

Waikato Regional Council Policy Series Report 2026/04



Waikato Regional Council Transport Procurement Strategy 2026-2029

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Purpose of this document

This Transport Procurement Strategy supports Council to:

- provide a transparent, evidence-based procurement approach
- meet statutory and investment requirements under the LTMA and PT-PPM
- guide upcoming procurement processes and supplier engagement
- provide the supplier market with early visibility of WRC's intentions
- ensure compliance with Government Procurement Rules and NZTA expectations
- support long-term market health and improved outcomes for public transport users

Intended audience

The Strategy will be used by those who must implement the Strategy. The supplier community will use this to identify and plan for bids, and it will also be used to guide the development of procurement processes and timelines internally alongside NZTA. Council's procurement programme and targeted communications and procurement information will be developed and made publicly available for external audiences.

Recommendations to NZTA

It is recommended that NZTA:

- Endorse the Waikato Regional Council's Transport Procurement Strategy 2026-29
- Approve the continued use of in-house professional services by Waikato Regional Council in accordance with s26 on the Land Transport Management Act.
- WRC seeks NZTA approval to adopt a fleet policy aligned with the proposed RUB amendments by removing the average fleet age requirement.
- WRC seeks NZTA approval for a contract term of **9 years plus a 2-year extension** (subject to funding availability and Operator performance). This term aligns with typical ZEB fleet financing (8–12 years), depot depreciation cycles, and the mobilisation time needed for depot and charging development. The two-year extension provides flexibility for infrastructure-related dependencies and alignment with future LTP/NLTP cycles while preserving competitive tension.
- Note that this Strategy will be updated prior to any further procurement for the Te Huia passenger rail service and on demand transport services

Evidence of corporate ownership

Corporate ownership of this document is owned by Council's Directorate of Regional Transport Connections and endorsed by the WRC Procurement Lead. The strategy will be endorsed by Council and NZTA and will remain as a living document.

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1 Introduction

This Transport Activities Procurement Strategy (the Strategy) sets out Waikato Regional Council's (WRC) approach to procuring all transport activities from 2026 to 2029. It covers the full suite of transport services funded or delivered by Council, including contracted bus services, Total Mobility, enabling public transport technology systems, and externally sourced professional services. Passenger rail (Te Huia) is included at a high level, noting that this Strategy will be updated prior to any future rail procurement.

The Strategy fulfils the requirements of the Land Transport Management Act 2003 (LTMA), the Government Procurement Rules (5th edition), and the NZ Transport Agency's Public Transport – Procurement Procedures Manual (PT-PPM).

It sets out how WRC intends to achieve best public value, maintain fair and transparent competition, and support a sustainable supplier market while delivering the transport objectives established through the Regional Land Transport Plan (RLTP) and Regional Public Transport Plan (RPTP).

1.1 Strategic Direction and Key Decisions

This Strategy gives effect to Council's strategic direction and decisions on the bus contract procurement, including the following key settings:

- **Market-led transition to a zero-emission bus fleet.** WRC will adopt a market-led approach to the timing and staging of Zero-Emission Bus (ZEB) transition, with the expectation that suppliers achieve a fully ZEB fleet by 2035. No pre-determined split of diesel versus electric fleet will be imposed at the start of contracts, providing flexibility for operators to optimise fleet investment.
- **Procurement of Units 1, 2, 3, 4, 5 and 10 in 2026.** These units represent approximately \$300 million over the contract term and are the largest transport procurement undertaken in the region. The Strategy confirms these units will be included in a single RFP, which is scheduled to be released to the Market in March/April 2026.
- **PTO-led depot and charging infrastructure.** Consistent with Council direction, operators will be responsible for securing, developing and operating depots and charging infrastructure. The contract will include transfer mechanisms (e.g., call-option/ROFO) to support long-term market resilience and ensure continuity at contract transitions.
- **Alignment with Changes to Requirements for Urban Buses (RUB).** WRC seeks NZTA approval for the removal of the Average Fleet Age requirement in line with the proposed RUB amendments (Feb 2026). By removing the average fleet age requirement enables the operator to optimise the use of existing vehicles and to support Council's approach for a market-led ZEB transition. Fleet quality and emissions outcomes will instead be assessed through the evaluation process and contract performance measures.
- **Relational contract model.** New bus contracts will use a 9-year term with a 2-year extension option at Council's discretion (subject to funding and operator performance), for which WRC is seeking NZTA approval. The new contracting model will promote long-term collaboration, shared information, co-design of improvements, and joint management of performance and variations.

1.2 Upcoming Procurement Activities

Transport activities represent one of WRC's largest areas of expenditure. Over the next three years, key procurement activities include:

- Renewal of major bus contracts (Units 1, 2, 3, 4, 5 and 10).
- Further development of on demand transport, with procurement settings to be updated once service design is confirmed.

- Expansion of the Total Mobility scheme to a region wide model.
- Upgrades to public transport enabling technology including real time information, ticketing and network data systems.
- Ongoing use of in house and panel based professional services to support policy, planning, business case development, modelling and road safety programmes.

A summary of estimated procurement values and timing for the major bus contract renewal is included in Section 3.1.5 and will be updated periodically through this Strategy's review process.

1.3 Funding Considerations

The Strategy has been developed based on WRC's Long Term Plan 2024-34 (LTP) and reflects WRC's commitment to achieve best public value and remain within available budgets. For bus contract renewals, the approved LTP budget for 2027/28 and 2028/29 have been used as the financial baseline for network design and commercial modelling to ensure the new network can be delivered within the current approved funding. Future service enhancements are included in tender documentation as pre-priced (non-binding), staged options and will be implemented as additional funding becomes available through the next NLTP or local contributions.

2 Strategic Context

This section defines the national and regional policy settings that guide WRC’s transport procurement decisions. It explains how legislative obligations and strategic priorities shape the way we structure units, choose delivery models, allocate asset responsibilities, evaluate bids, and manage risk in the procurement of transport activities

2.1 National policy framework

2.1.1 Land Transport Management Act 2003– as amended in 2024

The Land Transport Management Act 2003 (LTMA) is the primary transport legislation that governs the planning and provision of land transport activities in New Zealand. The purpose of the LTMA is “to contribute to an effective, efficient, and safe land transport system in the public interest”.

Under s25, WRC must adopt approved procurement procedures and present a procurement strategy that demonstrates fair competition, transparency, and market sustainability. The 2024 amendments embed the Sustainable Public Transport Framework, emphasising decarbonisation, workforce wellbeing, community responsiveness (including on-demand), and partnership with territorial authorities and iwi. These imperatives are reflected throughout this Strategy and operationalised via the relational delivery model, asset control policy, and evaluation settings (see Sections 3.1.6).

2.1.2 Government Policy Statement on Land Transport (GPS) 2024-27

WRC will give effect to the GPS by focusing procurement choices on:

- Safety and reliability of services (e.g., KPI emphasis on reliability/punctuality; assurance through mobilisations and readiness milestones — see 3.1.6.9).
- Network resilience (e.g., allocation of relief events and force majeure, proportionate risk allocation, and variation pathways that preserve service continuity — see 3.1.6.10).
- Emissions reduction via a market-led ZEB transition to 2035, avoiding prescriptive fleet-age settings that could undermine investment timing (see 3.1.6.4).
- Access and equity (e.g., coverage services, Total Mobility, and progressive development of on-demand where warranted by evidence — see 3.1 and 3.3 (Bus and Total Mobility Services)).

2.1.3 Government Procurement Rules (5th Edition)

This Strategy embeds the Rules by:

- Using open, competitive processes as the default, with transparent conditions and debriefs.
- Incorporating Economic Benefit to New Zealand in the evaluation and a workforce criterion signalling a wage-floor intention and wellbeing/training expectations.
- Ensuring probity, conflicts management, confidentiality, and robust contract management practices post-award.

2.1.4 Public Transport Procurement Procedures Manual (PT-PPM, Draft)

This Strategy gives effect to PT-PPM by:

- Presenting a unit design that promotes competition while recognising network efficiency and scalability (see 3.1.4 – Unit Structure Review).

- Selecting a relational delivery model and describing how the contract and governance operationalise the relational principles (joint planning, shared KRAs, open-book forums, proportionate abatements/relief) — see 3.1.6.7.
- Defining an asset control policy by asset tier (Tier 1 land/energy access; Tier 2 vehicles/charging; Tier 3 tech/CCTV), with PTO-led delivery plus end-of-term transfer provisions (call-option/ROFO) — see 3.1.6.5.
- Explaining the evaluation rationale (PQM with workforce and economic benefit signals, fleet quality without average-age constraints), a bundling policy with separable pricing to maintain a sustainable supplier market — see 3.1.6.12 (Supplier selection method).
- Outlining risk allocation and variation methods (minor via rate card; major via Net Financial Impact Assessment) that protect delivery and value for money — see 3.1.6.11 and Appendix A.

2.2 Regional transport objectives

2.2.1 Waikato Regional Council Strategic Direction 2023-25

Waikato Regional Council’s Strategic Direction 2023-25 (Takatū Waikato) sets out the Council’s overarching purpose of creating a sustainable future through a healthy environment, thriving communities, and working towards a low emissions economy. It focuses on significant regional challenges such as climate change, managing growth and changing demographic, environmental resilience and affordability, and highlights the need for long-term strategic thinking, partnership with key stakeholders, and financially responsible decision-making.

Transport planning and procurement play a critical role in delivering this strategic direction, and these include:

- Supporting **emissions reduction** through a market-led transition to zero-emission public transport.
- Ensuring **equitable access to transport** through coverage networks, Total Mobility, and emerging on-demand services.
- **Enabling regional growth** by improving transport efficiency and integration with land-use planning.
- Maintaining **affordability and prudent financial management** through value-for-money procurement practices.

Note: The Strategic Direction for the 2026–2029 period is currently under review. The procurement approaches set out in this Strategy have been designed to remain consistent with, and adaptable to, the updated organisational priorities once refreshed.

2.2.2 Waikato Regional Land Transport Plan 2024-2054

The Waikato Regional Land Transport Plan (RLTP) sets out the strategic direction for land transport in the Waikato region over the next 30 years. The RLTP has identified five key transport problems and a set of regional priorities to help address them over the next 30 years. These are listed below:

Significant regional transport problems

1. Climate change: Land use and transport planning has led to transport being a key contributor of greenhouse gas emissions which is exacerbating the effects of climate change.
2. Resilience: The transport network is becoming increasingly vulnerable to climate change and other disruptions which is putting communities at risk and affecting the ability to maintain route security.

3. Growth and economic development: Growth in the upper North Island and the Hamilton-Waikato metro spatial area is impacting on the efficient movement of people and freight.
4. Accessibility and Transport options: The transport system struggles to provide people with safe, reliable and equitable transport options to meet their social, cultural and economic needs.
5. Safety: System failures and user behaviours expose people to risk, resulting in the unacceptable occurrence of deaths and serious injuries.

Regional transport priorities

To address the problems, the RLTP has identified a set of regional priorities over the next 10- years. These regional priorities underpin the Council’s transport investment over the next three to 10 years and are the key focus areas for stakeholder action.

Table 1. Waikato Regional Land Transport Plan – Regional transport priorities.

Waikato Regional Land Transport Plan – regional priorities	
Climate Change	<ul style="list-style-type: none"> • Reduce transport emissions. • Transform towards an environmentally sustainable, low carbon transport system.
Resilience	<ul style="list-style-type: none"> • Maintaining the transport system • Ensuring community access • Building regional resilience
Maintaining growth and Economic development	<ul style="list-style-type: none"> • Implementation of Metro Spatial Plan Transport Business Case programme. • Future proof and optimise priority strategic corridors (road and rail). • Resolve rail constraints and build capacity.
Accessibility and Transport options	<ul style="list-style-type: none"> • Shape urban form to grow mode shift and provide transport options • Targeted intervention to recognise different transport and accessibility needs across the region
Safety	<ul style="list-style-type: none"> • Implement the Safe System approach for the Waikato Region. • Focus on speed and infrastructure, education and behaviour change for high-risk and vulnerable users and enforcement

This Strategy supports the RLTP by:

- **Unit design** that aligns with ridership/coverage network configurations and allows sequencing of enhancements as funding becomes available.
- **Procurement settings** that promote innovation and value for money (Bundling and ZEB transition approach and alternative tender allowed).
- **Risk and variations frameworks** that preserve service through shocks (major events, regulatory change), while protecting public value.
- **Evaluation focus on reliability, customer experience, emissions outcomes**, and workforce stability — key drivers of safety, performance, and patronage.

2.2.3 Waikato Regional Public Transport Plan 2022-32

The Waikato Regional Public Transport Plan (RPTP) 2022–2032 sets out the region’s long-term strategic objectives for public transport that include:

- Achieve net-neutral carbon emissions between 2025 and 2050
- Providing an integrated network that enhances accessibility and support future growth
- Developing a simple and affordable fares and ticketing system

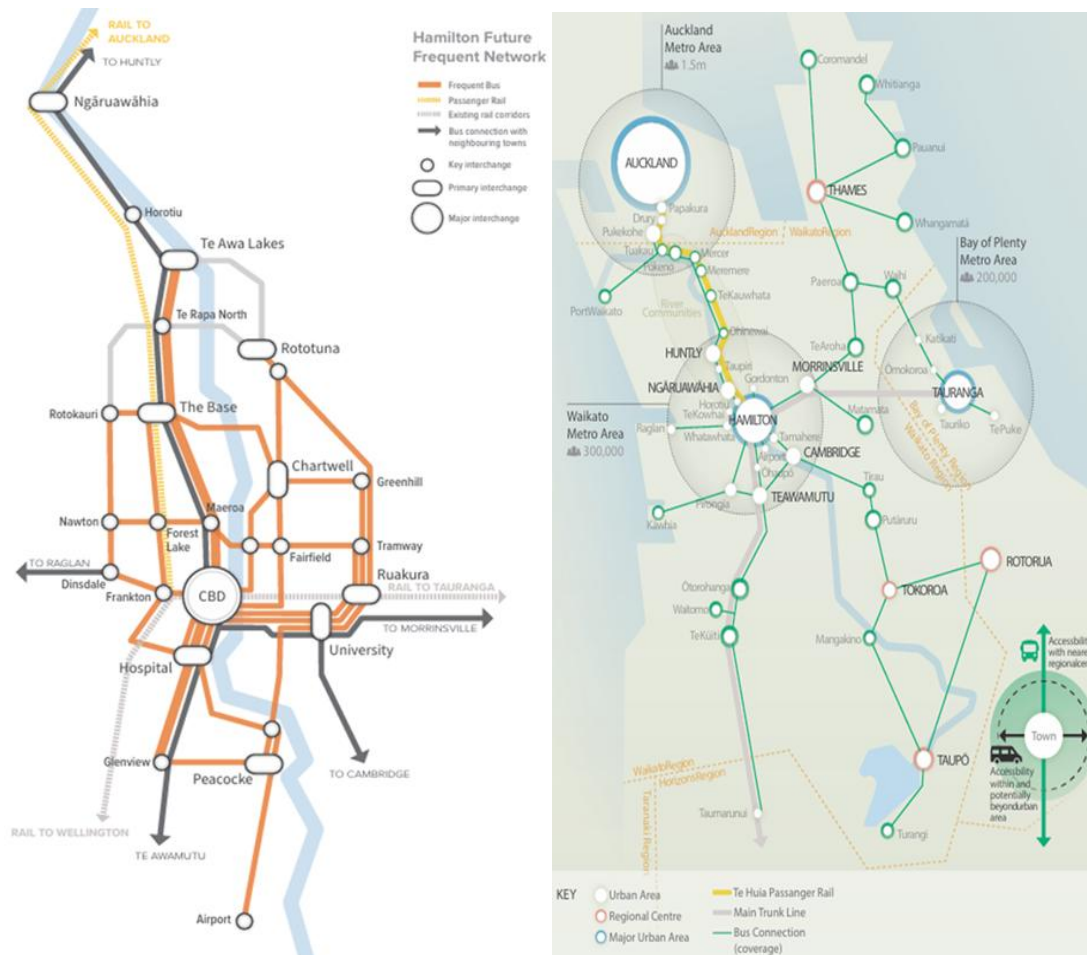
- Improving the quality of customer information
- Ensuring the integration of infrastructure and service delivery for an efficient and enjoyable PT experience
- Maintaining affordability for both users and funders

These objectives collectively define what WRC intends to achieve: a modern, high-performing public transport system that supports mode shift, reduces emissions, strengthens regional connectivity, and improves customer experience across urban, regional and interregional services.

Network design concept

The RTPP objectives directly inform the network design concept used for planning future service provision across the Waikato. The plan establishes a two-layer network structured around a high-frequency ridership network in Hamilton (focused on fast, direct corridors supporting growth and mode shift) and a coverage network that provides improved access within Hamilton and connects every urban area in the region to its nearest regional centre, ensuring equitable access and wellbeing outcomes.

Figure 1. Future Hamilton and Regional Network Concept (RPTP 22-32).



These network layers are supported by defined service levels, targeted services (on-demand, community transport, Total Mobility), infrastructure requirements such as key interchanges, and bus stops, and future network aspirations.

The RPTP policy direction and network design concept has informed the overall procurement approach for the bus contract renewals as discussed in this strategy (see section 3.1.6), and more specifically, the new unit structure, procurement and ZEB approaches, evaluation criteria and contract mechanisms which enable the plan's objectives to be delivered in practice.

By adopting a market-led transition to zero-emission buses, aligning service procurement with the ridership vs coverage network design, implementing contract terms and variation processes that support future service level enhancements, and applying performance frameworks that reinforce reliability and customer experience outcomes, the procurement strategy ensures suppliers are selected and managed in a way that advances the RPTP's intent.

2.3 Council's Strategic Position on Depot Control and Fleet Strategy

Market engagement confirmed that depot access presents one of the major barriers to entry for non-incumbent operators. WRC acknowledges this challenge and recognises that a long-term shift in depot ownership or control could improve competition and market resilience.

However, WRC does not currently own any bus depots and, given the compressed procurement timeline, existing contractual commitments, and the current funding environment, Council is not in a position to make a major capital investment decision ahead of the 2026 bus procurement. As a result, WRC will continue with a PTO led depot and charging model for this procurement.

This approach does not remove the depot barrier for 2026; instead, it reflects practical constraints. To support future contestability, WRC will include end of term transfer mechanisms (call option/ROFO) in new contracts. These mechanisms primarily benefit future procurements by reducing incumbency advantage over time.

Recognising the importance of depot infrastructure to long term market health, WRC intends to undertake further work during the 2027–2037 Long Term Plan period to develop a long term depot strategy, including assessment of financial tools and investment options that could enable Council to play a more active role in depot provisioning for future procurement rounds.

2.4 Best value for money consideration

In the context of transport procurement, obtaining 'best for value for money' is a key requirement under s20 of the LTMA. WRC defines Best Value for Money as the optimal balance of price, quality, risk, capability, and long-term network outcomes, not the lowest upfront cost. This Strategy applies this principle by:

- Using NZTA Price Quality Method, with a working calibration of ~60% quality / 40% price, to reflect delivery complexity, ZEB transition, workforce expectations, and bundling logic (Section 3.1.6.12).
- Ensuring Economic Benefit to New Zealand is reflected in the Non-price Evaluation criteria, alongside a dedicated workforce criterion.
- Enabling suppliers to tender bundled or standalone units
- Managing variations via rate cards (minor) and Net Financial Impact processes (major), ensuring proportionality and public value (Section 3.1.6.11).

- Providing for pre-priced, staged enhancements to be delivered as additional funding becomes available (Section 3.1.6.12).
- Maintaining robust contract management and performance oversight aligned with relational principles (Section 4).

2.5 Funding and investment profile

WRC's transport activities are funded through the National Land Transport Programme (NLTP), with local share contributions from rates. Table 2 below provides a summary of the approved funding from NZTA across the WRC transport programme for the 2024 – 2027 funding period.

Table 2. NLTP approved funding allocations for 2024/25 – 2026/27.

NLTP approved funding allocations for 2024/25 – 2026/27 (\$000)					
Programme by funding category		2024/25	2025/26	2026/27	Total (3 years)
515	Te Huia Passenger Rail Service	\$9,466	\$9,420	\$3,285	\$22,171
517	Total Mobility operations	\$1,721	\$1,944	\$2,197	\$5,861
519	Total Mobility Wheelchair hoists	\$40	\$40	\$40	\$120
521	Total Mobility Wheelchair hoist use payment	\$100	\$100	\$100	\$300
514	Public transport facilities & infrastructure - operations and maintenance	\$1,000	\$1,020	\$1,040	\$3,061
524	Public transport operations and management	\$1,495	\$1,944	\$2,042	\$5,482
525	Operations & maintenance of real-time and ticketing systems	\$890	\$926	\$962	\$2,778
554	National Ticketing Solution (NTS) – Implementation	\$430	\$859	\$430	\$1720
511	Continuous programm - bus services	\$28,330	\$30,145	\$31,166	\$89,641
532	Low cost / low risk improvements 2021-24-PT services	\$1,784	\$1,866	\$696	\$4,346
1 & 3	Transport Planning and Policy Development	\$1,000	\$950	\$650	\$2,600
432	Road Safety Promotion and advertising	\$515	\$515	\$515	\$1,546
TOTAL		\$46,771	\$49,729	\$43,123	\$139,623

The council is committed to delivering the transport programme within the current approved NLTP funding allocations for the 2024–2027 period, while maintaining affordability for ratepayers and ensuring best value for money.

This Strategy acknowledges that funding certainty beyond July 2027 is not yet confirmed, as new allocations for public transport services, including the new 2027–2030 bus contracts, will be determined through the next NLTP funding round. These funding constraints present both risks and opportunities, which WRC has carefully considered and embedded within the procurement design.

Managing Funding Constraints and Risks

To minimise financial exposure and provide confidence to the market, WRC has adopted Council’s 2024–34 Long Term Plan (LTP) as the baseline for developing the future Waikato bus networks for Units 1–5 and 10. This includes using current contract pricing as a baseline, and tested assumptions on ZEB transition costs to ensure that day-one service delivery can be achieved on a ‘cost-neutral basis’ relative to the adopted LTP budget.

If tendered prices exceed expectations materially, WRC will:

- Work with preferred suppliers to adjust service scope prior to contract award, consistent with the relational model; or
- Seek additional funding from NZTA through the 2027–2030 NLTP process.

Both of these processes are scheduled to occur at the start of the 2026/27 financial year, enabling early alignment between pricing outcomes and funding decisions.

Staging future service enhancements

Due to funding uncertainty beyond 2027, the proposed network implemented at contract commencement reflects only the services that can be delivered within the approved baseline budget. However, the RFP incorporates future network enhancement options, and medium/long-term staging plans, allowing service levels to be increased progressively as additional funding becomes available. This ensures the new contracts remain scalable, future-proofed, and aligned with the long-term RPTP objectives.

3 Transport Programme and Upcoming Procurement Activities

This section describes the Waikato Regional Council transport programme and the procurement activities planned between 2026 and 2029. It outlines the current state for each major activity area, the services to be procured within the period of this Strategy, and the procurement approaches and considerations that will guide each procurement.

WRC's transport programme comprises five core activity areas:

- Bus services (urban and regional contracted services, including Flex/on-demand)
- Passenger rail (Te Huia)
- Total Mobility
- Enabling public transport information technology systems
- Transport planning and professional services

3.1 Bus Services

3.1.1 Existing bus network and contracts

The existing bus network consists entirely of subsidised bus services, contracted by Council. The network can be broadly categorised into two groups being Hamilton urban services and regional services:

- **Hamilton urban services:** 19 contracted services, including 3 high-frequency bus routes (Orbiter, Meteor and Comet)
- **Regional bus services:** 19 contracted routes connecting key towns across the region, including Cambridge, Te Awamutu, Raglan, Paeroa, Morrinsville, Thames, Te Kūiti, Tokoroa, Taupō, Tūrangi, Matamata, Putāruru, Mangakino and others.

Table 3 below summarises the current unit structure and contract expiry dates.

Table 3. Current unit structure.

Current Unit	Contract expiry date
1 West Hamilton (urban)	30 June 2028
2 East Hamilton (urban)	30 June 2028
3 North Waikato (regional)	31 October 2027
3A Pōkeno to Pukekohe (regional)	31 October 2027
4 Eastern Connector (regional)	31 October 2027
5 Raglan (regional)	31 October 2027
6 Waipā (regional)	December 2032
7 South Waikato (regional)	October 2031

Current Unit	Contract expiry date
9 Taupō (regional)	October 2031
TS2020 Thames (regional)	31 October 2027

These contracts will progressively expire between 2027 and 2032, with the majority of urban and regional services (Units 1, 2, 3, 4, 5 and 10) moving to procurement stage in 2026.

On-Demand Services

WRC currently operates a targeted on-demand service (Night Flex) in Hamilton, delivered under Unit 1. While this service continues to meet a defined need, WRC recognises that on-demand transport is likely to become a more prominent feature of the future public transport system.

Work is underway to determine the appropriate service design, scale, and procurement approach for on-demand transport in Hamilton and potentially other urban centres. This includes considering integration with the redesigned Hamilton network and alignment with national Ticketing and Real-Time systems.

On-demand services will not be included within the upcoming 2026 bus contract renewal procurement. However, WRC intends to confirm the future service model and procurement approach by the end of 2026, at which point this Strategy will be updated and presented to NZTA for endorsement.

3.1.2 Future bus network – 2027 to 2037

Council is undertaking a major transformation of the public transport network to align with the RPTP vision, respond to rapid population growth, and support mode shift within Hamilton and across the region.

It is intended that new bus service contracts commencing in 2027 and 2028 will deliver:

- A new structure separating frequent, coverage, and regional connector services
- Improved travel times on key corridors
- Network simplification to increase usability and legibility
- Progressive introduction of local “town loops” and flexible transport where appropriate
- Better integration with inter-regional rail, park-and-ride, cycling and walking connections
- A scalable network design that can be enhanced as funding becomes available

These changes ensure WRC can deliver an efficient, financially sustainable, and future-ready public transport network for the region.

3.1.2.1 Network concept and future service provision

The design of the future network is guided by the RPTP 2022–32 and refined through network modelling, operator engagement, community feedback, and the Metro Spatial Plan. The key objectives of the future network are to:

- **Increase frequency** and reliability on Hamilton’s busiest corridors
- **Improve access** for communities currently underserved by public transport
- **Support growth** by connecting new residential and employment areas
- **Enhance regional connectivity** to key towns and interchanges
- **Enable flexible, scalable service models** including on-demand, town loops, and cross-regional connections
- **Support decarbonisation** through reduced duplication, network optimization, and staged ZEB transition

Proposed network enhancements over the next 10 years:

1. High frequency services in Hamilton

- A new Rototuna–City Centre high frequency route
- Standardise operational hours across the city
- Short-term goal: 15-minute peak / 30-minute off-peak for coverage services
- Long-term goal: 10-minute all day frequency on high-frequency routes
- Replacement of the Orbiter with improved Northern and Southern Link services.

2. Enhance Regional Connectivity

- Eastern Connector: Increase peak frequency between Morrinsville and Hamilton; introduce town loops in Matamata and Morrinsville; extend Te Aroha coverage.
- Northern Connector: Remove underused Te Kauwhata–Pukekohe leg; add direct Te Kauwhata–Hamilton trips; extend Route 44 to Te Kauwhata; introduce Pokeno–Drury express service.
- Raglan: Reroute all services to terminate at Hamilton Transport Centre; add commuter trips; launch a local circular service.
- Thames–Coromandel & Hauraki: Extend Thames Connector to Ngatea, Kerepehi, and Turua; introduce once-weekly services to Paeroa, Waihi, Whangamata, Whitianga, and Coromandel; add weekend services and increase frequency over time.

3. Local town circulars and flexible models

- Implement town loops in Matamata, Morrinsville, and Raglan.
- Explore on-demand service models in local township where feasible.

4. Improve accessibility and equity

- Coverage routes maintained for areas with greatest needs (i.e. aging populations and isolated communities)
- Better integration with Community Transport to improve the access/coverage

These future enhancements are included in tender documentation as pre-priced options, enabling staged implementation through the nine-year contract term as funding becomes available.

3.1.3 Supplier Market Analysis- Bus

A detailed understanding of the regional and national supplier market is critical for designing a procurement approach that promotes contestability, ensures resilience, and delivers best public value. WRC has drawn on three complementary sources of insight: the **2025 Market Analysis**, the **2025 Market Sounding**, and the **2025/26 Pre-procurement Engagement process**. Together, these confirm that the New Zealand public transport market is highly capable, moderately concentrated, and sensitive to barriers to entry (see 3.1.3.3) — particularly depot access, fleet availability, workforce constraints, and procurement timeframes.

3.1.3.1 Current supplier landscape in Waikato

Three operators currently provide subsidised services under contract to WRC.

Table 4. Current suppliers.

Bus Operator	Approximate Market Share by dollar value (2024/25)
Kinetic operating as Go Bus Transport	93%

Bus Operator	Approximate Market Share by dollar value (2024/25)
Thames Taxis	1%
Tranzit	6%

Kinetic is the dominant incumbent, operating extensive urban and regional services and holding multiple depots across the region. Tranzit provides selected regional services and possesses considerable experience across New Zealand’s contracted PT market. Thames Taxis provides a limited number of regional connector and Total Mobility services, primarily in Thames and surrounding areas.

3.1.3.2 Likely bidder participation

Feedback through the Market Sounding and Pre-procurement Engagement indicates that there is credible interest from multiple national and international operators. However, actual participation in the 2026 Waikato bus procurement will depend on:

- the level of competition created through unit design
- whether procurement settings effectively mitigate barriers to entry
- the viability of depot options for non-incumbents
- the attractiveness of bundling options
- the clarity and proportionality of commercial terms

This confirms that the procurement approach, particularly bundling rules, depot policy, ZEB transition approach, and tender timeframes — will strongly influence the breadth and quality of bids received.

3.1.3.3 Key barriers to market entry

Depot land availability and development

Barrier: Non-incumbent operators consider depot identification, acquisition, and development a significant constraint. Incumbents have an inherent advantage due to existing sites.

WRC mitigation:

- End-of-term transfer mechanisms (call-option/ROFO)
- Longer mobilisation periods (15-20 months for urban; 12 months for regional)

Access to fleet, including ZEB readiness

Barrier: Suppliers highlighted challenges in sourcing RUB-compliant diesel buses (particularly Euro V/VI vehicles) and uncertainty around ZEB investment timing - specifically when to commit to vehicles given evolving funding, technology maturity and infrastructure readiness.

WRC mitigation:

- Market-led transition to ZEB
- No average fleet age requirement (aligned with proposed RUB changes)
- Fleet quality assessed through evaluation and performance, not prescriptive contract rules

Workforce availability and wage expectations

Barrier: All operators emphasised driver shortages and cost pressures.

WRC mitigation:

- Workforce considerations included in PQM, with evaluation of recruitment, retention, training and wellbeing systems.
- WRC will specify a minimum driver base wage in the RFP to ensure comparability across bids and support workforce sustainability

Tender timeframe and information availability

Barrier: Insufficient time or information increases risk-pricing and can deter entrants.

WRC mitigation:

- Provide an extended tender window (12-week)
- Release advance data packs and draft contract details as part of the pre-engagement, including:
 - timetables / GTFS files
 - route maps and network specifications
 - high-level demand forecasts

The combined analysis indicates the Waikato procurement can attract multiple credible bidders if the procurement design:

- lowers entry barriers (ZEB fleet requirement and tender timelines)
- supports innovation through bundling options
- avoids prescriptive ZEB rules and average-age constraints
- signals fair workforce and economic benefit expectations
- provides commercial settings that reflect actual cost drivers

These insights underpin the unit structure, bundling policy, asset control approach, evaluation settings, and risk allocation described in Sections 3.1.6.

3.1.4 Unit Structure Review

As part of the Future Bus Network review, WRC undertook a comprehensive assessment of the existing unit structure to determine whether it remains fit-for-purpose for the redesigned network and the upcoming procurement of bus contract renewals. This review considered:

- the operational characteristics of the future network,
- the capability and structure of the supplier market,
- principles set out in the PT-PPM,
- extensive market feedback gathered through sounding and pre-engagement,
- Council's August 2025 decisions on ZEB transition approach.

3.1.4.1 Unit design principles

The review was guided by the PT-PPM's principles for unit design, adopted for Waikato context:

Network effectiveness

Units must support the wider network design and combine services with similar operational characteristics. Mixing unrelated modes or incompatible operating patterns should be avoided. Units should enable efficient scheduling, logical rostering, and operational consistency.

Efficiency and deliverability

Units should:

- be operationally feasible for suppliers to deliver,
- minimise dead-running,
- allow efficient use of depot and charging infrastructure, and
- encourage innovation in fleet deployment and network optimisation.

Market sustainability and contestability

A healthy supplier market requires the presence of multiple viable opportunities, not just a single large contract. Unit design should:

- create opportunities for both large and medium-sized operators,
- avoid creating thresholds that unintentionally exclude smaller operators,
- support regular tendering cycles, and
- enable competitive tension over time.

Maintaining an appropriate number of units is one of the most important levers WRC has to sustain competition in an environment where the market is moderately concentrated.

3.1.4.2 Market considerations for unit design

Feedback from operators consistently supported:

- retaining multiple units,
- providing opportunities for both incumbent and non-incumbent suppliers,
- ensuring that unit size does not create an undue barrier to entry,
- offering optional bundling to enable efficiencies where feasible,
- allowing sufficient mobilisation time (particularly for depot establishment), and
- ensuring regional units remain accessible to smaller operators.

Market participants noted that:

- Large units favour national/international operators but can deter smaller regional companies.
- Very small units increase overhead and may dilute operational efficiency.
- **A balanced unit structure** gives the market flexibility to select opportunities that align with capability and scale.
- The Hamilton urban units are substantial and operationally complex; bundling them may unlock efficiencies for some bidders but separating them preserves contestability.

These insights reinforced the importance of maintaining a multi-unit structure to support participation from a diverse supplier base and to avoid over-concentration of risk.

3.1.4.3 Updated Unit Structure

Table 5 below is the updated structure adopted through the RPTP amendment in Dec 2025.

Table 5. Updated Unit Structure.

Current Unit Structure		New Unit Structure	
Unit No.	Unit Name	Unit No.	Unit Name
1	Hamilton West (incl. Flex)	1	Hamilton Urban - Frequent
2	Hamilton East	2	Hamilton Urban - Coverage
3	North Waikato	2A	Hamilton Urban – On-demand Flex
3A	North Waikato/ Auckland	3	North Waikato – Regional Connection
4	East Waikato	4	East Waikato – Regional Connection
4B	Thames	5	West Waikato – Regional Connection
5	West Waikato	6	Waipa – Regional Connection
6A	Waipa	7	South Waikato - Tokoroa

7	South Waikato (Tokoroa & Te Kuiti)	8	South Waikato – Te Kuiti & Otorohanga
9	Taupo	9	Taupo – District coverage
10	Waikato/Auckland Rail	10	Thames Hauraki – Regional Connection
		11	Inter-regional Rail – Te Huia

Overall, the refined unit structure reflects:

- **Alignment with the RPTP network design.** The RPTP introduces a two-layer network design for Hamilton and the region. The new unit structure aligns with these network layers, ensuring each unit covers services with similar operating patterns, service levels, and fleet implications.
- **Support for competition and market access.** By allowing small/medium operators to target regional connector units and larger operators to bid for the urban units or bundles. By allowing operators to bid individually or in bundled configurations, also improves value-for-money without restricting market access.
- **Operational scalability and future-proofing.** Each unit is designed to operate effectively as a standalone business unit and scale up or down as demand and funding change.

3.1.5 Upcoming procurement activities – Units 1, 2, 3, 4, 5 and 10

Early in 2026 Council will commence the procurement process for Units 1,2, 3,4,5 and 10 (Bus contract renewals 2026). The estimated value of these contracts is approaching \$300m over the term of the contracts. The renewal of bus contracts in 2026 represents a significant opportunity for Council to re-align its network objectives and to deliver on future network aspirations from the RPTP. The new bus contracts are also an opportunity to deliver on national targets such as the decarbonisation of public transport by 2035.

Table 6. Upcoming bus contract renewals.

Future Unit	New contracts start date	Term	Estimated annual in service KMs	Estimated PVR at start	Future indicative PVR	
					2030	2033+
1 Hamilton Urban-Frequent	1 July 2028	9	3,870,595	42	-	45
2 Hamilton Urban - Coverage	1 July 2028	9	1,844,931	34	-	56
2a Hamilton Urban- Flex (Including Night Flex)	1 July 2028 (tentative)	TBC- planning is well underway and Council will update the Transport Procurement Strategy once the detailed service provision and procurement approach are confirmed.				
3 North Waikato-Regional Connection	1 November 2027	9	923,500	12	14	20
4 East Waikato – Regional Connection	1 November 2027	9	235,920	3	6	11
5 West Waikato-Regional Connection	1 November 2027	9	181,410	3	6	6
10 Thames Hauraki Regional Connection	1 November 2027	9	1,668	1	2	6

3.1.6 The Procurement Approach for public transport - Bus

The procurement approach for the 2026 bus contract renewals has been shaped by the strategic context set out in Section 2, the updated unit structure in Section 3.1.5, detailed supplier market analysis (Section 3.1.4), and Council decisions on ZEB and Asset Control (as discussed in section 2.3). This approach is aligned with the NZTA Public Transport – Procurement Procedures Manual (PT-PPM) and is designed to deliver best public value, maintain a sustainable supplier market, and ensure the successful transition to the redesigned Waikato bus network.

WRC’s procurement approach is intended to:

- Enable **fair, transparent competition**, consistent with LTMA and Government Procurement Rules
- Attract a **diverse range of suppliers**, including national, international, and regional operators

- Ensure the redesigned **network can be delivered efficiently and cost-effectively** from day one
- Facilitate a **market-led transition to Zero-Emission Buses (ZEB) by 2035**
- Support **long-term relationships** under a relational contracting model
- Provide commercial and contractual settings that **reflect real-world cost drivers** and reduce risk premiums
- Maintain **flexibility for future network enhancements** and funding-aligned staging
- Ensure WRC can meet its **continuous service obligations** and achieve its **RPTP objectives**

The following subsections describe the key inputs, assumptions, policies and mechanisms that form WRC's overall procurement approach.

3.1.6.1 Key inputs and assumptions

The procurement approach is shaped by several key inputs that have a material influence on service delivery, procurement risk allocation, and value for money. These inputs have been synthesised from the Future Network Review, supplier market analysis, market engagement, funding considerations, and WRC governance decisions.

Supplier Market Conditions

The New Zealand bus market is moderately concentrated, but market sounding and pre-engagement indicate credible interest from multiple national and international operators. However, participation is sensitive to barriers such as depot access, tender timelines, unclear ZEB expectations, and workforce constraints.

Influence on procurement:

- Retention of multiple units to encourage participation
- Optional bundling with separable pricing
- Longer tender periods and detailed pre-engagement information
- PTO-led depots with clear transfer provisions

Network Redesign (Future Bus Network 2027–2037)

The redesigned Hamilton and regional networks introduce distinct roles for frequent, coverage, and regional connector services, requiring tailored operating patterns, fleet solutions, and depot locations.

Influence on procurement:

- New unit structure aligned to network layers
- Flexibility for PTOs to tailor fleet, infrastructure, and rostering to service characteristics

ZEB Transition Expectations

WRC is adopting a market-led approach to ZEB transition, consistent with operator feedback.

Influence on procurement:

- ZEB fully transitioned by 2035
- Day one fleet mix determined by PTOs
- Fleet quality evaluated through quality criteria, not prescriptive age rules

Funding and Budget Envelope

Funding certainty exists only until July 2027. The 2026/27 approved budget for WC 511 has been used as the financial baseline for designing the network implemented at contract commencement.

Influence on procurement:

- Baseline network designed to be cost-neutral using existing budgets
- Enhancements staged as pre-priced options
- Scope adjustments possible if pricing exceeds expectations

Workforce Constraints

All operators highlighted driver shortages, training requirements, and rising wage expectations.

Influence on procurement:

- Inclusion of a workforce consideration in the Evaluation Criteria
- Signalling of a minimum driver wage floor in the RFP
- Relational governance for workforce monitoring and improvement

Risk Allocation and Service Variability

Operators emphasised the importance of proportionate KPIs, clear relief event definitions, and evidence-based variation pricing.

Influence on procurement:

- Relational model with transparent shared processes
- Rate card for minor changes; NFI for major changes
- Clear performance and relief frameworks

3.1.6.2 Depot Strategy

Depot provision is one of the most significant factors influencing supplier participation, mobilisation risk, and service resilience. Depots are also strategic enabling assets for ZEB transition, with implications for competition, long-term cost efficiency, and operational continuity.

Existing depots across the region—approximately 17 operator-controlled sites—were developed for diesel operations and do not necessarily align with long-term ZEB or network requirements. Some early BEB facilities already exist in Waipā (Cambridge and Kihikihi), but broader ZEB readiness varies widely.

PTO-led depot model

Consistent with the Council direction, WRC will adopt a PTO-led approach for the provision of depot and charging facilities for all units in this procurement.

Under this model:

- PTOs are responsible for identifying, securing, developing, and operating depot sites
- Depot design must support future ZEB charging infrastructure and planned service growth
- Depot costs are recovered through the contract over the term
- Mobilisation periods have been extended to ensure feasibility for non-incumbents

WRC acknowledges that a PTO-led depot model does not fully remove this barrier for the 2026 procurement; however, given timing, funding constraints and the lack of existing WRC-owned depots, this remains the most practical approach for this procurement round.

To support future contestability—not this procurement—new contracts will include end-of-term transfer provisions such as call-option and ROFO. These mechanisms are intended to reduce incumbency advantage over time.

Future network considerations

While the PTO-led model is necessary for this 2026 bus contract round, the underlying depot strategy is informed by the long-term requirements of a ZEB network.

For Hamilton, technical planning indicates the future network requires two strategically located depots, each approximately 1.8 ha, with capacity for overnight DC fast charging and access to suitable electrical supply. These depots are needed to support fleet growth, reduce dead-running, and improve network resilience over time. Specific site selection remains with PTOs for this procurement; however WRC will provide high-level indicative guidance in the RFP in respect to the potential suitable sites.

At a regional scale, depot footprints are smaller and more flexible, with feasible land options available in several towns. Final feasibility depends on grid capacity, access, and consenting, and will be determined through the tender process.

Mitigating incumbency advantage

The PTO-led model is balanced by contractual mechanisms that reduce barriers for new entrants, including:

- End-of-term transfer provisions, including ‘Call-option’ for WRC to acquire the depot or ‘Right of first offer (ROFO)’ for future operators
- Clear valuation pathways for asset acquisition or transfer
- Notice periods that support continuity of operations

These provisions preserve long-term flexibility for WRC without requiring Council to fund or own depots upfront.

Long-term depot strategy development

WRC will undertake further work during the next Long Term Plan cycle to define the region’s future depot framework, including consideration of models where WRC may provide land, fixed infrastructure, or energy connections in future procurement rounds.

3.1.6.3 Fleet and ZEB Transition Strategy

WRC will not prescribe specific fleet types or technology pathways at contract commencement. Instead, PTOs will determine their optimal transition profile, provided the fleet **achieves 100% ZEB by 2035**.

While WRC is taking a market-led approach to allow operators to optimise fleet investment timing, the evaluation criteria, asset transfer provisions, depot readiness requirements, and explicit ZEB milestones (by 2035) will ensure meaningful transition begins from contract commencement. The approach avoids premature investment during grid and depot uncertainty but prevents a “big bang” deferral by requiring a credible, staged transition plan from each operator.

Alignment with emerging RUB changes

NZTA has proposed removing the Maximum Average Fleet Age requirement from the Requirements for Urban Buses (RUB). WRC will formally seek approval from NZTA to adopt this setting. In anticipation of this change, WRC:

- WRC intends not to set a ‘maximum average fleet age’ requirement, subject to NZTA approval, and will instead assess fleet quality through performance and evaluation criteria.” WRC will specify minimum performance and safety standards, in addition to RUB requirement
- Will assess fleet proposals through evaluation, including reliability, accessibility, emissions performance, onboard safety features, battery range (for ZEBs), lifecycle planning, and customer experience attributes.

Fleet allocation flexibility

PTOs may propose any RUB compliant fleet mix for day one—electric or diesel—depending on:

- depot readiness
- supply chain factors
- optimal asset lifecycle management
- financing strategies

WRC acknowledges that incumbents may be able to propose lower-capital day-one fleet due to existing assets. The evaluation framework will consider whole-of-life value, emissions reduction and deliverability to mitigate this, and pricing templates will require transparent separation of fleet capital, OPEX and financing assumptions.

3.1.6.4 Asset Control Policy

The purpose of the Asset Control Policy is to define which party (WRC or the Public Transport Operator) controls strategic enabling assets during the term of the contract. This policy ensures transparency, promotes efficient long-term investment, and supports a sustainable competitive market. The structure of this policy aligns with the PT-PPM guidance, which requires PTAs to classify strategic enabling assets by tier.

The WRC policy adopts a PTO-led model for Tier 1 and Tier 2 assets, supported by strong transfer provisions at contract end to preserve continuity and mitigate barriers to entry.

Tier	Examples	Ownership / Control	Role of Transfer Provisions
Tier 1 – Foundational Enabling Assets	Depot land, energy access	PTO-led acquisition & development; WRC call-option/ROFO	Ensures continuity and mitigates incumbency advantage in future procurement
Tier 2 – Medium-Term Enabling Assets	Fleet, charging, maintenance facilities	PTO-owned & financed ; capital recovered over term	Designated assets may transfer at depreciated value
Tier 3 – Commodity Assets	Ticketing & information technology systems	WRC or national systems ; PTO integrates	Maintains interoperability and tech consistency

Operator engagement identified depot access and charging infrastructure as critical barriers to competition. The asset control policy is designed to:

- Encourage operator innovation in depot layout, energy strategy, and fleet design
- Ensure long-term continuity regardless of operator change
- Support a market-led ZEB transition by giving operators control of Tier 1 and 2 investments

The asset control policy supports long-term competition but will not materially reduce depot barriers for the 2026 procurement. Instead, it establishes a pathway for improved contestability over time through structured transfer mechanisms. WRC will explore long-term depot investment options through the 2027–2037 Long Term Plan.

3.1.6.5 Unit Bundling Tender

Key bundling rules

- WRC will allow bidders to submit group (bundled) tenders for **a bundle of all units** included in the 2026 Bus Contract RFP.
- All bidders must submit a conforming bid for each individual unit included in any bundle
- Respondents may submit up to a limited number of bundled permutations to avoid evaluation overload

Evaluation of bundles

Bundled tenders will be evaluated alongside individual unit tenders. The submission of a bundled tender does not imply that the lowest-cost configuration will be awarded. Instead, WRC will assess whether a bundled proposal delivers greater overall value for money than awarding units individually.

To support this assessment, all bundled tenders must include separable unit pricing, enabling direct comparison with standalone bids.

When assessing the comparative value of bundles, WRC will consider the overall merit and added benefits of the bundled configuration, including:

- **Price and financial efficiency** - whether the bundle provides genuine cost savings or improved whole-of-life cost outcomes compared with individual awards.
- **Operational efficiency** - the extent to which a bundled configuration enables improved utilisation of fleet, depot capacity, charging infrastructure, dead-running, rostering efficiency, or other operational synergies across the combined units.
- **Service reliability and resilience** - whether the bundle strengthens the stability, redundancy, and performance of service delivery, particularly for large or interconnected units.
- **Market sustainability** - whether awarding a bundle supports a healthy, competitive supplier market over time, or whether the individual unit awards better preserve long-term contestability.

WRC retains full award discretion to select the combination of bids—bundled or standalone—that provides the best overall value, taking into account price, quality, efficiency, resilience, and the long-term sustainability of the supplier market.

3.1.6.6 Contract Delivery Model – Relational

WRC will use a relational delivery model for all bus contracts. This model emphasises long-term collaboration, transparency, joint decision-making, and continuous improvement. It is intended that the Relational model will be operationalised through the detailed provisions set out in the Relational Agreement and Unit contract that focus on the following aspects:

Long-term collaboration and partnership

- Joint governance and quarterly partnership meetings
- Annual joint business planning
- Development of shared goals

Transparency and shared information

- Open-book cost reviews – operator will share relevant cost information (labour, fleet, depot, overhead inputs) to support transparent variation pricing
- Data sharing (CCTV, real-time, network performance and customer complaints)
- Joint KPI monitoring (through shared KPI monitoring portal)

Collective problem-solving

- Opportunity to co-design or provide input to service changes
- Joint investigations into recurring issues (e.g. reliability, customer engagement and infrastructure constraints)

Balanced KPI and incentives framework

- Behaviour-aligned KPIs and targeted incentives
- Proportionate abatements and clear relief events
- Performance improvement pathways rather than punitive mechanisms

Overall, the relational model supports the long-term network transformation, reduces transactional behaviour, and ensures both parties remain focused on outcomes for customers and communities.

3.1.6.7 Contract structure and duration

WRC seeks NZTA approval for a contract term of 9 years plus a 2-year extension (subject to funding availability and operator performance). This structure aligns with typical ZEB fleet financing cycles (8–12 years), depot depreciation timelines, and the mobilisation time needed for depot and charging development. The two-year extension provides flexibility for infrastructure-related dependencies and alignment with future LTP/NLTP cycles while preserving competitive tension.

Mobilisation periods- bus

To ensure sufficient time is given to successful tenderer to acquire the resources necessary to deliver the services, Council will aim for a minimum lead-in time of nine months for small/medium size units (less than 15 PVRs) and more than 12 months for larger urban units.

Stage	Regional Connector	Urban Service
Procurement process (from out to market and contract award)	6-9 months	9-12 months
Contract mobilisation (Lead-in) period	9 months minimum	12 months
Contract term	9 years	9 years
WRC Contract extension option	2 years	2 years

As part of the contract conditions, successful operator is required to submit a mobilisation plan that include:

- depot readiness milestones
- fleet procurement and commissioning timelines
- workforce recruitment and training
- system integration testing

3.1.6.8 Key Performance Indicators

The Key Performance Indicator (KPI) framework for the new bus contracts is a critical mechanism for ensuring that public transport services in the Waikato are reliable, safe, customer-focused, and continuously improving. The revised KPI structure has been developed collaboratively with incumbent PTOs and tested through the early market engagement process, with feedback also incorporated from non-incumbent operators.

The KPI framework is designed to work within the relational contracting model, supporting partnership-based delivery rather than punitive, transactional performance management.

The KPIs for the 2026 bus contracts are intended to:

- reinforce reliability, punctuality and safety as core service outcomes
- support a high-quality, customer-centred public transport experience
- encourage positive operator behaviour through proportionate incentives
- be fair and transparent, avoiding penalties for events outside operator control
- provide early visibility of risks that may affect service delivery
- support joint problem-solving and continuous improvement
- align operator performance with WRC's broader strategic outcomes (emissions reduction, accessibility, resilience)

Key KPI Domains

While final KPI details will be confirmed through the RFP process and contract drafting, the indicative KPI domains are expected to include:

1. Reliability

- Trip delivery (scheduled vs operated)
- Missed trips (operator-attributable only)
- Service cancellations and early failures

2. Punctuality

- On-time departures at key timing points
- Excessively early/late running

3. Safety

- Safety incident reporting
- Driver behaviour and adherence to safety protocols.

4. Customer experience

- Timely response to customer complaints
- Cleanliness and presentation standards.

5. Data quality and reporting

- RTI data accuracy
- Compliance with reporting standards

3.1.6.9 Risk Allocation Approach

Effective allocation of risk is critical to ensuring service continuity, supplier participation, value for money, and alignment with the relational contracting model adopted by WRC. The risk allocation framework for the 2026 bus contracts has been designed to:

- allocate each risk to the party best able to manage or mitigate it at least cost,
- avoid transferring uncontrollable or unpredictable risks to suppliers,
- ensure risks are transparent, contractually clear, and manageable,
- support long-term market sustainability, and
- enable joint management of systemic or shared risks

This approach reflects the requirements of the LTMA, the principles set out in the draft PT-PPM, and the feedback received from bus operators during market sounding and pre-engagement.

A list of key commercial risks and allocation is set out in **Appendix A**.

3.1.6.10 Variations and Change Mechanisms

Service variations are an inherent part of public transport delivery. Over the life of the contract, WRC may initiate service changes from time to time in order to respond to:

- changes in customer demand
- reliability issues or performance insights
- funding changes (either increases or constraints)
- emerging network needs (e.g., growth areas, integration with rail or on-demand services)
- seasonal or special event requirements

To ensure variations are implemented fairly, efficiently, and transparently, WRC will use the following mechanisms:

1. Minor variations (Rate card)

Minor changes — such as timetable adjustments, minor route alterations, seasonal trips, incremental frequency changes, or small adjustments to Peak Vehicle Requirements (PVR) — will be priced through the agreed Rate Card tendered by the operator.

2. Major variations (Net Financial Impact – NFI)

Major changes such as significant redesign of routes, large capacity changes, or network-wide frequency adjustments will be priced through a NFI process. The intent of the NFI is to ensure major variations are priced on actual, demonstrable cost impacts.

Under the NFI process, operators must provide:

- transparent evidence of cost impacts
- explanations of underlying assumptions
- updated operational models where required

3.1.6.11 Planned service enhancement

Over the term of the contract Council has planned to transform the network in accordance with the key RTP objectives and Future Network Review outcomes. The anticipated changes have been planned and scheduled, and these will be included as pre-priced options. By providing comprehensive service specifications for planned service changes the risk of uncertainty is reduced, it is however not possible to entirely mitigate cost risk. This is because funding availability will need to be confirmed closer to the deployment of planned service changes.

The RFP document will seek to obtain greater understanding of the supplier's change management approach, and this will be included in the evaluation approach.

3.1.6.12 Supplier selection method

The supplier selection approach has been designed to ensure a fair, transparent, and competitive process that delivers the best overall value for money while supporting a sustainable, long-term supplier market. The approach reflects the LTMA, Government Procurement Rules, and PT-PPM guidance on supplier selection methods.

WRC will use the **Price Quality Method (PQM)** as the primary supplier selection method for all **relational contracts**. The PQM enables Council to balance price with quality attributes needed to manage complex network operations and significant mobilisation and asset investment requirements, particularly in Hamilton.

WRC intends to use a working calibration of **60% quality / 40% price** (final percentages confirmed at RFP stage). This indicative calibration is developed on the basis of:

- Urban units (1 and 2) are operationally complex. High PVR, high patronage, and ZEB integration require strong operator capability, mobilisation, and workforce planning.
- Depot development and mobilisation represent significant early-contract risk. A weighting skewed too heavily to price may favour operators who underestimate mobilisation challenges.
- The market is moderately concentrated. A higher quality weighting supports non-incumbents by enabling them to compete on operational merit rather than sunk infrastructure advantages.
- A relational contract model relies on capability, behaviour, and culture. These cannot be priced directly but critically affect cost and performance over nine years.

This PQM weighting is consistent with PT-PPM, which encourages quality-driven evaluation when supplier capability is central to service delivery.

The supplier selection method for units that utilise a staged delivery model (e.g. trial or On-demand services) will be determined on a case-by-case basis, in consultation with NZTA and key stakeholders.

In most cases Council is likely to prefer the price quality method.

3.2 Passenger Rail Service

The Waikato public transport network includes the Te Huia inter-regional passenger rail service, operating seven days per week between Frankton Station in Hamilton and The Strand in Auckland. The service is delivered by KiwiRail under contract to Waikato Regional Council.

Te Huia currently operates on a trial basis until **30 June 2027**. Council intends to complete a full performance review of the trial in early 2027, assessing the service against agreed criteria relating to demand, service reliability, customer satisfaction, and wider regional benefits. This review will inform the decision on whether the service continues beyond the trial period.

Should Te Huia continue, a further update to this Transport Procurement Strategy will be required prior to any procurement activity for inter-regional rail, to ensure alignment with national funding decisions, KiwiRail network access arrangements, rolling stock availability, and the updated strategic direction for rail investment.

3.2.1 Analysis of the rail supplier market

The supplier market for inter-regional passenger rail in New Zealand is highly constrained. KiwiRail is currently the only provider with access to:

- compliant rolling stock
- trained and qualified locomotive engineers
- depot infrastructure
- route access rights
- operational control of the Auckland–Hamilton rail corridor

While metropolitan rail services in Auckland and Wellington are delivered by commercial operators (Auckland One Rail and Transdev Wellington respectively), these arrangements rely on KiwiRail-owned track, signalling, and rolling stock owned by Auckland Transport and Greater Wellington Regional Council.

For Te Huia, competitive tendering is unlikely to generate viable alternatives due to:

- limited access to suitable rolling stock
- long lead times (often exceeding five years) for procuring new narrow-gauge rolling stock
- the specialist training and qualifications required for locomotive engineers
- dependency on KiwiRail for network access, operations, and safety system integration
- the relatively small size and scale of the Te Huia operation

Given these constraints, the conditions for open competition do not currently exist. The service therefore meets the criteria under NZTA procurement procedures for direct appointment where competition would not yield better value for money.

In the future, closed competition (e.g., inviting proposals from operators like Auckland One Rail or Transdev) may be possible only if suitable rolling stock becomes available through new procurement, with funding supported by Central Government. The decision on the new rolling stock procurement is anticipated after confirmation of the service becoming permanent, likely to be in mid to late 2027.

3.2.2 The Procurement Approach for Passenger Rail

If Te Huia continues beyond its current trial period, WRC will seek approval from NZTA to use a customised procurement procedure or direct appointment, consistent with the constraints of the rail operating environment.

Any future procurement model would need to reflect:

- KiwiRail's unique role as infrastructure owner and network access provider
- the availability (or lack) of suitable rolling stock
- safety certification and regulatory obligations under the Railways Act
- interoperability requirements with Auckland Transport and KiwiRail systems
- workforce considerations for rail operations
- the partnership nature of inter-regional services

3.2.3 Service Operations Contract- Passenger Rail

Continuation of Te Huia would require WRC and KiwiRail to develop an updated Rail Services Agreement, supported by:

- clear service level expectations
- agreed operational roles and responsibilities
- performance and reporting requirements
- pricing and cost transparency
- a joint governance framework
- safety and compliance obligations
- alignment with KiwiRail's wider network maintenance and operations planning

This arrangement is consistent with the current model for other regional and long-distance rail services in New Zealand.

A jointly developed **Operational Plan** (approved by NZTA as required) will accompany the Rail Services Agreement, enabling coordinated planning, performance monitoring, service adjustments, and network interface management.

3.2.4 Pricing review

To ensure value for money in the absence of open competition, WRC will undertake an open-book pricing review with KiwiRail, in collaboration with NZTA, prior to finalising any long-term service contract. This review will include:

- full transparency of operating cost components
- verification of key cost drivers
- benchmarking against comparable services
- assessment of efficiency opportunities
- validation of proposed service levels and timetables

The purpose of the pricing review is to ensure that, even without a competitive tender, WRC can demonstrate that the service is cost-effective, efficient, and aligned with expected outcomes.

3.3 Total Mobility

The Total Mobility scheme is a national transport assistance programme delivered regionally by WRC in partnership with disability support agencies, approved transport providers, and participating territorial authorities. The purpose of Total Mobility is to provide subsidised transport for people who are unable to use conventional public transport due to an impairment, ensuring safe, dignified, and reliable access to essential services and community participation.

WRC administers the Total Mobility scheme across the Waikato Region, including Hamilton City, Waikato District, Matamata-Piako, Thames–Coromandel, Taupō, Tokoroa, Hauraki and Waipā districts. Historically, Hamilton City has been funded directly by WRC, while district councils have funded their local share. From 2025/26 onward, WRC has transitioned to a region-wide funding model where the ongoing operation of Total Mobility services will be funded directly through regional (WRC) rates to ensure equity and consistency across the region.

3.3.1 Total Mobility Provision

WRC is responsible for ensuring the Total Mobility scheme is delivered safely, consistently, and in accordance with national policy and operational guidance. As part of this responsibility, WRC will:

- Ensure potential service providers meet all legal and regulatory requirements, including driver licensing, vehicle standards, safety provisions, and insurance obligations.
- Ensure all approved providers meet regional minimum service criteria, including accessibility requirements, availability expectations, and customer service standards.
- Facilitate the assessment and eligibility process, working with disability sector partners to ensure equitable access.
- Monitor the quality and performance of Total Mobility services, ensuring consistent and safe service delivery across operators and districts.
- Support the maintenance of electronic ticketing and reporting system (Ridewise) and compliance with WRC's data request processes where required for safety or incident investigation.
- Continue to administer the 65% fare subsidy up to the applicable maximum subsidy (to be replaced by a regional cap under the region-wide model)

Providers wishing to participate in the scheme must enter into a **Service Agreement** with WRC and demonstrate the capability to deliver services to the required standards.

Current suppliers are outlined within Table 7 below. Participating operators may operate in multiple districts and can be subject to change over time.

Table 7. Current suppliers of the Total Mobility scheme within the Waikato Region.

Total Mobility Area	Total Mobility Supplier
Hamilton City	Hamilton Taxis Red Cabs TriKiso Buses Ltd Driving Miss Daisy – Hamilton East Driving Miss Daisy – Hamilton West Freedom Companion Driving Services Ltd Hamilton Freedom Cambridge
Waikato district	Freedom Companion Driving Services Ltd Driving Miss Daisy Hamilton (Southwest) Driving Miss Daisy (Northeast) Freedom Companion Drivers (Cambridge)
Thames Coromandel district	Thames Taxis (Thames area) Whiti City Cabs (Whitianga area)
Hauraki district	Driving Miss Daisy (Hauraki)
Matamata-Piako district	Driving Missy Daisy (Southwest) Matamata Taxis
Taupo district	Great Lake Taxis Taupo Taxis Sharon’s Companion Driving Service
Tokoroa	Tokoroa Taxi Society
Waipā district	MFT Taxis Driving Miss Daisy (Waipā) Driving Miss Daisy (Southwest) Driving Miss Daisy (Northeast) Rest Haven To and Fro Freedom Companion Driving Services (Waipā)

3.3.2 Regional criteria for service provider

As per Chapter 9 of the NZTA Procurement Manual, all Total Mobility suppliers that meet the region’s criteria for joining the scheme are allowed to join the scheme. The regional minimum service levels are shown below.

Table 8. Minimum levels of service required to join Total Mobility Scheme.

Area	Service Level
Hamilton	<p>The approved Total Mobility providers must be available 24 hours, seven days a week.</p> <p>Approved providers must have CCTV capabilities within participating vehicles and be able to provide the footage to Council, if requested.</p> <p>The wheelchair service must be available 24 hours, seven days a week unless exempt from NZTA.</p> <p>It is expected the service will normally be provided within 30 minutes of a request being received, except at school times.</p>
All Other Areas	<p>The preference is for approved Total Mobility providers to be available 24 hours, seven days a week, but this is not a requirement.</p> <p>The wheelchair service must be available between 6:00am and 5.30pm Monday to Friday, and at weekends by prior request.</p> <p>It is expected that within the core period of operation (6:00am-5.30pm) service will normally be provided within 30 minutes of a request being received, except at school times.</p>

Council completes periodic reviews of the supplier eligibility criteria and delivery of the Total Mobility scheme within the region, to ensure that it reflects the broader review of the Total Mobility scheme.

3.3.3 Procurement Approach – Total Mobility

Given the specialist nature of Total Mobility and the varied scale of services across the region, WRC will:

- Continue to use a direct appointment model where appropriate, and in accordance with WRC and NZTA procurement policies and procedures,
- Use open competitive processes where contract value exceeds relevant WRC and NZTA thresholds
- Ensure all suppliers understand and comply with WRC service requirements, accessibility standards, and safety obligations
- Update agreements as national guidance and regional requirements evolve

WRC will continue working with NZTA on national system improvements (e.g., Ridewise enhancements) and regional alignment through the region-wide funding approach.

3.4 Enabling PT information technology systems and infrastructure

A variety of public transport infrastructure and information technology systems support the delivery of public transport services in the Waikato. Some systems are procured specifically for public transport operations and receive co-funding from NZTA, while others are corporate systems with functional integration points that support customer service, monitoring or reporting.

These systems form a connected technology ecosystem that underpins customer experience, operational performance, service reliability and contract management.

For the purpose of this Transport Procurement Strategy, the focus is on **core public-transport enabling technologies** that:

- directly support bus and Total Mobility operations and critical to service delivery
- receive NZTA co-funding or are considered strategic PT assets
- provide essential data for planning, timetable development, KPI monitoring and customer information

The following subsections outline WRC's core PT technology systems and the procurement considerations for each.

3.4.1 Regional Integrated Ticketing System (RITS)

WRC is one of ten regional councils participating in the Regional Integrated Ticketing System (RITS) consortium. RITS provides:

- Bee Card tag-on/tag-off fare collection
- On-vehicle ticketing hardware (Bus Driver Consoles and Mobile Retail Devices)
- GPS integration for Real-Time Information (RTI)
- Customer service platform for managing accounts, concessions and top-ups
- Support and fault resolution via the Jira platform

RITS is expected to remain in place until the implementation of the National Ticketing Solution (NTS). Until then, WRC will continue to participate in the regional consortium arrangements.

The timing of NTS deployment will be aligned with the mobilisation of new contracts staged for 2027 and 2028. WRC will manage transitional installations to avoid "double fitting" where possible and will coordinate with NZTA/NTS programme to sequence ticketing hardware installation in both incumbent and new fleets.

3.4.2 Real-Time Information System (RTI)

Real-time information for buses is generated using the GPS and onboard ticketing hardware provided under RITS. RTI data is managed by **Radiola** Limited, whose system:

- collects GPS and operational data from vehicles
- applies the Travel Time Prediction (TTP) engine that combines real-time, timetable and historical data
- produces real-time predictions for bus arrivals and travel times
- supports customer-facing channels including Transit App and real-time information signs
- provides operational dashboards for WRC and PTOs
- enables customer notifications through push alerts and disruption messaging

3.4.3 Network Planning software

WRC uses MAIOR and REMIX for advanced network planning and scheduling. These systems:

- produces and manages fully featured GTFS datasets

- supports timetable creation, route planning and vehicle blocking
- enables import/export to RTI and ticketing systems

These systems are essential for preparing network changes, timetable optimisation, and maintaining consistent operational data across ticketing and RTI platforms.

3.4.4 Data Monitoring and Management

WRC uses Translens system, provided by LeapThought Support Services, as the Cloud-based central data warehouse and online portals for public transport monitoring and reporting. Key functions include:

- storing and managing operational performance data
- holding passenger tag-on/tag-off transactions
- centralising customer feedback data
- storing Total Mobility trip and customer data (integrated with Ridewise)
- enabling KPI reporting and analysis
- generating back-office performance dashboards
- providing raw data access for staff
- incorporating ThunderTix, used to manage wheelchair bookings for Te Huia

Translens forms the backbone of contract performance monitoring and supports both operational and strategic PT planning.

3.4.5 Customer Contact Centre (0800 Busit)

The Public Transport Call Centre offers essential 24/7 customer support. After the previous supplier went into liquidation, WRC has worked on a monthly basis with TMC, which has provided consistent service for over a year. WRC plans to secure a long-term call centre solution in line with the Customer Experience Transformation Programme's centralisation initiative, creating an opportunity to integrate with the broader corporate Customer Experience team. In addition, the transition to NTS will also determine the future service level and support requirements (e.g. some of the call centre functions could be delivered by the national team) to inform the future procurement requirement.

3.4.6 Summary of PT Technology system and future procurement considerations

Software and Supplier	Purpose	Contract details	Detailed function	Future procurement intention	Annual Cost (Indicative)
Regional Integrated Ticketing Solution (RITS) INIT – INNOVATIVE INFORMATIKA NWENDUNGE N IN TRANSPORT	Public transport electronic ticketing system	Sourcing method: Open tender (procured as part of the Regional Consortium) Start Date: 2017 Expiry Date: 2027	<ul style="list-style-type: none"> Design, build, implement, operate, support, and maintain the Regional Integrated Ticketing Solution (RITS) in accordance with the RITS specifications Install, use, and maintain, including replace (if necessary) devices related to the delivery of RITS, such as Bus Driver Consoles (BDCs) and Mobile Retail Devices (MRD) Manage customer service platform for viewing customer and card information and processing card sales, top-ups, and concession loading Access to support platform Jira 	It is intended that Council will continue its involvement in the regional consortium as part of the RITS until such time that the National Ticketing Solution (NTS) is implemented (indicatively scheduled for Nov 2027).	\$600,000
Dynamis Radiola Limited	Public transport real-time information system	Sourcing method: Open tender Start Date: 2004 Expiry Date: Nov 2027	<ul style="list-style-type: none"> Gather and process Real Time (RT) information from vehicles, which is used for passenger alerts/information and monitoring Display passenger information at selected bus stops and applications (i.e., real time screens, Transit app) Facilitate notification of delays and network changes to passengers through push alerts/messages Access to support platform Transit Dashboard 	The current contract has been extended to align with the National Ticketing Solution (NTS) implementation timeline. Council will commence procurement of the future contract once the detailed NTS specifications and integration requirements are confirmed, as this information will	\$250,000

				determine the software requirements and the most appropriate procurement approach.	
Translens LeapThought Support Services	Monitoring and Reporting & Public Transport Operations	Sourcing method: Open tender Start Date: 2018 Expiry Date: Nov 2027	<ul style="list-style-type: none"> • Store and manage data associated with public transportation scheduling and performance • Collect, store, and manage customer feedback • Store and manage data associated with Total Mobility • Provide platform for monitoring Key Performance Indicators and evaluate failures • Produce “back-office” performance reports which feed into further reporting mechanisms • Includes ThunderTix service for managing wheelchair bookings on Te Huia 	The current contract has been extended to align with the National Ticketing Solution (NTS) implementation timeline. Council will commence procurement of the future contract once the detailed NTS specifications and integration requirements are confirmed, as this information will determine the software requirements and the most appropriate procurement approach..	\$200,000
MAIOR	Network Planning	Sourcing method: direct: Open tender Start Date: 2021	<ul style="list-style-type: none"> • Produce fully featured GTFS (Global Transit Feed System) dataset • Import and export data • Manage network routes, scheduling (timetables), and vehicle block optimisation 	This contract was awarded in September 2021 as a 3-year contract, with option to extend the contract for further 2 years. This contract has	¹ \$75,000

¹ Costs based on current invoices. Initial deployment costs in October 2021 were higher.

		Expiry Date: Sep 2026	<ul style="list-style-type: none">• Provide training and access for up to five concurrent Council staff and software support	been extended, and Council will consider the procurement of the future contract once the detailed specs and functionally of the NTS are confirmed	
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3.5 Transport planning and policy development

3.5.1 Overview

The key transport activities undertaken by WRC include the preparation, implementation, monitoring and review of the RLTP and RPTP. Much of the remaining work programme focuses on addressing key transport issues via the NZTA business case approach, the planning of public transport services and supporting regional road safety priorities.

This includes coordinating the Regional Road Safety Forum (RRSF) and delivering the 'Young Road User Programme' featuring Ruben the Road Safety Bear, who engages with children at schools, preschools, and community events across the region. Staff are also responsible for the planning and implementation of the region's road safety campaigns delivered under the established brand 'Reduce the Risk'.

WRC is also responsible for the planning of public transport services across the region including the Te Huia inter-regional passenger rail service between Hamilton and Auckland. They support community-led transport services and oversee the growth of the Community Transport and Total Mobility programmes in the Waikato.

3.5.2 Need for specialised skills

Skills required to deliver activities within the Transport Planning programme varies significantly depending on the activity. Given the large diversity of activities there is also a large range of specialised skills required. The delivery of the work programme is heavily dependent on the quality of professional services, and the skills are commonly procured include:

- Expert consultants (technical specialists and project managers)
- Data and information system management (e.g. integrated ticketing)
- Transport Modelling
- Marketing and promotion
- Business Case development (including ILM facilitation)

3.5.3 Supplier market

The requirements for transport planning services are very specific in nature and are typically required for short-term contracts drawing primarily on consultancy service providers. There are many consultancy providers within the Waikato, Bay of Plenty and Auckland areas that have provided quality services to Council in the past and are capable of providing services in the future.

3.5.4 The procurement approach – professional services

Council can only deliver on the RLTP strategic objectives and priorities in partnership with other organisations. Council's primary role relates to the coordination and development of regional scale transport planning, policies and programmes, which provides a framework for other organisations, such as local authorities, to refine and implement transport activities that deliver on the RLTP objectives but in a way that is tailored to respective local communities.

The highest priority activities within the programme are those that must be completed in order for Council to meet its statutory obligations such as the development of the RLTP and RPTP. The delivery of other planning activities (e.g. business case study or network reviews) that are beneficial, but are not necessarily required to meet statutory requirements, will be programmed in a way that complements the overall programme and with relevant related work programmes of other strategic partners (e.g. NZTA and local territorial authorities).

A key factor in delivering best value for money spent relates to delivering the transport programme in a way that maximises potential synergies between activities. There is significant

potential to achieve a high level of coordination across transport planning activities through application of NZTA's business case approach.

3.5.4.1 In-House Professional Services

WRC utilises a combination of external and in-house professional services to deliver much of its work programme. In-house professional services carried out against the NLTP approved activities are subject to funding from NZTA, and these typically include:

- Statutory required transport activities relating to the development and monitoring of the RLTP and RPTP.
- Development of business cases.
- Development and implementation of the regional road safety strategy.
- Development and maintenance of the regional transport model and data management.
- Coordination and delivery of road safety campaign and education work.
- Coordination and delivery regional cycle trail work.

NZTA requires activities (approved under s20 of the LTMA) to be fully costed. Where the full cost of an activity includes the cost of professional services obtained in-house or administration, then the cost of those services or administration must be determined in accordance with generally accepted accounting practice.

Council accounts for in-house professional services and administration costs through a two-step process:

Step 1 - Corporate costs are allocated to Management cost centres. Those cost centres that support the organisation are deemed "Corporate" (Chief Executive officer, Finance, Facilities, Information Services, Human Resources, Communications) and are allocated to cost centres (deemed "Management") which support staff in their regional activities. Allocation is done on the most appropriate basis: e.g. Facilities is allocated on floor space, Information Services is allocated on computers used, Human Resources is allocated on staff numbers, Finance on a determined basis of benefit.

Step 2 - Management cost centres are then allocated to publicly reported activities by a multiplier on staff hours. This multiplier ensures that all publicly reported activities with a staff input reflect full organisational costs.

Salaries are costed by staff hours as recorded in weekly timesheets by all staff. Labour costs can thus fall in any of Corporate cost centres, Management cost centres, and Activity cost centres.

With the above method all salaries and organisational overheads are reflected in fully costed Activities.

3.5.4.2 Professional Services – Externally Sourced

Council recognises the need to have a fair, open and competitive procurement process to encourage competition and achieve value for money. Where possible, Council's preference is to procure professional services via a pre-approved supplier panel – Co-Lab Professional Services Panel (PSP).

Co-Lab is a shared services organisation that supports councils in the Waikato and Bay of Plenty with collaborative procurement and service delivery initiatives. WRC uses the Co-Lab Professional Services Panel as its default source of specialist transport planning and technical services.

The objective is to procure a supplier that can provide the highest quality output for the best price.

Co-Lab Professional Services Panel

The PSP was formed following a joint market approach led by Co-Lab to establish a panel of professional service providers for multiple Councils within the region. The panel was established following a competitive open RFP process in accordance with the Government Procurement

Rules. Evaluation of panel members was undertaken by council appointed subject matter experts.

The panel contract delivery model has become the recognised way of delivering professional services in the public sector, particularly when looking at a shared services contract option. It enables the Council to appoint a range of suppliers that, as a panel, offers the best combination of price, skills and experience required to deliver the outputs.

It is Council's default position to use the panel members for all work that falls within the activities covered by the Co-Lab PSP, however a provider outside the panel may be used if one or more of the following applies:

- A project is very large, and its scale may suit design and build, or joint ventures between consultancies.
- Projects require specialist skills that are not available within the panel.
- An existing contract is in place for the services.
- A conflict of interest or lack of capacity exists in the panel.
- The exception has been signed off by Council's Director of Finance and Business Services.

Professional services – procurement process

WRC will procure professional services in accordance with its internal procurement policy and the Government Procurement Rules. Given the low materiality of these contracts, WRC will use direct appointment, closed contest or panel-based procurement depending on contract value and specialist skill requirements.

3.5.5 Waikato Regional Transportation Model (WRTM)

The Waikato Regional Transportation Model (WRTM) is a multi-modal strategic modelling suite jointly funded and governed by a partnership of regional and district councils and NZTA. The model supports integrated land-use and transport planning across the Waikato region, providing a consistent evidence base for business cases, network development, and long-term investment decisions.

WRC acts as the contracting and financial lead for the programme under the Multi-Party Funding Agreement (MPFA), including management of subsidy applications and recovery of partner council contributions. NZTA subsidies are administered by WRC as the Lead Approved Organisation.

Operational delivery, development, maintenance and upgrades of the WRTM are procured through a dedicated Services Agreement between WRC and Co-Lab, who sources the specialist modelling services required to maintain the model on behalf of all partners. This arrangement reflects the model's regional role, the need for consistency across partners, and the highly specialised nature of modelling services.

In accordance with the MPFA and the NZTA funding framework, any future model upgrades, rebuilds or expansions are delivered through Co-Lab using **competitive procurement processes** aligned with NZTA Procurement Manual requirements, supported by WRC's oversight as the funder and contract owner.

Procurement for WRTM work is guided by:

- the MPFA programme budget and cost-share model
- WRC's role in managing NLTP subsidy processes
- the WRTM Governance Model, which provides oversight, quality assurance and approval of forward works

- the Services Agreement requirement for Co-Lab to procure modelling services consistent with good industry practice, quality standards, and appropriate procurement procedures

WRC also retains ownership of all Services Intellectual Property generated through the model development, while partner councils hold licence rights for their planning purposes, ensuring long-term continuity and alignment with statutory planning obligations.

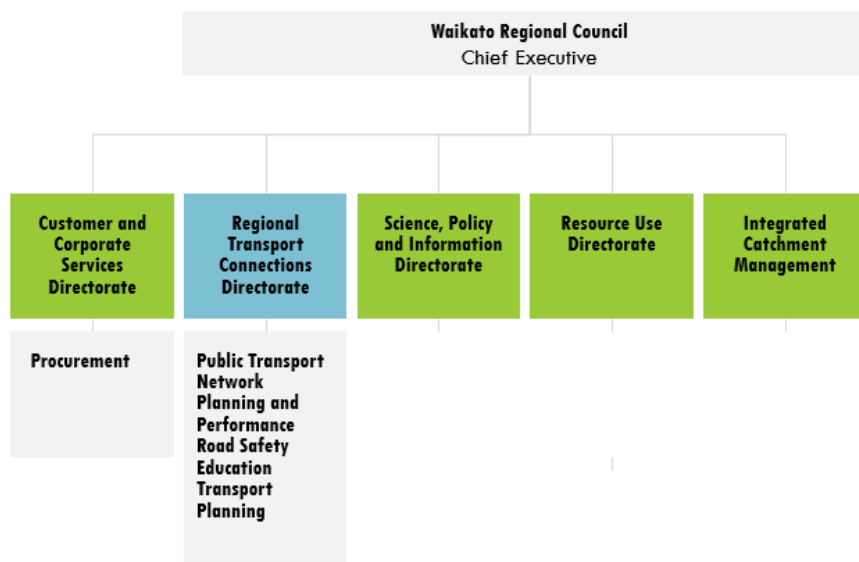
4 Corporate management and Governance

Effective governance and organisational capability are critical to ensuring the successful delivery of WRC’s transport programme and the procurement activities covered by this Strategy. This section outlines the governance structures, decision-making processes, roles and responsibilities, and internal capability arrangements that support WRC to plan, procure, and manage public transport services in accordance with the LTMA, Government Procurement Rules, and the PT-PPM.

4.1 Council Organisational chart

The organisational structure for Council is shown in **Error! Reference source not found.** below, the Regional Transport Connections directorate is responsible for procurement of transport activities, while the Customer and Corporate Services team providing broader Council procurement support, approvals and advice.

Figure 2. Organisational structure.



The **Regional Transport Connections** (RTC) Directorate is responsible for delivering all of Waikato Regional Council’s transport activities and programmes. RTC comprises two sections that provide the full breadth of public transport planning, delivery, operations, and customer experience functions.

The **Public Transport Operations** section manages the operational and contractual aspects of public transport delivery. The section ensures that bus, rail and on-demand services provide a reliable and high-quality customer experience across the region. It also manages customer and stakeholder relationships and oversees full-journey experience improvements.

The **Transport Strategy and Delivery** section provides integrated leadership across the Waikato transport system, connecting long-term planning and policy with programme and service delivery. The section shapes the region’s strategic transport direction through development of statutory plans and policies, engagement across the land-use/transport interface, and oversight of major business cases and investment proposals. It also manages the delivery of key transport portfolios, public transport service planning, accessibility and community transport initiatives, and regional road safety programmes.

Together, these two RTC sections ensure that transport investment and services are well planned, effectively delivered, strategically aligned, and responsive to the needs of communities across the Waikato.

Council recognises that capacity and capability are critical factors in the successful delivery of this procurement strategy. A dedicated multi-disciplinary Programme Team has been established for the 2026 bus contract renewals, including specialists in procurement, commercial strategy, network planning, analytics, legal, operations, finance, and risk. The Bus Contract Renewal Programme Team is also supported by a WRC Procurement Lead oversees the sourcing process and ensures compliance with the WRC procurement procedure and policies. An NZTA qualified tender evaluator will also be included as part of the Tender Evaluation Team.

4.2 Governance

WRC maintains a structured governance framework to ensure strategic alignment, transparent decision-making, and robust oversight of major transport procurements.

Council and Committee Oversight

- **Waikato Regional Council** is ultimately responsible for adopting the Transport Procurement Strategy and approving major public transport investment decisions.
- The **Regional Transport Committee** ensures alignment with the RLTP and broader regional transport strategy.
- The **Regional Public Transport Subcommittee** provides governance oversight on development of RPTP and PT policy direction, performance, and network development.

These committees receive regular reports on procurement progress, performance, risks, and key milestones.

Bus Contract Renewal Programme Board

A dedicated Programme Board was established to oversee the 2026 bus contract renewals. The Board includes senior staff representatives from WRC and NZTA, and provides:

- strategic direction and issue resolution
- oversight of scope, risk and programme delivery
- assurance that procurement decisions align with national policy, and Council and RPTP objectives,
- approvals for key procurement documents prior to escalation to CE or Council

4.3 Internal procurement processes

Council has internal procurement policies and guidelines which provide a framework for procurement process and decisions. The objectives of these documents are to provide clear direction to Council management and staff in relation to the purchasing function.

Council aims to ensure the procurement of transport related activities (funded under s20 of the LTMA) is undertaken in accordance with the corporate policies and guidelines, while meeting the requirements set out in the draft PT-PPM and NZTA Procurement Manual. Where there is a variance to procurement procedures or practices, Council will seek NZTA approval prior to undertaking the activity.

Contract management

Following the procurement process, the Council contract manager is responsible for ensuring an appropriate level of contract management is established and maintained. Council has a contract management system the contract manager will be required to use and enable data creation for reporting and visibility including the tracking of contract milestones and cumulative and detailed spend.

A contract management plan will be required for resulting contracts that the contract manager will be responsible for creating and implementing. This will ensure appropriate visibility of all internal and external stakeholders occurs appropriately. It will also document how KPIs and critical success factors linked to the Councils wider vision and key priorities are set and monitored.

4.4 Other Council Related Documents

This procurement strategy is supported by the following (but not limited to) Council policies:

- Waikato Regional Council Financial Delegations Manual
- WRC Sustainable Procurement Strategy
- Gifts, Hospitality and Personal Benefits Policy & WRC Sensitive Expenditure Policy
- Purchasing Card Policy
- Travel and Accommodation Policy
- Contract Management Policy
- Council's Fraud Policy
- Procurement Guidelines
- Conflict Of Interest with Supplier Guidelines
- Waikato Regional Council Health and Safety Management System (HSMS)

5 Procurement Strategy Significance Policy

The purpose of this section is to define when a procurement activity is considered Significant and to outline the additional processes, governance requirements, and approval pathways that apply. This ensures that WRC's procurement activities are proportionate to the level of public expenditure, service impact, contractual risk, and strategic importance.

This Policy applies to all transport-related procurement undertaken by WRC, including bus services, Total Mobility, public transport technology systems, rail services, and professional services.

It reflects the requirements of the Land Transport Management Act 2003, WRC's internal procurement policies, and the NZTA PT-PPM.

5.1 Definition of Significant Procurement

A procurement activity is considered Significant when:

1. **Financial Threshold:** The total estimated contract value, including all extension options and potential variation value, is **\$5 million** or greater over the lifetime of the contract; or
2. **Strategic or Operational Impact:** A procurement has a high degree of strategic importance or material operational risk, including:
 - a. Major public transport service contracts (e.g., Hamilton units)
 - b. Public transport technology systems critical to service delivery
 - c. Contracts with long-term strategic asset or infrastructure implications
 - d. Projects that involve significant funding uncertainty, new delivery models, or major service redesign

5.2 Requirements for Significant Procurements

Where a procurement is determined to be Significant, WRC will:

1. Prepared a detailed procurement plan that includes:
 - a. Scope and objectives
 - b. Market analysis
 - c. Risk assessment
 - d. Procurement approach and supplier selection method
 - e. Appropriate governance and approval gateways
2. Ensure significant procurement activities are overseen by appropriate governance bodies, including:
 - a. Programme Board (where established) with representatives from key stakeholders
 - b. Regional Transport Committee or Regional Public Transport Subcommittee
 - c. Waikato Regional Council
3. Update Transport Procurement Strategy where necessary and seek approval from NZTA

5.3 Non-Significant Procurement

Procurement activities below the significance threshold or with limited strategic impact will follow WRC's standard procurement procedures. Depending on value and risk, this may include:

- direct appointment
- closed competition
- open competitive tendering
- simplified evaluation or supplier panel processes

All non-significant procurement must still meet:

- Government Procurement Rules
- WRC Procurement Policy
- NZTA requirements where co-funding applies

5.4 Review and Updating of the Policy

This Procurement Significance Policy will be:

- Reviewed when this Strategy is reviewed, or
- Updated earlier if changes occur to:
 - NZTA thresholds or procurement requirements
 - Council procurement delegations
 - PT-PPM guidance
 - Internal audit or assurance findings

This ensures the Policy remains current, fit for purpose, and aligned with WRC's organisational governance and statutory responsibilities.

Appendix A Allocation of commercial risks

Risk	Allocation	Explanation
Supply and demand		
Patronage risk	Council	Council are best placed to manage patronage risk through service frequency, capacity and fare levels
Revenue risk	Council	Key levers for managing revenue risk including service provision, planning and fares are the responsibility of Council.
Daily specified capacity	Operator	The operator is responsible for ensuring the availability of fleet as specified in the contract.
Long-term capacity	Council	Council has undertaken service planning for the short and medium term to deliver capacity for long term growth.
Costs		
Inflation	Council/NZTA	Operators cannot control general input cost fluctuations. General inflation risk sits with Council in accordance with the NZTA's 'Contract price adjustment for cost
Employee terms and conditions	Predominantly Operator	Operators must be responsible for the risks associated with terms and conditions. Council influences this by providing a baseline for terms and conditions.
Employee utilisation	Operators	Operators are responsible for rostering and schedule management.
Service volume risk	Council	Council assumes the risk for setting the service and timetable requirements

Risk	Allocation	Explanation
Out-of service volume risk	Predominantly Operator	<p>The operator is best placed to manage the risks associated with out-of-service running.</p> <p>In terms of service changes Council should take responsibility for out-of-service running where this impact could not have been foreseen by the operator.</p>
Electricity cost price risk	Operator	Until the depot control transfers to Council the operator has the risk of electricity cost, excluding general inflation)
Electricity consumption	Operator	The operator controls energy consumption through the choice of vehicle and charging strategy
Electricity infrastructure	Operator	The operator is responsible for planning and securing electricity infrastructure, over time the risk will shift to a joint model.
Diesel price and consumption	Operator	Supply and consumption risk must sit with the operator.
Change in law	Shared	Compliance with the law is an overarching aspect covering both parties. Council must be responsible for material costs associated with law changes, within reasonable thresholds.
External cost/ performance shocks	Shared	<p>The operator is responsible for managing supply chain risk, including risks associated with liquidity, balance sheet and foreign exchange exposure.</p> <p>Risks outside the control of the Operator such as force majeure excepted risk events and indexation risk sit with Council.</p>
Performance		

Risk	Allocation	Explanation
Performance (punctuality and reliability)	Shared	Operators are responsible for their performance where this is under their control. Both Council and Operators need to work together to consider the potential impacts on performance when establishing new network and infrastructure changes.
Contract transition	Shared	<p>The operator(s) (incoming and outgoing) must minimise the risks associated with contract transition by complying with the contract requirements and facilitating transfer of employees and complying with exit provision.</p> <p>Council assists this by ensuring the contract has appropriate provisions for contract provision and facilitating the transition of staff from the outgoing operator</p>
Major project interface event	Council	Council will be clear in its approach to prolonged, planned disruptions from major infrastructure projects and how performance and costs will be managed to provide certainty for the operator.
Assets		
Cost for enabling assets	Shared	The delivery model for enabling assets has not yet been confirmed
Asset condition- PTO owned assets	Predominantly Operator	The operator is responsible for the maintenance, condition and performance of operator owned assets. Council will specify the expectations around asset conditions and performance and the operator will comply with these where these are transferring assets.

Risk	Allocation	Explanation
Asset condition- PTA owned assets		<p>Council may enact contract conditions to require the operator to be responsible for maintenance, condition and performance of assets that Council owns during the term of the contract.</p> <p>In this situation Council will be responsible for specifying the maintenance and condition standards.</p>