



Subject Notification that Requirements for urban buses in New Zealand (2011) document is to be incorporated into regional/local vehicle quality standards in time for the next NLTP

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Regional and Local Authority Transport Officers
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Purpose

To notify authorities and other stakeholders of the need for Auckland Transport, regional councils and where applicable relevant territorial authorities to incorporate the *Requirements for urban buses in New Zealand (2011) (RUB)* – New Zealand’s common standard for urban bus quality – into their regional/local vehicle quality standards used for public transport services, in time for the next National Land Transport Programme.

Background

The RUB is an NZTA approved bus quality standard for urban bus services developed by the NZTA, Bus and Coach Association New Zealand (BCA), public transport operators, bus builders and suppliers, Auckland Transport, Greater Wellington Regional Council and Environment Canterbury.

The first RUB was developed in 2008. Under the NZTA’s procurement rules all urban bus contracts must incorporate the requirements as published by the NZTA in the RUB (2008).

The current review has been largely driven by the BCA’s and major public transport operators’ desire for a national or ‘common standard’ for urban bus quality specification throughout New Zealand. The main concern from BCA is that since 2008, the RUB has not been fully implemented by regional councils, rather it has been implemented as a guide or minimum standard only, and regional differences are continuing to increase costs for operators and decrease their operational flexibility.

Currently all regional councils specify a different set of urban bus quality standards when tendering and managing their urban service contracts. Bus builders, bus industry suppliers and operators are adamant that this leads to increased capital and operating costs for buses due to a lack of

standardisation, less operational flexibility because buses are not able to be used in multiple regions without costly modifications, and with minimal additional benefits for passengers.

The NZTA commissioned John Bolland Consulting Ltd in October-November 2010 to quantify and value the benefits and costs if all regional councils were to implement a common standard (ie the RUB) when tendering and managing their urban bus service contracts. The research concluded that, over a ten year period, the cost saving would be approximately \$37m undiscounted, or an average of \$3.7m per year. The Present Value of savings was \$22m. This research is available on the NZTA's website (see below).

The review was identified by BCA and major public transport operators prior to the development of the Public Transport Effectiveness Project, but has since been incorporated into it. This is a public transport sector-led project to improve the effectiveness of public transport in New Zealand, including the development of an action plan ('The Public Transport Effectiveness Action Plan').

The Action Plan was developed through a collaborative process across the government, regional councils and territorial authorities and public transport operators. The Action Plan encompasses a broad range of largely collaborative actions to be led by the most appropriate stakeholder. The Action Plan has three perspectives:

- Customer experience and service delivery
- Network design, infrastructure and operations
- Government investment.

The RUB 2011 is designed to improve the public transport customer experience, primarily through improving the ease of use of urban buses, but the adoption of a common standard approach will also result in net savings due to reduced capital and operating costs of purchasing and operating urban buses, reduced time in understanding and complying with multiple regional vehicle quality standards, and more efficient use of urban buses by public transport operators through buses being able to be used in more than one region without costly modifications.

The review was also consistent with the direction and work being done by the Ministry of Transport, at the request of the Minister of Transport, to deliver a new contracting model for public transport in New Zealand ('The Public Transport Operating Model' or 'PTOM'). A focus of the PTOM is for regional councils and public transport operators to work more collaboratively to improve public transport's effectiveness, as well as provide further opportunities for public transport operators to:

- Create efficiencies in their businesses
- Achieve a sustainable level of profit to satisfy shareholders and be able to reinvest in their services
- Invest in innovation to grow patronage.

It is intended that this approach will have positive impacts for government investment, including increasing patronage with less reliance on public subsidies.

Finally, we are experiencing a constrained central government funding environment for public transport, particularly involving buses, and public transport investment outside of Auckland, in the short to medium term.

Given the factors above, it was considered timely for the NZTA to review the RUB to see how we could improve understanding of the funding and procurement framework, as well as the potential savings

to be made, and the importance of improving the efficiency, effectiveness and usability of public transport.

Changes to the NZTA's procurement rules

With the exceptions noted below, the NZTA intends that the RUB form a common standard for urban bus quality and that the dimensions, and features in the RUB be accepted by all regional councils/relevant territorial authorities and Auckland Transport as a prerequisite for receiving NZTA funding for urban public transport services involving buses, unless otherwise agreed through the variation process contained in section 1.4 of the RUB, and described in (7.) below.

1. Procurement rules

Initially the effect of the RUB was going to be incorporated as a condition of funding for urban public transport services, however, given the specific requirements relate to procurement, and lack of adherence to the NZTA's procurement rules can result in the NZTA reducing, refusing or withholding funding under section 36 of the Land Transport Management Act 2003, it is intended that uptake of the RUB will **apply from the beginning of the 2012-2015 National Land Transport Programme**, and that the existing rule 10.30 of the procurement procedure for urban bus contracts be amended for clarification. See Attachment 1 for the full text of the changes to the NZTA's procurement rules.

2. Knowledge Base

Note that the NZTA's Planning and Investment *Knowledge Base* (an online resource setting out the NZTA's investment principles and processes) also requires regional councils, Auckland Transport and territorial authorities to comply with the NZTA's Procurement Manual and procurement rules, as well as any relevant standards or guidelines listed in the *Register of Network standards and guidelines* (of which the RUB is one).

Implementation

1. Implementation date

As mentioned above, the implementation date is the start of the 2012-2015 NLTP.

This formal implementation date does not prevent regional councils/relevant territorial authorities and Auckland Transport from incorporating the RUB into both new tenders and existing contracts before this date, depending on funding, their ability to vary existing contracts, and support from operators.

The NZTA encourages regional councils and Auckland Transport to implement the RUB earlier than the implementation date where feasible, and to review contracts as they come up for renewal and either incorporate the RUB or ensure the contract contain an adequate variation provision that allows for the RUB (as amended from time to time) to be accommodated.

2. Application to contracted services

It is intended that the RUB apply to contracted urban bus services in all urban centres on and from the start of the 2012-2015 NLTP¹. However, the NZTA recognises that for some councils (generally those

¹ The NZTA expects that vehicles "new to urban service" (newly constructed buses, as well as new or used imports entering urban service in one specific location in New Zealand for the first time) on and from the implementation date will meet the RUB standard irrespective of whether the contract is new or is an *existing* contract, unless a compelling case can be made to the NZTA.

having smaller urban centres within their region), the implementation of the RUB across all contracted services on and from the start of the 2012-2015 NLTP might result in significant administrative and financial difficulties. To address this, the NZTA has decided to allow for flexible implementation in some cases. Subject to the NZTA's written approval (and the exclusion noted below in respect of large urban centres), some regions will be permitted to phase-in the RUB over time, as services fall due for re-tendering.

The onus will be on individual councils to contact the NZTA in writing and identify which of its particular services should be granted the additional time allowed by flexible implementation, including a brief explanation of the reasons. The NZTA will decide whether to approve requests at its sole discretion. However, any service that is operated within the large urban centres listed below is unlikely to be approved unless a compelling case can be made to the NZTA. Any service NOT approved for flexible implementation will be required to implement the RUB on and from the start of the 2012-2015 NLTP. The services in large urban centres that at this stage are considered unlikely to be approved for flexible implementation are:

- Auckland
- Hamilton
- Tauranga
- Wellington
- Christchurch
- Dunedin

Any buses used to provide services that are approved for flexible implementation of the RUB must, at a minimum and until such time as specified by the NZTA for full implementation of the RUB, meet the specifications for "existing vehicles" set out in section 8 of the RUB, and make all reasonable endeavours to provide the highest standards of accessibility and safety that are possible for the available funding.

3. Application to commercial services

The RUB may be used by regional councils/relevant territorial authorities and Auckland Transport as the basis for one or more controls on commercial services. However, that is a matter for determination by regional councils/relevant territorial authorities and Auckland Transport.

The NZTA is aware that under the Public Transport Operating Model all public transport services will be contracted in some form, and it will be possible to incorporate quality standards as part of those contracts.

4. Exemption for some existing bus orders

Any new buses that have been ordered prior to publication of this version of the RUB will be exempt from this current version of the RUB, provided that the last delivery date for any such bus under the contract with the supplier is no later than one year after the start of the 2012-2015 NLTP.

Note the publication date will be different to (and earlier than) the date that the RUB comes into effect ie the start of the 2012-2015 NLTP.

5. Exemption for rural services

It is not generally intended that the RUB apply to buses used to provide rural services (with the exception of section 8 of the RUB). However, in order to provide greater clarity with respect to services that traverse rural and urban areas, we have refined the rules in this area as follows: with the

exception of section 8, the RUB does not apply to any vehicle used solely to provide one or more rural services if:

- the vehicle does not enter a large urban centre for any of its services; or
- the relevant regional council has reasonable grounds to believe that imposing the RUB on that vehicle may result in the cessation of one or more services due to budgetary pressures.

In the event that the RUB does not apply to a particular vehicle, that vehicle should at a minimum meet the specifications for “existing vehicles” set out in section 8 of the RUB and make all reasonable endeavours to provide the highest standards of accessibility and safety that are possible for the available funding.

See the RUB document for definitions of rural service and rural area.

6. Exemption for contracted school services

Similarly, it is not generally intended that the RUB apply to buses used to provide contracted school services. However, regional council contracted school services must at a minimum meet the specifications for “existing vehicles” as set out in section 8 of the RUB and make all reasonable endeavours to provide the highest standards of accessibility and safety that are possible for the available funding.

7. Variations

The detailed variation process and procurement procedure variation template are contained in sub-section 1.4 and Appendix 1 of the RUB.

The intent of the RUB is to standardise a common set of dimensions and features for buses used in urban services to realise cost savings and increase operational flexibility for public transport operators. However, variations from the RUB can be applied for, and approved by the NZTA, where a higher or different standard of vehicle is required in particular circumstances, providing the application from the regional council/relevant territorial authority or Auckland Transport can show the variation represents value for money.

Among other things, the NZTA is also likely to consider the impact of the variation on the common standard approach.

The variation process involves three steps:

- The submission of an application form by an approved organisation to the local NZTA representative (Appendix 1 of the RUB).
- The preparation of a memo in support of the application to be completed by that NZTA representative and submitted to the NZTA regional Planning and Investment group (P&I) manager (Appendix 2 of the RUB).
- Consideration of the application and approval/refusal by the NZTA regional P&I manager.

8. Implementation issues

If regional councils, territorial authorities or Auckland Transport believe they may have difficulty implementing any aspect of the RUB, they should contact their local NZTA regional office representative to discuss their concerns in the first instance. The regional office representative can liaise with the NZTA national office (PT Unit) if required.

Requirements for urban buses in New Zealand (2011)

The document in PDF and Word formats, and a table listing the main issue raised during consultation, and the NZTA's response, can be found on the NZTA's website:

<http://www.nzta.govt.nz/resources/requirements-for-urban-buses/>

A handwritten signature in black ink, appearing to read 'Dave Brash', with a long horizontal flourish extending to the right.

Dave Brash

Group Manager Planning & Investment

Attachment 1: Changes to the NZTA's procurement rules relating to urban bus contracts

The proposed amended wording of Rule 10.30 Requirements for urban bus contracts (for inclusion in the NZTA's *Procurement manual: for the activities funded through the National Land Transport Programme* at chapter 10.0 Rules), is:

Rule 1: unless a regional council has written approval from the NZTA permitting flexible implementation of the RUB by that council (and that approval continues to apply), all urban bus contracts funded wholly or partly by the NZTA must incorporate the requirements as published by the NZTA in *Requirements for urban buses in New Zealand: New Zealand's common standard for urban bus quality (2011)*, as amended from time to time.

Rule 2: If an approved organisation wishes to specify additional or higher vehicle requirements than those set out in the NZTA's *Requirements for urban buses in New Zealand: New Zealand's common standard for urban bus quality (2011)*, it must first apply to the NZTA for approval, using normal processes for procurement procedure variation. The NZTA may approve an application that can show the variation represents value for money and this assessment will consider the whole of life costs and benefits of the proposed amended vehicle requirements. An application is unlikely to be approved if the NZTA determines that value for money would be unduly compromised.

Rule 3: where a regional council has written approval from the NZTA permitting flexible implementation of the RUB by that council, it must incorporate the requirements of the RUB (as amended from time to time), into its contracts for urban bus services at such time or times as specified by the NZTA (following which, the approval no longer applies) and until such time or times, at a minimum, must meet the specifications for "existing vehicles" set out in section 8 of the RUB and make all reasonable endeavours to provide the highest standards of accessibility and safety that are possible for the available funding.

Guidelines: In addition, all urban bus contracts should consider the additional matters and good practice material as set out in *Requirements for urban buses in New Zealand: New Zealand's common standard for urban bus quality (2011)*.

The benefits of having consistent national bus specifications and requirements are set out in the report of John Bolland Consulting Ltd *Bus Quality Specifications* Final Report December 2010.

Failure to comply with these procurement procedures for urban public transport services will be considered a breach under section 36 of the Land Transport Management Act 2003.