owned Corunna Bay depot increases market attractiveness for operators without local facilities.
- Charging Infrastructure: Where installed at Corunna Bay, transfer provisions protect HBRC's strategic investment in the site and ensure service continuity between contract terms.
- Ticketing & Real-Time Systems: HBRC retains ownership to ensure system consistency, integration across services, and control of customer-facing technology.
- CCTV Systems: HBRC transfers ownership of current CCTV system to ensure value of investment is included in the new contract.

5 Appendix: Risk Allocation Table

This Risk Allocation Table sets out the allocation of key high-impact risks between Hawke’s Bay Regional Council (HBRC) as the Public Transport Authority (PTA) and the contracted Public Transport Operator (PTO). It is designed to align with NZTA’s recommended approach while reflecting HBRC’s local context.

Table 14 Public Transport Provision Risk Allocation Table

Risk Category	PTA (HBRC)	PTO	Shared
Demand Risk	Sets fares, marketing strategy, and service levels; bears revenue shortfall risk under gross cost contracts.	Delivers service quality that influences demand.	Both parties share responsibility for initiatives to grow patronage.
Fuel/Energy/Charging Cost Risk	N/A unless specific PTA-owned charging infrastructure is used.	Bears cost risk for diesel/electricity under fixed price contracts; manages charging operations.	If PTA adjusts energy policy or tariffs, cost implications may be shared.
Depot Availability	Provides access to Corunna Bay depot if requested.	Secures and manages depot facilities required for operations.	If using Corunna Bay, responsibilities for fit-out and shared facilities may be jointly managed.
Industrial Action (Driver Workforce)	Supports industry-wide workforce initiatives and facilitates dispute resolution forums.	Manages employment relationships, agreements, and compliance with employment law.	Jointly manage communications and contingency planning during industrial action.

Risk Category	PTA (HBRC)	PTO	Shared
Regulatory Change	Bears cost and compliance responsibility for policy changes mandated by central government affecting PTA functions.	Bears cost and compliance responsibility for changes affecting PTO operations.	Where changes impact both parties (e.g., emission standards), costs/risks are shared by agreement.
Pandemic/Climate Events	Sets emergency service levels, policy, and funding for continuity.	Delivers adjusted service levels and maintains operational readiness.	Joint contingency planning and cost/risk sharing depending on event severity and duration.

6 Appendix: Workforce Requirements

This appendix sets out Hawke's Bay Regional Council's (HBRC) workforce requirements for public transport service contracts, in accordance with the expectations of the NZTA Public Transport Procurement Procedures Manual (PT-PPM). These requirements are mandatory and must be addressed in all tender responses.

6.1 Mandatory Tender Responses

All tenderers must provide detailed responses covering:

- Workforce Terms and Conditions – proposed pay scales, benefits, and working conditions for all staff employed on the contract.
- Training Programmes – plans for initial induction, driver upskilling (including zero-emission vehicle operation), and ongoing professional development.
- Retention Strategies – initiatives to attract and retain drivers and operational staff, including career development pathways and employee engagement measures.
- Workplace Culture – evidence of a positive, safe, inclusive workplace environment, including health and safety systems, diversity policies, and feedback mechanisms.

6.2 Minimum Base Wage and Conditions

- Tenderers must commit to providing, at minimum, the base wage rates and employment conditions currently applicable to the incumbent's drivers at contract award, including overtime provisions.
- These conditions form the minimum benchmark and may be exceeded by the tenderer.
- Any proposed variations must be clearly identified and justified in the tender response.

6.3 Transition Obligations

- Incumbent Cooperation – the outgoing operator must cooperate fully with HBRC and the incoming operator to ensure smooth transfer of services, including provision of employee contact lists (with consent) and relevant employment information in accordance with the Employment Relations Act and the Privacy Act.
- Incoming PTO Onboarding – the incoming operator must offer employment to all incumbent staff whose roles are required for ongoing service delivery, on terms no less favourable than the minimum base wage and conditions set out above, subject to standard recruitment checks.

6.4 Labour Indexation Pass-Through

- The contractor must apply the NZTA-approved labour cost indexation formula to the labour component of the contract price.
- The full value of the indexed labour component must be passed through to drivers and other directly employed operational staff in the form of wage adjustments.

- The contractor must provide evidence to HBRC, upon request, that indexation payments have been applied in full to staff wages.

6.5 Reporting

Workforce Key Performance Indicators (KPIs) will be established for each contract and are expected to include:

- Annual staff retention rate.
- Pay compliance (target: 100%).
- Minimum annual training hours per employee.
- Absenteeism rate within agreed tolerances.

6.6 Monitoring and Assurance

Contractors will be required to:

- Provide quarterly reports to HBRC on workforce KPIs and compliance status.
- Maintain auditable records to demonstrate compliance with contractual workforce provisions.
- Cooperate with HBRC audits and inspections as required.

Failure to maintain the required workforce standards may result in the application of contractual remedies, including performance deductions, corrective action plans, or termination of the contract.

7 Appendix: Relational Governance

This appendix sets out Hawke's Bay Regional Council's (HBRC) relational governance approach for public transport contracts delivered under a partnering/relational delivery model. It defines governance body membership, meeting cadence, data sharing, dispute resolution, and continuous improvement processes, and clarifies when a staged model is appropriate.

7.1 Governance Structure

For contracts delivered under a partnering/relational delivery model, HBRC will establish a Joint Governance Group (JGG) comprising:

- HBRC representatives: Contract Manager (Chair) and a Senior Transport Planner.
- Public Transport Operator (PTO) representatives: Senior executive with decision-making authority and the Contract Manager.
- Territorial Authority (TA) representatives (optional): Senior officer(s) from any TA whose jurisdiction includes services under the contract, invited where issues of local significance require TA input.

The JGG will have oversight of contract performance, strategic decision-making, and joint risk management.

7.2 Meeting Cadence

- Governance meetings: Quarterly, with additional meetings as required for strategic issues.
- Operational meetings: Monthly between HBRC's contract management team and the PTO's operational leads.
- Meeting agendas and papers to be circulated at least 5 working days in advance.

7.3 Data Sharing

- The PTO will provide HBRC and the JGG with operational performance data relevant to the contract, including patronage statistics, service reliability and punctuality, customer feedback summaries, and asset utilisation metrics.
- Data will be provided in formats that align with NZTA's monitoring and reporting templates to support national consistency.

7.4 Dispute Resolution Pathway

- Disputes will first be addressed at the operational meeting level.
- Unresolved matters will be escalated to the JGG for resolution.
- If agreement cannot be reached, disputes will be referred to mediation under the terms of the contract.

7.5 Continuous Improvement Forum

- A biannual Continuous Improvement Workshop will be held, involving operational and governance representatives, to review innovations, efficiency gains, and service quality enhancements.
- Agreed improvement actions will be documented, assigned, and tracked at subsequent JGG meetings.

7.6 Use of Staged Model vs Relational Model

- Relational Model: Applied to units with high service complexity, high capital requirements, or strategic importance (e.g., the combined Napier–Hastings unit), where collaborative decision-making and joint risk management add value.
- Staged Model: Applied to smaller, lower-risk units with limited capital investment requirements, shorter route lengths, and stable service patterns.
- HBRC will determine the model at the procurement planning stage based on:
 - Annual operating cost threshold.
 - Capital investment level (vehicles, depots, infrastructure).
 - Network complexity and integration needs.
 - Market capacity and competition objectives.

8 Appendix: Monitoring & Reporting Alignment

HBRC will adopt, or where necessary adapt, NZTA's national public transport monitoring and reporting templates to ensure data consistency and comparability across regions. All contracted operators will be required to provide performance, operational, and compliance data in a format compatible with these templates.

8.1 Operational KPIs

- Service reliability and punctuality, measured against contractual performance targets.
- Customer satisfaction scores and complaint resolution rates.
- Monthly reporting frequency, with annual performance summaries.

8.2 Workforce KPIs

- Driver turnover rates and vacancy levels.
- Evidence that the labour component of NZTA indexation adjustments has been passed through to driver wages in full.
- Training and professional development participation rates.

8.3 Fleet Decarbonisation Milestones

- Unit-level tracking of the percentage of zero-emission vehicles (ZEVs) in active service.
- Forecast introduction dates for remaining ZEVs, ensuring alignment with HBRC's target of a fully zero-emission public transport fleet by 2028¹².
- Reporting on supporting infrastructure readiness, such as charging facilities.

8.4 Performance Review & Transparency

Performance results will be reviewed regularly with the operator through the agreed governance process. HBRC will publish annual summary results as part of its public reporting to ensure transparency and demonstrate progress towards national and regional outcomes.

¹² Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

9 Appendix: Procurement Objectives and Outcomes for this Procurement Strategy

HBRC have the following strategic objectives and values.

9.1.1 Vision

A healthy environment, and a resilient and prosperous community. In terms of public transport the vision is to deliver a public transport system that is safe, increasingly used, integrated with other modes, and contributes to the economic, social, and environmental well-being of the people of Hawke's Bay.

9.1.2 Purpose

To work with our community to protect and manage the region's precious taonga of rivers, lakes, soils, air, coast and biodiversity for health, wellbeing and connectivity. Priorities

- Water quality, safety and climate-resilient certainty
Te kounga o te wai, te haumarutanga me te mārohirohi ā-āhuarangi o te whakamarutanga
- Climate-smart and sustainable land use
Kia koi, kia toitū hoki te whakamahinga o te whenua
- Healthy, functioning and climate-resilient biodiversity
Kia ora, kia āhei, kia mārohirohi ā-āhuarangi hoki te rerenga rauropi
- Sustainable and climate-resilient services and infrastructure
Kia toitū, kia mārohirohi ā-āhuarangi hoki ngā ratonga me ngā hanganga ā-whare

9.1.3 Values

- Partnership and Collaboration
- Accountability
- Transparency
- Excellence

9.1.4 Community Outcomes

Table 15 HBRC Procurement Objectives and Outcomes Community Outcomes

These policy elements provide a clear framework and guidelines for acquiring goods and services on behalf of HBRC and integrity of the procurement process.

Ethical, planned and prudent

1. An open approach to the market is the first choice for any procurement or purchasing activity.
2. A procurement plan proportionate to the size, complexity and risk of the procurement is created and approved for all proposed expenditure over \$10,000.
3. A documented tender process which follows the Government Procurement Rules is completed for all expenditure exceeding \$100,000.
4. All procurement opportunities exceeding \$100,000 are advertised publicly.
5. All procurement activity represents value for money and demonstrates active consideration that HBRC is spending public funds.
6. No procurement activity is undertaken without an approved budget for the expenditure
7. Independent assurance (probity) is engaged for all critical procurement activity exceeding \$250,000.
8. HBRC does not engage in any practice which gives one party an advantage over another.
9. Our evaluation process reflects the environment we operate within.
10. Our evaluation process reflects the environment we operate within.
11. HBRC is committed to working with the community it represents
12. Suppliers are engaged as the result of a robust procurement process.
13. All procurement activity from a panel of suppliers undergoes a secondary procurement process.
14. Contracts provide clear expectations for suppliers and are actively managed over the life of the contract.
15. All of Government panels or HBRC panels are HBRC's preferred engagement method for suppliers.
16. Former employees of the HBRC will not be engaged in a contract capacity until a period of 3 months have elapsed since their departure.
17. Suppliers must hold the appropriate level of insurance cover while working for HBRC.
18. Contracts are written on HBRC template documents unless prior dispensation is provided by the legal team.
19. All procurement activity complies with the legislative or regulatory context within which HBRC operates.
20. Intellectual property created by a supplier while working for HBRC remains the property of HBRC.
21. Supplier confidentiality is maintained subject to HBRC's legislative obligations
22. HBRC has active governance over its procurement activity to ensure compliance and fairness in supplier engagement
23. HBRC operates a hybrid procurement model ensuring everyone is responsible for the delivery of robust procurement outcomes.
24. All HBRC business units maintain a pipeline of potential procurement activity exceeding \$100,000 per opportunity at least two years forward
25. Procurement is undertaken using a whole-of-life-cost approach. HBRC does not contract split to achieve financial thresholds
26. Conflicts (perceived or real) are documented and actively managed.
27. Procurement activity over \$50,000 has risks identified and there is an actively managed risk mitigation plan.
28. A proposed exemption from the procurement policy requires a completed procurement plan and occurs before a market or supplier approach.
29. Emergency expenditure complies with MBIE's quick guide to emergency procurement.

9.1.5 Organisational Goals

HBRC's Strategic Plan has three focus areas, as given above, including for Sustainable Services and Infrastructure

Under this focus area, HBRC intends to

- promote low-impact transport and energy reduction solutions
- connect urban communities via public transport and active transport networks

Procurement of goods and services for transport activities using this strategy, and achieving the most effective public transport system for the money spent, will contribute to the outcomes above.

The transport section of Hawke’s Bay Regional Council’s Long Term Plan details levels of service, performance measures and funding requirements for the 2024-2027 period. The current (2024 – 2027) LTP only takes a 3-year view. This is a direct result of Cyclone Gabrielle, with impacted Council’s required to develop a 3-year plan.

The following documents also inform this procurement strategy:

- Hawke’s Bay Regional Land Transport Plan 2024-2034 (RLTP)
- Hawke’s Bay Regional Public Transport Plan 2025 (RPTP)
- Requirements for Urban Buses in New Zealand for consistent urban bus quality (2024).

The RLTP outlines five strategic objectives for the next ten years;

Objective 1: Resilience and Security Investment in an efficient transport system that is resilient to changing climate and other risks, with urgency and priority.

Objective 2: Emissions Reduction. Drive a low-emissions transport system that reduces the risks associated with global warming.

Objective 3: Healthy and safe people provides a safe transport system for all users and modes that reduce the economic and social cost of crash injuries.

Objective 4: Inclusive Access Support fit-for-purpose, genuine, safe, and equitable transport choices for all users to sustain the health and wellbeing of communities.

Objective 5: Environmental Sustainability integrates land use planning and development to enable effective efficient use of transport networks.

Hawke’s Bay’s vision for public transport as set out in the RPTP is:

“To deliver a public transport system that is safe, increasingly used, integrated with other modes and contributes to the economic, social and environmental well-being of the people of Hawke’s Bay.”

9.1.6 Procurement Principles

S25 of the LTMA requires NZTA/Waka Kotahi to approve one or more procurement procedures designed to obtain best value for money.

S24(4) requires Approved Organisations to use a procurement procedure for any expenditure from their National Land Transport Fund (NLTF) (unless exempt under s26)

NZTA/Waka Kotahi’s procurement policy that gives effect to its statutory function under s25 to approve procurement procedures, is contained in NZTA/Waka Kotahi’s Procurement Manual.

HBRC supports Progressive Procurement. Progressive Procurement is the pathway to achieving positive sustainable outcomes, these being economic, social, environmental and cultural, while ensuring competitive pricing and maintaining quality standards.

The 2020 Procurement Policy and Strategy adopted by Hawke’s Bay Regional Council reflected the change in Government procurement focus from “value for money” to “public value”. Hawke’s Bay Regional Council has the ability to deliver additional benefits to the community and/or meet other strategic objectives through its supply chain.

By embedding these outcomes through council procurements, the aim is to further enhance the wellbeing of the communities of the surrounding Te Matau-a-Māui Hawke’s Bay region. This is in line with a shift in the Government Procurement Rules (4th Edition) 2019 to focus on ‘Broader Outcomes’, although edition 5 of the Government Procurement Rules which was recently out for consultation is proposing that the broader outcomes framework is replaced with a requirement that suppliers can demonstrate how they deliver economic benefit for New Zealand.

HBRC have developed a Progressive Procurement Toolkit and a Supplier’s Guide to help guide the procurement process.

9.1.7 Broader Outcomes

These strategic responses are developed in step with current NZTA/Waka Kotahi PT-PPM guidance and the emerging Government Procurement Rules. While the previous “Broader Outcomes” framework encouraged environmental, social, economic, and cultural benefits, the proposed 5th edition Rule updates emphasise economic benefit to New Zealand. Our procurement strategy responds by:

- Requiring suppliers to explain how their services generate economic benefits—such as boosting local employment, strengthening the regional supply chain, or aiding decarbonisation—with at least 10% of evaluation weighting dedicated to this test.
- Integrating broader outcomes like workforce well-being, local supplier access, and emissions reduction as embedded components of economic value delivered.
- Enhancing procurement planning and reporting obligations to uphold accountability, transparency, and alignment with national value-driven procurement reforms.

However, our procurement will also consider HBRC’s own Broader Outcomes into the Procurement programme as described below.

“Social Wellbeing

PROVIDING EQUAL OPPORTUNITIES SO PROSPERITY IS SHARED ACROSS OUR COMMUNITY

Providing equal opportunities to create prosperity across our community and address issues of disproportionately high Māori and Pasifika youth unemployment.

To provide employment opportunities and pathways that move those from low paid to skilled employment. To lift the standard of living for working families. Removing barriers for Māori and Pasifika owned and small local businesses to work with Hawke’s Bay Regional Council.

To actively engage in community initiatives or sponsorship.

Cultural Wellbeing

GENUINELY PARTNER WITH MANA WHENUA

Building partnership with mana whenua of strength and purpose to guide our decision making that creates true community, social, economic advantages.

Early engagement and an inclusive approach can create the best outcomes for all, with the concepts of wairua (spiritual health), whanau (family health), hinengaro (mental health) and tinana (physical wellbeing) forming a korowai around us and guiding our decision making and how we work together.

Economic Wellbeing

BUILDING A DIVERSE AND PROSPEROUS ECONOMY

Much of the Hawke's Bay economy is in primary industries and downstream manufacturing. Further diversification is needed so that we are not only resilient to external factors such as environmental changes, global warming, automation, intensification and new food technology but well placed to make use of opportunity.

Create opportunities for new business start-ups and non-primary sector jobs. Support the evolution of a more diverse, innovative and knowledge-based economy.

Environmental Wellbeing

PREVENTING AND REVERSING ENVIRONMENTAL DEGRADATION

Recognising that water is a taonga for our community and key to our economic wellbeing. Water usage should balance the needs of all our community and be shared in an equitable manner. We must protect the security and safety of aquifers, improve water quality in stormwater discharge, wastewater management and waterways.

Reducing CO2 emissions as an organisation and through our supply chain by taking a whole life approach to design, procurement and installation/ build/construction and maintenance."

It is expected that the following actions are taken to achieve these broader outcomes:

- Enabling investment for long term outcomes, through embedding sustainability principles into our decision-making approach; and establishing early strategic impact assessment for both near and long-term sustainability outcomes.
- Enable balanced assessment of outcomes to support transparent consideration of monetised and non-monetised social and environmental outcomes, benefits and costs.
- Embed the investment hierarchy into investment decision-making to ensure a broad range of options and alternatives, including non-transport solutions are considered.

HBRC has previously included a weighted attribute of at least 15% for delivery of Broader Outcomes in all requests for tender.

9.1.8 Best value for money – Public Value

The following definition of ‘Best Value for Money’, based on Waka Kotahi’s *Procurement Manual* Section 3.2, has been adopted for this strategy:

The best available outcome for the community from money spent in procuring the Council’s needs, taking into account a whole-of-life costing model ensuring that tenders are considered on a like-for-like basis.

9.1.8.1 Fair competition amongst suppliers

The NZTA/Waka Kotahi Procurement Manual sets out the approved procurement procedures to be used for the purchase of transport services. HBRC adheres to these procedures, which ensures that all suppliers are treated equally and have a fair chance at winning contracts.

HBRC will do what is within its power to ensure competitive and efficient markets through:

- the provision of transport budgets in HBRC’s Long Term Plan, which provide a statement to the community of what the Council intends to procure and how much it intends to spend.
- the delineation of bus service “units” which are structured in the most effective way to encourage competition while providing a seamless service
- lead-in times for bus service contracts that are appropriate for the size of the contract, which means that prospective new tenderers will not be unfairly disadvantaged.
- providing all prospective tenderers with the same information on which to base their tenders
- permitting all suitably qualified transport organisations to contract with the council for Total Mobility services where it can be demonstrated that these will provide value for money and there is demand for Total Mobility services which is not met by existing services.

Criteria for assessing public value include the following:

- Adherence to the principles behind Broader Outcomes
 - 1) Will open and fair competition in the market be facilitated?
 - 2) Will there be an ongoing social benefit to the community in the longer term?
- Can required service quality standards be consistently and sustainability maintained or improved?
- Can driver training standards be maintained?
- Can the operator commit to being available for service for a period commensurate with or longer than other operators in the area?

- Can the operator demonstrate an auditable, timely, transparent, and clear recording and invoicing system which ensures HBRC is only charged for transport services?
- Is the administrative cost reasonable?

Criteria for assessing whether there is ongoing unmet demand for Total Mobility services includes:

- 1) The number of people registered for the Total Mobility scheme in the area concerned
- 2) The number of Total Mobility rides taken each month
- 3) Feedback from Total Mobility agencies and members in the area
- 4) The existing hours of service operation
- 5) The existing quality and cost of service

In summary, the principal means of achieving fair competition amongst suppliers is by giving confidence to the market that everyone can tender in a market where they know all the rules, and all have access to the same information.

HBRC also has a *Public Transport Contracting Manual* that is used when assessing tenders. This manual incorporates the provisions of SPTF and RUB.

9.2 Legislative Requirements and Changes in Government Policy

9.2.1 Health and Safety at Work Act 2015

The Health and Safety at Work Act 2015 was brought in to improve health and safety across New Zealand by encouraging a top-down approach to safety management. The act strengthened the requirements for people and companies commissioning work or services (PCBU) to take an active part in ensuring that work is undertaken safely, with the least risk to workers, other people, or the environment that may be affected by the work.

HBRC's procurement processes require that health and safety controls and standards are embedded within the procurement lifecycle and that health and safety forms a key consideration in every procurement decision.

HBRC take health and safety at work seriously. To help HBRC meet obligations under the Health and Safety at Work Act 2015, HBRC uses the independent SiteWise pre-qualification process.

This system helps HBRC meet responsibilities to ensure that contractors who work for, or on Council assets, and/or supplying services, have effective health and safety management systems to prevent harm to people and the environment or damage to property.

SiteWise is a prequalification system that grades a contractor's health & safety capability and publishes that grade in a database that can be viewed by main contractor's and principal organisations. This allows for better contractor selection and an easier tendering process for everyone involved.

Suppliers of services to Council are required to be SiteWise registered (or equivalent industry standard) and performing to appropriate health and safety standards and practices suited to the work environment (as assessed by external audit).

Contractors who must be registered with SiteWise (or equivalent industry standard) include (but are not limited to) public transport operators and suppliers of mobility services.

HBRC will not consider tenders for these types of work from companies without SiteWise accreditation (or equivalent industry standard), or HBRC will ask them to become SiteWise registered. For the main public transport contracts, suppliers will be required to demonstrate that they are SiteWise registered (or equivalent) as part of the tender pre-qualification process.

Bus drivers and other contractors will be allowed access to Council premises on the understanding that they abide by Council's health and safety requirements.

The current and future public transport contract documents include KPI's related to health and safety performance, and these are reviewed on a monthly basis.

9.2.2 Land Transport Management Act 2003 (LTMA)

The statutory requirements of the Land Transport Management Act 2003 (LTMA) and the Local Government Act 2002 (LGA) apply to the council. The LGA empowers councils to play a broad role in meeting the current and future needs of communities for good quality local infrastructure, while under the LTMA, the Council must contribute to an effective, efficient and safe land transport system in the public interest.

The LTMA provides the legal framework for managing and investing in land transport activities. The LTMA requires Waka Kotahi to invest its revenue in a manner that seeks to achieve value for money.

Section 25 of the LTMA sets out the requirements for procurement procedures with respect to the act and the requirements for "the Agency" (NZTA Waka Kotahi) to approve these procedures.

Section 27 of the LTMA describes the manner in which certain local authority interests in public transport service must be held. Any interest must be held in a council-controlled trading organisation.

9.2.2.1 Sustainable Public Transport Framework (SPTF)

In August 2022, the Ministry of Transport announced the replacement of the Public Transport Operating Model (PTOM) with the **Sustainable Public Transport Framework (SPTF)**.

The SPTF, now embedded in the **Land Transport Management Act 2003** following 2024 amendments, aims to:

- Support 'on-demand' public transport services.
- Allow councils to own and operate services in-house.
- Improve pay and working conditions for the public transport workforce.
- Deliver routes and services that reflect community needs.
- Incentivise and plan for the decarbonisation of the public transport fleet.

Decarbonisation requirements:

The Government has mandated that from **1 July 2025**, only zero-emission public transport buses may be purchased (the “2025 Mandate”). This applies to public transport buses registered for the first time in New Zealand from that date, including new and used imports and newly built buses. It excludes buses already in the fleet before 1 July 2025, even if transferred between operators or regions, and does not apply to Total Mobility or Ministry of Education-contracted services. Earlier transitions may be agreed on a case-by-case basis.

Under the amended LTMA, PTAs must also prepare, publish, and update decarbonisation plans, setting clear milestones for transition to a fully zero-emission fleet. HBRC has set a regional target for all routes in each unit to be served by zero-emission vehicles by 2028¹³, and will prefer to engage operators who can deliver a zero-emission fleet from contract commencement.

Fair pay and working conditions:

The amended LTMA also requires procurement strategies and contracts to address fair and equitable pay, workforce training, and sustainable employment conditions. These requirements apply to all contracted services and are incorporated in HBRC’s Workforce Requirements policy.

Community-responsive services:

The SPTF’s service design principles require PTAs to engage with communities to ensure that routes and service models—including potential on-demand services—reflect local needs and improve accessibility. HBRC will apply this principle in future service planning and procurement.

9.2.2.2 Government Policy Statement (GPS)

The Government Policy Statement (GPS) on land transport sets out the government’s outcomes and priorities for the land transport sector and sets out an investment range for different activities over a 10-year period. The current GPS (2024) highlights four clear priorities:

- Economic Growth and Productivity
- Increased Maintenance and Resilience
- Safety

¹³ Peak only services predominantly for school student travel may be operated by Euro 5 (or better) diesel services where economics and vehicle availability suggests this approach would be a prudent response.

- Value for Money.

9.2.2.3 Summarised LTMA requirements

HBRC must be guided by the principles in Part 5 (Regulation of Public Transport) of the Land Transport Management Act 2003, as amended in 2024, to the extent relevant to the power or function being exercised. These include:

- Public transport authorities, public transport service providers, territorial authorities, iwi/Māori, and other stakeholders should work in partnership to deliver public transport services and infrastructure that meet the needs of the community.
- The design and provision of public transport services should ensure accessibility, equity, integration, reliability, and frequency to support community mobility and encourage use.
- Public transport planning and delivery should contribute to the decarbonisation of the transport system and support climate change mitigation and resilience.
- Public transport contracts and operations should promote fair and equitable pay and working conditions for the public transport workforce.
- Public transport planning and procurement should be transparent, support best value for money, and make efficient use of public funds.

This Procurement Strategy implements the SPTF by creating an environment in Hawke’s Bay where public transport services deliver high-quality, zero-emission travel that meets regional objectives, supports workforce wellbeing, and represents best value for money for ratepayers and central government funding partners. In competitive market segments, HBRC will encourage fair competition for contracts where this delivers better outcomes; in other cases, long-term partnerships may be preferred to maintain stability and quality.

9.2.3 Requirements for Urban Buses in New Zealand

All vehicles that become part of the contracted Hawke’s Bay urban bus service must conform to at least the minimum specifications set out in Waka Kotahi’s “Requirements for Urban Buses in New Zealand” (RUB) document, as updated from time to time.

Any additional features such as specific style bike racks, which are outside the scope of the RUB, will be detailed in the applicable tender documents.

9.2.4 Government’s Procurement Charter

HBRC applies the principles of the New Zealand Government Procurement Charter to all public transport procurement activities, in line with NZTA Waka Kotahi expectations for funded activities. In doing so, HBRC commits to:

- **Planning and managing for great results** by defining outcomes clearly, engaging early with the market, and structuring contracts to achieve long-term service quality.
- **Being fair to all suppliers** through open, transparent, and equitable procurement processes.

- **Getting the right supplier** by evaluating whole-of-life value, capability, and performance history alongside price.
- **Achieving broader outcomes** by embedding economic, social, environmental, and cultural benefits into evaluation criteria, in line with the proposed Government Procurement Rules (5th Edition) requirement to test and weight economic benefit.
- **Playing by the rules** by complying with the Land Transport Management Act, the Public Transport Procurement Procedures Manual, and relevant procurement rules and guidelines.
- **Being accountable** through robust governance, clear documentation, and performance reporting against agreed measures.
- **Working together** with Waka Kotahi, territorial authorities, operators, and stakeholders to deliver services that meet community needs and support regional and national transport objectives.

9.3 NZTA Waka Kotahi Procurement Requirements

NZTA/Waka Kotahi is committed to the concepts of sustainability, value for money, maintaining competitive and efficient markets, and fair competition among suppliers. Waka Kotahi's Procurement Manual contains procurement procedures approved by Waka Kotahi under s 25(1) of the Land Transport Management Act 2003 (LTMA).

The procurement procedures contained in the manual are approved for use to purchase the goods and services required to deliver the activities that have been funded under s 20 of the LTMA.

This procurement strategy has been developed in full compliance with the requirements of Waka Kotahi's Procurement Manual and with well recognised good practice. This procurement strategy uses the same terminology and approach to describing the procurement processes and to addressing the associated key issues.

The development of this strategy has specifically considered:

- The changes included in amendments 5 and 6 (April 2022) of NZTA/Waka Kotahi's Procurement Manual,
- The requirement to comply with the Government Procurement Charter, and
- The requirement to consider how procurement can contribute to the Government's Broader Outcomes.

9.3.1 NZTA/Waka Kotahi Draft Procurement Manual – 2025 Updates

In addition to the changes arising from the proposed 5th Edition of the Government Procurement Rules, the draft NZTA/Waka Kotahi Public Transport Procurement Procedures Manual (Version 3, August 2025) introduces the following key changes:

- **Strengthened health and safety requirements** – Approved Organisations must embed robust health and safety controls and standards throughout the procurement lifecycle and contract delivery. Health and safety is now a mandatory evaluation consideration and a monitored performance metric for all public transport contracts.
- **Workforce and fair pay integration** – In alignment with the amended Land Transport Management Act 2003 and the Sustainable Public Transport Framework (SPTF), procurement strategies and contracts must address fair and equitable pay, workforce training, and sustainable employment conditions.
- **Economic benefit and value for money** – “Value for money” is redefined to align with the Government Procurement Rules focus on public value, requiring a minimum weighting for economic benefit in higher-value procurements. This incorporates whole-of-life costs, service quality, social and environmental benefits, and market sustainability, rather than lowest price alone.
- **Decarbonisation alignment** – Procurement planning must reflect the 2025 Mandate for zero-emission bus purchases and set clear fleet decarbonisation milestones in line with regional and national targets.
- **Market sustainability** – The manual places increased emphasis on engaging with suppliers in a way that supports a competitive, capable, and sustainable public transport market.

10 Appendix: Current Transport Contracts

10.1 Current Bus Services



Figure 3 Current Napier and Hastings bus network

The current bus services in Hawke’s Bay serve approximately 100,000 people, connecting communities to the centres of Havelock North and Hastings, the Eastern Institute of Technology and Hawke’s Bay Hospital.

Wheelchairs can be taken on the bus, subject to limits on weight and any requirements for assistance.

The following table describes the service that the Council currently provides.

Table 16 Current GoBay services in Napier & Hastings

Location of service	Days of operation	Approximate Contract size (\$per annum, before fares)	Supplier	Peak Vehicles	Contract details
Napier & Hastings Urban Service (Hastings, Napier, Taradale, Flaxmere, Havelock North, Ahuriri, Bay View)	Monday - Sunday	~\$5.4 million (ex GST)	Go Bus Transport Ltd	22	Nine Year PTOM Contract commenced 1 August 2016. Initially the contract was due to expire

Location of service	Days of operation	Approximate Contract size (\$per annum, before fares)	Supplier	Peak Vehicles	Contract details
					31 July 2025 but is has subsequently been extended to 31 July 2027.

10.2 Current Total Mobility Services

The Total Mobility Scheme currently pays 75% of the cost of a passenger fare (up to a maximum of \$50) for those on the Scheme.

The scheme is administered by Hawke’s Bay Regional Council, and funded by both the Council and NZTA/Waka Kotahi.

The following table outlines the Total Mobility services procured by Hawke’s Bay Regional Council. All contracts with providers are open-ended and therefore do not expire until one or both parties agrees to terminate the contract. Most of the trips occur within the Napier- Hastings area.

Table 17 Total Mobility Service operators

Urban Centre	Company	Approx annual spend (\$)
Napier & Hastings	Driving Miss Daisy Baywide Taxis Ltd Hastings Taxis Hawke’s Bay Combined Taxis Pink Total Transport Monique Driving You Freedom	~\$2,000,000 (ex GST) (including flat rate payments for wheelchair hoist trips).
Central Hawke’s Bay	Viv’s Taxi Service	~ \$20,000

Specialist resources are required for some Total Mobility services in the form of vehicles with wheelchair hoists and drivers with disability awareness training.

In addition to funding assistance for the carriage of disabled persons, HBRC may provide funding assistance for two vehicles per year (up to a maximum of ~\$25,000) for the provision of new or refitted wheelchair hoist equipment.

As noted in section 5.2, the current bus service has the ability to take some wheelchairs.

10.3 Current Infrastructure

The current transport infrastructure procurement needs of HBRC are given in the table below.

Table 18 Transport infrastructure procurement

Type	Company	Approx. annual Spend/subsidy
Bus Timetable Holders	QED Systems	\$ 1,500
Real Time bus signs	Radiola	\$150,000
Mobility Services	Various	\$ 50,000

10.4 Professional Services

The professional services required by Hawke’s Bay Regional Council relate to planning and consultation (e.g. the Speed Management Programme) subject to available resourcing, these are best delivered in-house or in conjunction with other councils, as HBRC has established communication systems and strategies. From time to time there is a need to procure external support services in specialised areas such as in the management of ticketing.

Professional services are integral to an activity approved under the LTMA. For NZTA/Waka Kotahi funding purposes these are treated as an input and the cost is charged directly to the activity. They are services provided by a person (or persons) skilled in the particular field for which they are engaged.

When professional services are conducted in-house, costs are captured through the allocation of staff time to a specific general ledger code in the timesheet for the project or activity concerned. Each general ledger code is linked to a specific NZTA/Waka Kotahi work category, which enables clear identification of activity costs when claiming subsidies from the NZTA/Waka Kotahi. A charge out rate applies for each professional service role within HBRC (set by the Council through Long Term Plan and Annual Plan processes).

In-house professional services include the following:

Table 19 Current In-house professional services

Service	Detail
Transport policy and planning	Preparation and monitoring of the Regional Public Transport Plan and Regional Land Transport Plan, support for the Regional Transport Committee. Approximate annual cost: \$65,000 to \$95,000, depending on phase of three-year planning cycle.
Management of bus and Total Mobility contracts	Service planning, operational management of bus and Total Mobility contracts, complaint resolution, service monitoring, financial administration. Approximate annual cost: \$290,000.
Road Safety - Engineering, Education and Enforcement	Planning and delivery of a programme of road safety education activities addressing high-risk crash issues. Setting of Speed Limits. Approximate annual cost: \$260,000.

External professional services include:

Table 20 Current external professional services

Service	Detail
Ticketing system	Contract and support agreement with INIT for lease, maintenance and support of Wayfarer ticketing system. Approximate annual cost: \$80,000. Joint procurement with regional council/NZTA consortium of replacement ticketing system. Approximate implementation cost: \$560,000. Approximate ongoing annual cost: \$120,000.
Legal services	Contract advice as necessary. Approximate annual cost: \$25,000.
Passenger transport consultancy services	Advice or assistance with network planning, RPTP review etc. Approximate annual cost: \$30,000.

Service	Detail
Publicity, consultations and other Communications	Timetable design and development, development of publicity material. Approximate annual cost: \$5,000.
Transport Planning consultancy	Advice or assistance with RLTP development, other plan development Approximate annual cost: \$30,000.
Tender evaluator	Qualified tender evaluator when re-tendering bus services. One off cost: \$5,000.

10.4.1 Section 17(a) Review- Professional Services

The last Section 17(a) review under the Local Government Act was undertaken in 2022 and looked at road safety across the region. At the time the Road Safety function and programme was delivered under a joint funding model between the five Hawke’s Bay Councils and NZTA/Waka Kotahi with staff employed by HBRC as RoadSafe Hawkes Bay.

The review determined that a more consistent delivery could be achieved by a fully collaborative regional approach to delivering road safety with:

- A fully integrated regional safety management solution - An enhanced collaborative model with the region and partners working together to deliver better road safety outcomes through engineering, education and enforcement.
- Alignment of Engineering, Education and Enforcement programmes
- Strengthened RTC governance role to monitor the effectiveness of the road safety programme and impact on safety outcomes - A strengthened RTC role, through the Road safety Strategy, will ensure effective governance giving clear direction and goals.
- Focused Road Safety Group (or equivalent) to identify areas of need / emerging issues / priorities, develop the programme, manage its implementation and monitor results – the Focused Road Safety Group will support a more effective programme across the region, coming together to 1) identify priorities and set the annual programme and then 2) to review the annual programme (midway through the year) against objectives and measures and adjust it to suit current / emerging needs.

Most of the other professional services functions of the Transportation group are particular to HBRC and may not benefit from a Section 17(a) review.

10.4.2 Analysis of the impact of the passenger transport procurement programmes of other approved organisations and other entities

In 2023 Horizons Regional Council published their Public Transport Procurement Strategy. Their urban services in Palmerston North and Ashhurst were retendered in 2023 with the new contract starting last year.

Horizons were looking for suppliers to replace the current contracts serving Feilding and Levin which both connect with Palmerston North.

“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..”¹⁴

Horizons received multiple competitive bids for its Palmerston North unit, including alternative bids, and received a very positive outcome both financially and with the level of provision of zero emission buses.

¹⁴ Horizons Regional Council “Public Transport Procurement Strategy”

11 Appendix – Risk Allocation Table

This appendix summarises the allocation of key high-impact risks between Hawke’s Bay Regional Council (HBRC), Public Transport Operators (PTOs), and shared responsibilities. It reflects HBRC’s procurement principles, the Sustainable Public Transport Framework (SPTF), and the amended Land Transport Management Act 2003, ensuring that risks are assigned to the party best placed to manage them at least cost while maintaining market sustainability.

Table 21 Risk Allocation Table

Risk Category	HBRC Responsibility	PTO Responsibility	Shared Responsibility
Demand Risk	Set fare policy, undertake marketing, plan services to stimulate demand.	Maintain service quality regardless of patronage levels.	Monitor trends, jointly adjust services if demand patterns change.
Fuel/Energy/Charging Cost Risk	Apply NZTA indexation for energy/fuel; lead on charging infrastructure funding if strategic.	Manage energy efficiency and day-to-day charging operations.	Share data on energy usage; collaborate on efficiency initiatives.
Depot Availability Risk	Ensure Corunna Bay depot access if required; manage strategic depot planning.	Operate from available depot facilities; maintain any leased depots.	Coordinate depot use; agree asset transfer terms for charging infrastructure.
Workforce & Industrial Action	Advocate for training pathways; monitor sector-wide workforce health.	Recruit, train, and retain workforce; comply with fair pay and conditions.	Share workforce planning data; coordinate on continuity during disputes.

Risk Category	HBRC Responsibility	PTO Responsibility	Shared Responsibility
Regulatory Change Risk	Adjust policy and contracts to comply with new legislation.	Implement operational changes as required by new regulations.	Negotiate contract variations to address cost or service impacts.
Pandemic/Climate Event Disruption	Lead emergency service level decisions; secure contingency funding.	Maintain operational continuity and safety during disruption.	Jointly develop and implement contingency and recovery plans.

12 Appendix. Bus size practical decision framework

The below table is the decision framework (bullet points or table) showing the exact factors HBRC would weigh (e.g. peak loadings, low-patronage coverage routes, emissions targets) when specifying bus sizes in its tender documents and subsequent contract with the operator.

Table 22 Bus size practical decision framework

Factor	Considerations	Decision Guidance / Weighting
Passenger demand / peak loadings	Historical boarding/alighting data, peak hour capacity	Match vehicle size to peak demand; avoid over- or under-capacity
Route characteristics	Road width, turning radii, bridge weight limits, gradients, stop spacing	Ensure vehicles can safely operate; adjust vehicle size for narrower roads or constrained terminals
Low-patronage coverage routes	Off-peak services, feeder routes	Consider smaller vehicles to maintain service coverage efficiently
Accessibility requirements	Wheelchair access, mobility aids, compliance with disability standards	All vehicles must meet accessibility standards; consider low-floor buses and sufficient wheelchair spaces
Fleet innovation / operational efficiency	Alternative fuels, hybrid/electric options, operator proposals	Allow tenderers to propose innovative solutions within NZTA “right-sized” parameters
Emissions & sustainability targets	Regional emissions reduction goals, government environmental policies	Prefer low-emission vehicles; align procurement with climate objectives
Infrastructure constraints	Terminal facilities, depot access, bus stops	Vehicle sizes must fit existing infrastructure; consider potential future upgrades
Mode-shift & strategic goals	Encouraging public transport use, network integration	Ensure vehicle selection supports regional transport strategy and patronage growth
Value for money / lifecycle costs	Capital cost, maintenance, fuel efficiency	Optimise cost while meeting service, accessibility, and environmental standards
Flexibility for operational adjustments	Seasonal variations, special events	Allow operators to swap vehicle types within agreed parameters if required

13 Appendix. Contingency Procurement Pathways

Purpose

To outline alternative procurement pathways that may be activated if competitive market responses fall below a sustainable threshold (fewer than two credible bids). Any departure from the default open competitive ROI → RFP model requires prior approval from **NZTA/Waka Kotahi** under the Public Transport Procurement Procedures Manual (PT-PPM).

Contingency Models

1. Negotiated Procurement

- Direct negotiation with one or more operators.
- Applied where competition is insufficient and open tendering would not deliver value for money.
- Must demonstrate probity and benchmark terms against market data.

2. Transitional / Short-Term Contract

- Two–three-year contract to maintain service continuity.
- Provides time for market recovery or new entrants to prepare.
- Must align with HBRC’s long-term unit strategy and future procurement cycles.

3. Divided or Bundled Unit Model

- Splitting the Napier–Hastings unit into smaller contracts, or bundling with other services (e.g., school/on-demand).
- Used to reduce barriers to entry or improve market attractiveness.
- Requires reassessment of value for money and sustainability.

4. Council-Controlled Trading Organisation (CCTO) / In-House Provision

- Establishment of a council-owned operator (CCTO) or in-house delivery.
- Contingency measure if no viable external bids are received.
- Requires a Section 17(a) review under LTMA and approval from **NZTA/Waka Kotahi**.

5. Alliance / Hybrid Contract

- Shared delivery model where responsibilities are divided between HBRC and one or more operators.
- Useful for risk-sharing or where operators can only deliver parts of the service (e.g., vehicles vs. drivers).

6. Direct Award in Exceptional Circumstances

- Direct award to the incumbent or another operator in emergencies (e.g., operator exit, natural disaster).
- Only to be used to protect service continuity, with **NZTA/Waka Kotahi** approval.

Activation Principles

- Any contingency pathway must be documented in a project-specific Procurement Plan.
- Approval from **NZTA/Waka Kotahi** is required prior to commencement.
- Selected models must uphold:
 - Transparency and accountability
 - Fair pay and workforce protections
 - Alignment with decarbonisation objectives
- Post-procurement reviews will be undertaken to restore full competition in subsequent tenders.