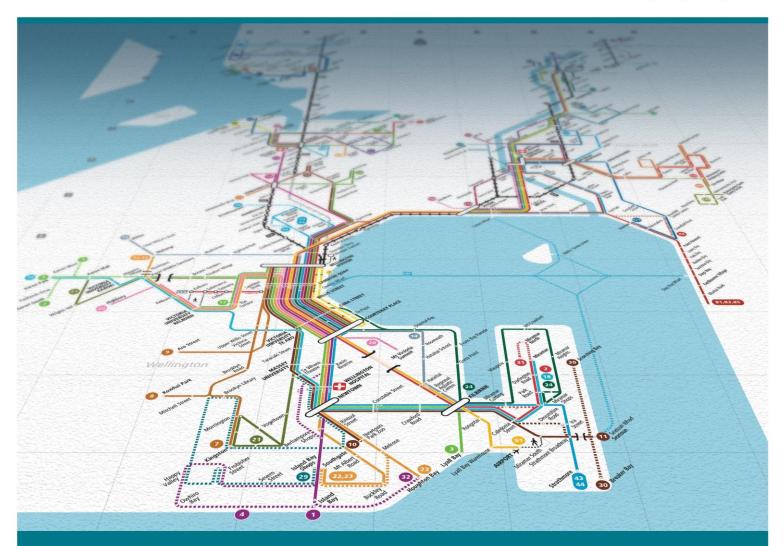
Greater Wellington Bus Services







Information Memorandum



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1. Overview

1.1 Purpose

The purpose of this Information Memorandum is to support the development of your Tender by providing you with:

- An understanding of the context in which the Wellington region's bus services operate – including patronage trends and forecast growth for the region and the regulatory, legislative, and contracting environment
- An introduction to the financial provisions and the structure and content of the Greater Wellington Regional Council's Partnering Contract (Contract).

The Data Room also contains additional supporting documents and information to assist with developing your Tender.

1.2 Document structure

This document has four parts:

Part 1 – The Wellington region's Public Transport (PT) market and the regulatory, legislative, and contracting environment

Part 2 - The Metlink network

Part 3 – Financial provisions of GWRC's Contract

Part 4 – The structure of GWRC's Contract.

1.3 Disclaimer

Within this Information Memorandum and the Data Room, we have endeavoured to provide you with a comprehensive set of supporting information. Please note however that:

- Greater Wellington Regional Council (GWRC) makes no warranty or representation and assumes no duty of care to any person in respect of the accuracy, suitability or completeness of the information provided by GWRC or on its behalf – in this Information Memorandum, in the Data Room, or otherwise during the Tender process (Information)
- You should respond to the Request for Tender (RFT) based on your own investigations and determinations and you should not rely on the information or any future communication in any such considerations or in submitting any Tender.

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Part 1 – The Wellington environment

2. Key stakeholders in the Wellington region's bus services

2.1 Introduction

This section introduces the key stakeholders and their specific area/s of interest.

These stakeholders are:

- Residents and ratepayers of the Wellington region
- Greater Wellington Regional Council
- The Territorial Authorities within the Wellington region
- The New Zealand Government's transport sector; including:
 - The Minister and Associate Minister of Transport
 - The Ministry of Transport
 - The New Zealand Transport Agency.

2.2 Residents and ratepayers of the Wellington region

The region's residents have a vital interest in the reliability, punctuality and affordability of Wellington's bus services – particularly regular users who depend on the bus services, to commute to and from their place of work or study.

Public transport patronage in Wellington, per capita, is one of the highest in Australasia – on a par with Sydney and Melbourne.

According to the 2013 Census, Wellington City had the highest percentage of people who commuted to work using public transport, of all territorial authorities in New Zealand. Lower Hutt had the third highest percentage, just behind Auckland City.

A significant number of the Wellington region's 500,000 residents use the Metlink public transport network.

- 83% of the region's population live within 500 metres of a bus stop or train station.
- 90% had used public transport in the last 12 months.

Of the 37.3 million public transport trips in 2015/16, two-thirds were bus trips.

The 2015/16 Metlink Customer Satisfaction Survey¹ showed that, on a scale of 1-10, 53% of bus passengers rated 'service value-formoney' as either an 8, 9 or 10.

Furthermore, in 2015/16, 88% of overall public transport users were satisfied with their public transport services, including 12% who are extremely satisfied, and 89% would recommend these services to a colleague or friend. Of the bus users surveyed, 88% were satisfied with their bus services, including 14% who are extremely satisfied, and 89% would recommend them to a friend.

Residents who do not use the bus service also benefit, through the positive impact bus services have on reducing congestion on roads.

Many of the region's residents are also taxpayers and/or ratepayers, and as such, they have a strong interest in how much they are required to contribute to the cost of subsidising Wellington's bus services.

Residents of the Wellington region are relatively well educated and enjoy relatively high-income levels. They are passionate and vocal about issues that affect their lives, (including public transport), and there are numerous advocacy groups representing a range of views, such as Living Streets Aotearoa.

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¹https://www.metlink.org.nz/news/wellingtonian s-say-public-transport-has-got-a-lot-better/

2.3 GWRC's responsibilities and public transport portfolio

Greater Wellington Regional Council (GWRC) is a territorial local authority, representing the Wellington region, and is responsible for:

- Public transport planning and funding
- Environment management
- Flood protection and land management
- Provision of regional parks
- The metropolitan water supply.

Within its public transport portfolio, GWRC plans for and funds Metlink – the region's public transport network.

The network includes:

- A comprehensive range of bus services throughout the region
- Five passenger rail lines from Wellington to Johnsonville, Kapiti, Melling, Upper Hutt and the Wairarapa.

 The harbour ferry, which travels between Wellington, Matiu / Somes Island, Eastbourne and Seatoun.

GWRC is also responsible for public transport infrastructure, such as railway stations, bus and ferry shelters, park and ride facilities, and signage.

GWRC's elected members (Councillors) have a vital interest in both the effectiveness of Wellington's bus services and ratepayer's contribution to bus services. Increases in bus patronage provide Councillors with confidence that the service is:

- Meeting the needs of residents
- Supporting the economic and social development of the region
- Reducing the need for ratepayer' subsidies.

<u>Learn more about GWRC's land and public transport responsibilities</u>
http://www.gw.govt.nz/transport/

2.4 Territorial Authorities (TAs) within the Wellington region

There are nine TAs within the Wellington region. They are Wellington City Council, Porirua City Council, Hutt City Council, Upper Hutt Council, Kapiti Coast District Council, Masterton District Council, Carterton District Council, South Wairarapa District Council and a small portion of Tararua District Council.

Figure 1: Map of Territorial Authorities within the Wellington region



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Each TA is responsible for activities such as the provision of local infrastructure, environmental safety and health, district emergency management and management of land use.

The TAs have an interest in the Wellington region's bus services, because their residents and local businesses rely on the performance of the public transport services.

Learn more about Territorial Authorities

http://www.localcouncils.govt.nz/lgip.nsf/wpg URL/About-Local-Government-Local-Government-In-New-Zealand-Councils-rolesand-functions

In December 2014, significant local government reforms were proposed for the TAs in the Wellington region, under a draft proposal released by the Local Government Commission – to create a new unitary authority (the Greater Wellington Council), to take over the functions of the existing nine councils and the GWRC.

Read more about this draft proposal

http://www.lgc.govt.nz/commission-news-and-contact-information/media-statements-and-speeches/a-greater-wellington-council-proposed-for-region

In June 2015, after public consultation, the Commission decided not to proceed with its draft proposal for a single council in Wellington. Instead, the Commission indicated it would return to the communities to work with them and seek to develop other options to address the challenges that they face.

<u>Submissions on the draft proposal and the</u> June 2015 decision

http://www.lgc.govt.nz/the-reorganisation-process/wellington-region-reorganisation

2.5 New Zealand Government's Transport Sector

The government transport sector includes:

- The Minister and Associate Minister of Transport
- The Ministry of Transport
- The New Zealand Transport Agency

 Various other Crown entities and State-owned enterprises.

http://www.transport.govt.nz/

2.5.1 The Ministers of Transport

The Minister of Transport in the current government is the Honourable Simon Bridges. The Minister has a direct interest in Wellington's public transport services through his responsibility for the:

- Government's capital investment in New Zealand's land transport infrastructure
- Funding that the Government is required to contribute, via public transport subsidies, which the New Zealand Transport Agency administers.

Further information on the Minister of Transport is on the Beehive website. https://www.beehive.govt.nz/minister/simon-bridges

The Minister shares the Transport portfolio with an Associate Minister – the Honourable Craig Foss.

For more information, refer to:

https://www.beehive.govt.nz/minister/craig-foss

2.5.2 The Ministry of Transport

The Ministry of Transport represents the Government's wider transport policy interests and communicates Government's expectations to key stakeholders.

The Ministry's interest in Wellington bus services essentially mirrors that of the Ministers it serves.

About the Ministry of Transport http://www.transport.govt.nz/

2.5.3 The New Zealand Transport Agency

The New Zealand Transport Agency (the Transport Agency) is a Crown entity. It is governed by a statutory board and is mandated by the Land Transport Management Act 2003, to contribute to an efficient, effective and safe land transport system in the public interest.

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The Transport Agency invests in public transport infrastructure and services. Regional councils and territorial authorities provide these, through the National Land Transport Programme (NLTP).

As a major stakeholder in GWRC's procurement of bus services, the Transport Agency has two distinct interests:

- Ensuring Wellington public transport services are delivered safely and competently, in its role as New Zealand's public transport regulator
- To achieve the best value-for-money for Wellington public transport services, in its role as controller of land transport funding. (This funding subsidises the operation of Wellington's public transport services, together with Wellington regional ratepayer subsidies.)

The Transport Agency does not directly provide public transport. Regional councils contract private operators to provide public transport using buses, trains and ferries. The Transport Agency enables the provision of these services through its policy, planning and investment role, which includes:

- Providing guidance to regional councils in planning their networks and developing regional public transport plans to deliver optimal public transport services and outcomes
- Approving regional councils' procurement procedures that are structured to achieve best value-for-money under section 25 of the Land Transport Management Act 2003
- Investing in public transport through the National Land Transport Programme, by disbursing subsidy funding to regional councils
- Monitoring public transport performance to ensure the Transport Agency is receiving best value-for-money for its investment
- Evaluating the Public Transport Operating Model (PTOM) to see if it is achieving its objectives

 Commissioning research to inform further public transport policy making and delivery.

Further information on the Transport Agency's planning, procurement, and funding functions can be found on its website's 'Planning' section http://www.nzta.govt.nz/planning-and-investment/

Further information on the Transport Agency's passenger services licensing and other regulatory activities is on its website http://www.nzta.govt.nz/commercial-driving/taxis-shuttles-buses-and-other-passenger-services/running-a-passenger-service/

Other information on the Transport Agency in general is on its website http://nzta.govt.nz/

2.5.4 The Public Transport Operating Model (PTOM)

In 2013, the Government made changes to the Land Transport Management Act 2003, to implement the Public Transport Operating Model.

This model (PTOM):

- Sets out the requirements for regional councils to contract for the provision of public transport services
- Changes the planning, procurement and management of public transport services
- Seeks to grow patronage and reduce the reliance on subsidies.

A key focus of PTOM is generating a more collaborative approach between regional councils, territorial authorities and Operators – to improve network design and incentivise more investment, to deliver improved services.

More about the implementation of PTOM by GWRC is in section 3.8.

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3. Legislative and policy context for Wellington's bus services

3.1 Introduction

This section gives you an introduction to the legislation and policy that governs Wellington's bus services.

New Zealand operates a modern, marketbased economy with relatively limited government intervention. Legislation predominately governs the planning, funding and safety aspects of Wellington's bus services, and protects the interests of passengers and other people that use and are engaged in providing bus services.

The legislation also sets out the obligations of businesses operating in New Zealand – in areas such as employment, taxation, and conducting business in New Zealand, including legislation specific to non-resident market participants.

Government policy and GWRC policy both have an impact on Wellington's bus services. Government policy tends to have longer term and less direct impacts on the market, whereas GWRC policy tends to have more immediate and direct impacts.

3.2 Governing Legislation

The key legislation influencing the delivery of Wellington's public transport services include

The Land Transport Management Act 2003 provides much of the legislative basis for government policy, planning and funding of roading, public transport and road safety in New Zealand.

The **Land Transport Act 1998** promotes safe road user behaviour and vehicle safety and provides a system of rules governing road user behaviour, driver licensing, and technical aspects of land transport.

Participants in the land transport system must ensure they have the appropriate land transport and other documents and all the necessary qualifications. The Land Transport Rules set out the rule requirements and associated regulations, they specify whether a breach of a requirement in a rule is an offence and, if it is, what penalty applies. Regulations also set fees and charges. The Minister of Transport makes rules that are administered by the Transport Agency, Maritime New Zealand and the Civil Aviation Authority.

The Local Government Act 2002 provides the general framework and powers under which GWRC and New Zealand's other local authorities operate.

The **Health and Safety at Work Act 2015** is the principal Health and safety legislation. It primarily focuses on the health and safety of workers and workplaces and came into effect on 4 April 2016.

The Hazardous Substances and New Organisms Act 1996, protects the environment and the health and safety of people and communities, by preventing or managing the adverse effects of hazardous substances and new organisms.

The **Privacy Act 1993** promotes and protects individual privacy. The Act establishes principles about:

- The collection, use, and disclosure, by public and private sector agencies, of information relating to individuals
- Access by each individual, to information relating to that individual and held by public and private sector agencies.

The Consumer Guarantees Act 1993 sets out the certain guarantees that services have to meet.

3.3 Employment Legislation

The **Employment Relations Act 2000** (ERA) governs the relationship between employers and employees, or their representatives.

The Employment Relations Amendment Act 2014 (ERAA) amends various sections and sub-sections of the ERA.

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The **KiwiSaver Act 2006** encourages a longterm savings habit and asset accumulation by individuals for their retirement, by providing New Zealand's retirement savings scheme, called KiwiSaver. Both employers and employees make financial contributions to KiwiSaver.

The Accident Compensation Act 2001 legislation underpins the New Zealand government's scheme for managing rehabilitation and compensation claims resulting from accidental injury, including workplace injuries.

The **Vulnerable Children Act 2014** describes the government's priorities for improving the well-being of vulnerable children, new child protection policies, and steps to reduce the risk of harm to children – such as requiring safety checks for people who are employed or engaged in work that involves regular or overnight contact with children eg, school bus services.

3.4 Tax Legislation

The **Income Tax Act 2007** defines and imposes a tax and tax obligations on net income. It also includes rules for calculating tax and satisfying tax obligations.

The Goods and Services Tax Act 1985 introduced a tax on goods and services – often referred to as GST.

3.5 Conducting business in New Zealand

The **Overseas Investment Act 2005** governs the ownership or control of sensitive New Zealand assets by overseas persons.

Other legislation (aside from what is included above), has a bearing on running a business in New Zealand.

For more comprehensive coverage of New Zealand's laws and regulations related to setting up and running a business in New Zealand visit:

- www.business.govt.nz/laws-andregulations
- www.legislation.govt.nz/

3.6 Government policy on public transport

Key Government policy influencing Wellington's public transport services include the following.

The Government Policy Statement on Land Transport (GPS) is the Government's primary tool to communicate:

- What it wants to achieve in land transport
- How much it intends to invest across the land transport system
- How it expects to see funding allocated between different types of activity (eg, roading, public transport and road safety).

The **Public Transport Operating Model (PTOM)** introduced a new framework for the procurement and provision of urban bus, rail and ferry services.

The Ministry of Transport led the model's development, in collaboration with:

- The Transport Agency
- Auckland Transport
- Greater Wellington Regional Council
- Environment Canterbury
- The Bus and Coach Association
- · Operator representatives.

PTOM will contribute to the Government's goal for public transport – to grow patronage with less reliance on subsidies. The PTOM strategy has two overarching objectives:

- To grow the commerciality of public transport services and create incentives for services to become fully commercial
- To grow confidence that services are priced efficiently and there is access to public transport markets for competitors.

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The Public Transport Operating Model is implemented through a combination of legislative and operational changes. The legislative components were established by the Land Transport Management Amendment Act 2013 – which came into force on 13 June 2013. The Transport Agency is responsible for ensuring PTOM is effectively implemented by New Zealand's regional councils and Auckland Transport.

For more information see:

Implementation of the Public Transport
Operating Model update (PDF)

http://www.transport.govt.nz/assets/Uploads/Our-Work/Documents/GPS-2015.pdf

http://www.nzta.govt.nz/assets/resources/ptom-implementation-update/docs/ptom-information-sheet.pdf

3.7 GWRC policy

The GWRC's key policy documents containing information about Wellington's public transport services include:

The Long Term Plan (LTP) (also called the 10-Year Plan), is a requirement of the Local Government Act 2002. The LTP outlines the long-term direction of GWRC for 2015-2025. It provides information about the range of activities and services we intend to provide to meet the region's needs – with details on all of our major projects, activities and programmes for the next 10 years and how they will be paid for.

<u>View the Long Term Plan</u> <u>http://www.gw.govt.nz/long-term-plan-2015-25/</u>

The Regional Land Transport Plan 2015 (RLTP) which sets out the strategic direction for land transport in the Wellington region – over the next 10 to 30 years. It also includes a programme for land transport activities in the region that we need funding for over the next six years.

View the Regional Land Transport Plan 2015 http://www.gw.govt.nz/rltplan/

The Wellington Regional Public Transport Plan 2014 (RPTP) sets the direction for public transport in the region for the next 10 years. It is our blueprint for an easier-to-use and more sustainable public transport network. The RPTP aims to deliver an effective, efficient and integrated public transport network for the people of Wellington.

View the Wellington Regional Public Transport Plan http://www.gw.govt.nz/rptp/

3.8 Implementing PTOM

The Transport Agency requires GWRC to develop and implement the PTOM in a manner that will achieve value-for-money in its procurement and complies with the Transport Agency's Procurement Manual.

In developing its procurement strategies for public transport services, GWRC as a public sector organisation, seeks to ensure consistency with its own internal procurement policy and the requirements of relevant legislation and guidance, including:

- The Land Transport Management Act (LTMA) 2003
- The Local Government Act (LGA) 2002
- The Transport Agency's Procurement Manual
- The Office of the Auditor General –
 Procurement guidance for public entities.

The documents that make up GWRC's procurement strategy for public transport services are:

- The Transport Procurement Strategy
- The PTOM Rail Procurement Procedure
- The PTOM Bus Procurement Strategy
- The PTOM Ferry Procurement Procedure (yet to be drafted)
- The Total Mobility Procurement Strategy. (yet to be drafted).

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When deciding how to approach a particular procurement, GWRC considers whether the proposed activity is consistent with value-formoney objectives. These objectives include:

- Achieving the best possible outcome (for the community and the funder) for the total cost of ownership (or whole-of-life cost)
- In the context of each procurement decision, balancing the value of promoting competition in the market with the cost of the procurement process.

All public transport services (except for those that are exempt services) have been allocated to units that are made up of unique routes or groups of routes that are delivered through their own unit agreement. This model replaces the existing mix of contracted and registered commercial services and will enable a consistent customer experience across the public transport network.

A copy of GWRC's Transport Procurement
Strategy is on the GWRC website at:
http://www.gw.govt.nz/assets/PTOM/attachme
http://www.gw.govt.nz/assets/htt

3.9 Accreditation process for overseas Tenderers

No accreditation is required for overseas Tenderers to participate in the RFT. However, overseas Tenderers should consider any relevant legal and regulatory requirements for operating in New Zealand. This includes, but is not limited to, any requirements or obligations under the Overseas Investment Act 2005.

More about overseas investment in New Zealand can be found here http://www.linz.govt.nz/regulatory/overseas-investment.

3.10 Licensing requirements

To operate a bus service in New Zealand, Operators are required to comply with the Transport Agency's requirements for passenger service licencing.

<u>Learn about starting and running a passenger service</u> <u>http://www.nzta.govt.nz/commercial-driving/taxis-shuttles-buses-and-other-</u>

<u>passenger-services/running-a-passenger-service/</u>

3.11 Regional Transport Response Team (RTRT)

The RTRT has been created to facilitate a coordinated response to transport related operational challenges in the region, such as a natural disaster or power outage. In the event of such an occurrence, the RTRT may be activated. It's expected that bus operators will participate in the RTRT and in the event of activation must follow the process outlined in Standard Operating Procedure SOP – 33 Activation of the RTRT. A copy of this procedure is in section 04 of the Data Room.

The RTRT will activate up to twice annually to conduct training/planning/exercises.

The RTRT is currently led by the New Zealand Police Wellington District Road Policing Manager.

Activation of the RTRT is used in the Contract as a trigger for Major Service Disruptions; refer to paragraph 3.13 of Schedule 3.

3.12 One Network Road Classification

NZTA's One Network Road Classification (ONRC) divides New Zealand's roads into six categories based on how busy they are, whether they connect to important destinations, or are the only route available.

The ORNC is referred to in the Contract under Major Service Disruptions; refer to paragraph 3.13 of Schedule 3.

A copy of NZTA's One Network Road Classification functional classification can be found here:

https://www.nzta.govt.nz/assets/Road-Efficiency-Group/docs/functionalclassification.pdf

An interactive map showing the current classification can be found here (note that Masterton and Lower Hutt City are yet to be added. These missing maps are provided in section 04 of the data room):

https://nzta.maps.arcgis.com/apps/webappviewer/index.html?id=95fad5204ad243c39d84c37701f614b0

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4. The market for bus services in the Wellington region

4.1 Introduction

This section introduces the factors that will influence patronage throughout the term of the Contract.

Patronage on Wellington's bus services over the life of the Contract will be affected by both supply and demand factors.

4.2 Supply side factors

Supply side factors include changes in:

- The size, reach and capacity of the Greater Wellington bus network
- The number of timetabled services
- · Related services, such as rail
- The nature and size of the bus fleet.

Information on the supply side is set out in the Regional Public Transport Plan (RPTP) and in the PTOM Service Specifications for each Bus Unit. These documents are available in section 05 of the Data Room.

4.3 Demand side factors

Some demand side factors are common to any metropolitan bus service but others are unique to Wellington.

4.3.1 Population and the regional economy

Local and international factors influence Wellington's population and economy.

Deregulation of the New Zealand economy began in the mid-1980s. Wellington's economy and population has grown only slowly since then. Contributing factors include:

- A reduction in the scale of traditional manufacturing and industrial activity in the Wellington region
- Financial institutions headquartered in Wellington have partially or fully moved to Auckland or offshore

 Migration (principally to Australia), where job and income opportunities have been relatively more attractive.

The impact of the 2008 global financial crisis on the economy and population of the Wellington region resulted in:

- Significant fiscal pressure on central government, leading to a deliberate decision to constrain the number of people employed in central government in Wellington City
- A slowdown in private sector activity
- A slowing of outward migration as overseas economies became less attractive to job seekers.

Currently, the short to medium-term outlook for the economy and population of the Wellington region is relatively positive. This is because of, factors like:

- Generally strong growth in the New Zealand economy
- Strong inward migration generally and a reversal of the outward migration that has occurred in recent years
- The development of clusters of significant economic activity in the Wellington region

 in particular in the information technology (IT), research and development, tertiary education and film sectors.

In October 2014, GWRC combined its economic development activities with those of the Wellington City Council, to establish the **Wellington Regional Economic Development Agency** (WREDA). The new combined entity has responsibility for all regional economic development initiatives, leading to better prioritisation and integration. The ultimate goal is better economic performance of the Wellington region's economy by combining the political and commercial weight of the two organisations to drive innovation and economic activity, and enhance the region's reputation as a centre of world-class film, IT, education, arts, food and tourism industries.

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It brings together the functions and activities of the following agencies:

- Grow Wellington
- Positively Wellington Tourism
- Destination Wellington
- Positively Wellington Venues
- Major Events.

4.3.2 Planned development of centres across the region

There are a number of plans for development across the region such as the Wellington City Council's Urban Growth Plan.

Wellington Urban Growth Plan 2014-2043

http://wellington.govt.nz/your-council/plans-policies-and-bylaws/policies/wellington-urban-growth-plan

The Wainuiomata Development Plan's core focus is to create a cohesive plan for future development in and around a vibrant heart of Wainuiomata.

Wainuiomata Development Plan

The CBD 'Making Places' project focuses on transforming the Lower Hutt central business district (CBD) by 2030, by creating the foundations for a sustainable, vibrant, and buoyant future.

Lower Hutt CBD 'Making Places' project

The Porirua City Centre Revitalisation project supports the growth of local businesses and enhances the public spaces to make a positive change to Porirua's city centre.

Porirua City Centre Revitalisation project

http://www.pcc.govt.nz/News-Events/Latest-News/City-Centre-Revitalisation

4.3.3 Location of employment in relation to residential areas

Wellington's CBD is the home of central government and considerable associated commercial activity. A significant part of the region's employment opportunities are in Wellington's CBD but a significant proportion of Wellington's working population lives outside of the city. Consequently, large numbers of people flow into and out of the city each day.

In other parts of the region, employment opportunities focus on different industries:

- The Hutt Valley has a higher concentration of specialist manufacturing and distribution industries
- Porirua and Kapiti have more jobs in the construction, education and health sectors
- Wairarapa has a strong focus on farming including sheep, beef cattle, grain and viticulture (in some parts)².

4.3.4 Wellington's topography and housing density

The Wellington region lies at the southern end of New Zealand's North Island with Wellington City at its southern extremity. To the north are the cities of Porirua, Lower Hutt and Upper Hutt, together with the Kapiti district and the three Wairarapa districts of Masterton, Carterton and South Wairarapa.

The region is divided on a north-south axis by the Tararua Ranges beyond Upper Hutt, with Wairarapa on the eastern side and Kapiti on the western side. Kapiti is a relatively narrow area of land between the Tasman Sea and the Tararua Ranges and is more densely populated.

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² From http://www.mbie.govt.nz/info-services/business/business-growth-agenda/regions/documents-image-library/rear-2015/min-a003-rear-report-lr-optimised.pdf

In general, housing density in New Zealand is very low in comparison with major cities in other developed countries. There is a trend towards higher density living but the majority of the region's residents live in detached houses on relatively large lots.

The hilly topography of Wellington City's inner city suburbs, significantly influences the location of housing and the accessibility of bus services. Many bus routes weave through narrow, winding and hilly streets, in order to reach and provide services to as many residents as possible.

Currently, 83% of the region's population live within 500 metres of a bus stop or train station. Bus trips make up two-thirds of Wellington's public transport trips, but only 38% of the passenger kilometres.

4.3.5 Planned residential development and urban growth across the region

There is extensive residential development under way or in planning, for north of Wellington City:

- Developments underway in Aotea and the Silverwood area of Whitby
- Plans for the suburbs of Churton Park and Woodridge with the opening up of the Lincolnshire Farm area
- In the next five years, residential development in Kenepuru and Plimmerton.

There is also a Residential Growth Plan for Epuni, Waterloo and the CBD edge – all in Hutt City.

Residential Growth – Epuni, Waterloo and CBD edge http://www.huttcity.govt.nz/Your-Council/Projects/residential-growth/

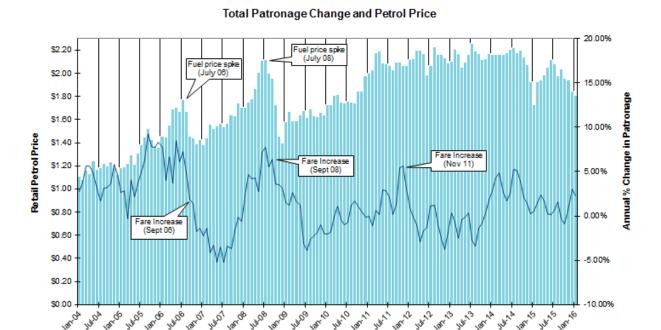
4.3.6 The price of owning and operating a private motor vehicle

Wellington's topography, together with the affordability of motor vehicle ownership, means a significant proportion of Wellington's population own private motor vehicles. Consequently, a relatively large number of people can choose between using public bus (or train) services, or using their own motor vehicle, to commute to work.

This is reflected in the discernible link between the price of petrol and public transport patronage in the Wellington region, as shown in Figure 2 and 3 below:

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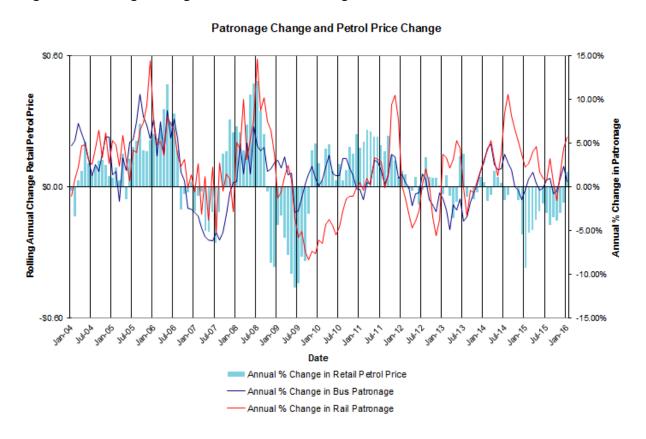
Figure 2: Total Patronage Change and Petrol Price



-Annual % Change in Total Patronage

Figure 3: Patronage Change and Petrol Price Change

Retail Petrol Price



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4.3.7 Level of congestion on our roads

Again, Wellington's topography affects our roading network and this has a direct bearing on road congestion.

There are two main road access routes in and out of Wellington City.

- State Highway 1: originates at Wellington Airport and passes through the CBD, Porirua basin, and Kapiti District.
- State Highway 2: also originates in Wellington City, five kilometres north of the CBD at the Ngauranga interchange and passes through the Hutt Valley before traversing the Rimutaka Range to the Wairarapa.

4.3.8 Planned improvements of roading

Congestion on either of these State Highways can create major delays for residents commuting to and from the Wellington CBD.

Increasing levels of congestion means public transport services (including bus services), are more attractive to the region's commuters.

Under the current government, there is a significant programme of work underway, to improve New Zealand's key road transport routes and thereby improve economic performance

The Roads of National Significance Programme (RoNS) is a substantial part of the Government's National Infrastructure Plan. It comprises of seven large-scale improvements to New Zealand's State Highways.

See: National Infrastructure Plan

One of these RoNS projects, the Wellington Northern Corridor improvements project, will ensure State Highway 1 between Wellington Airport and north of Levin, will provide safe, efficient and reliable travel that communities and businesses can rely on.

The project will:

- Support Wellington's growth strategy by making it easier for people, goods and services to flow to and through the city
- Improve access in and out of the capital and to key destinations, such as the hospital, port, airport, CBD and ferry terminals.

See: Wellington Northern Corridor project – overview

The first component underway of the Wellington Northern Corridor (MacKays to Peka Peka), is an 18km four-lane expressway. It will separate local and highway traffic and result in safer and shorter trips to and through the Kapiti Coast – with local and national benefits.

Read more about MacKays to Peka Peka

Expressway

http://www.nzta.govt.nz/projects/wellington-northern-corridor/

There is also a proposal that includes the installation of bus lanes at the Ngauranga Gorge intersection of Hutt Road, Centennial Highway and Jarden Mile – to enable buses to queue jump. T2 transit lanes at peak travelling times may be implemented sometime in the next 10 years, following the State Highway upgrade work.

4.3.9 Availability and cost of car parking

Flat land in Wellington's CBD is extremely scarce and consequently very valuable. The opportunity to increase public car parking capacity and to offer that capacity at affordable prices is therefore limited. Many CBD car parks are privately operated with parking rates set by the respective operator.

The limited availability and high cost of car parking in the Wellington CBD may have a significant influence on the mode of travel people use to commute to work.

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4.3.10 Fares and timetables

Fares for Wellington's public bus services have a significant influence on patronage.

Under the terms of the Contract, GWRC will retain control of fare setting. GWRC's fares are set to strike an appropriate balance between the cost borne by fare payers and the residual cost borne by GWRC's ratepayers and New Zealand's taxpayers – through public transport subsidies. GWRC's policy over the last decade has generally involved small annual increases that approximate the inflation rate. However, in the past two years, increasing levels of patronage have led to decisions not to apply an annual fare increase.

Timetables also remain a GWRC responsibility, under the terms of the Contract. When setting timetables for all modes of public transport, GWRC seeks to achieve a balance between the social goals of a public transport system and the cost of providing services at periods of relatively low demand.

Any changes to a Bus Unit Timetable that is proposed (by the Operator, GWRC, or any other PTOM Operator), shall occur in accordance with the Timetable Change Process. Refer to the Contract for the Timetable Change Process.

4.3.11 Quality of the bus experience

The quality of passengers' bus experience is influenced by punctuality, reliability, perceptions of safety and security, interactions with bus staff and vehicle presentation. Under the terms of the Contract, all of these factors are within an Operator's control and can affect patronage.

4.3.12 Other modes of public and private transport

GWRC has a general policy to avoid competition between the modes of public transport that it subsidises.

Bus operators contracted by GWRC provide extensive services within and around parts of Wellington City and the Hutt Valley, and other parts of the region, that are not serviced by the rail network.

Importantly, buses provide feeder services to and from many of Wellington's regional and suburban railway stations, and this makes an important contribution to patronage on our bus services.

As in most cities, there is an increasing interest in walking and cycling, with advocacy groups such as Living Streets Aotearoa and Cycle Aware Wellington, promoting these modes of transport.

In the Hutt valley, there is the Cycle Network Development – an ongoing programme of works to improve and extend cycling facilities, both on and off-road.

About Cycle Network Development

http://www.huttcity.govt.nz/Your-Council/Projects/Cycle-network-development

<u>Current and future cycle way development</u> http://cycleways.wellington.govt.nz/where/

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4.5 Patronage statistics

4.5.1 Metlink

Metlink public transport trips across the Wellington region totalled over 36 million in 2014/15. This equated to 73 trips per capita, the highest number of public transport boardings per person per year in New Zealand. Of these, over 24 million journeys, or two-thirds, were bus trips. (These

patronage figures are based on a combination of electronic ticketing and manual recording by multiple bus Operators across the Greater Wellington region and, as such, may not be entirely representative of all patronage). Table 1 below shows bus patronage by subregions for the last three years.

Table 1: Bus patronage by sub-region for the last 3 years

Number of trips				
Sub-region	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2015	
Wellington	15,989,890	16,351,201	16,677,981	
Porirua	1,275,904	1,273,948	1,198,041	
Kapiti	659,356	698,351	672,227	
Hutt Valley	5,491,802	5,521,609	5,459,299	
Wairarapa	177,138	173,081	174,706	
Total	23,594,090	24,018,190	24,182,254	

4.1.1. Census 2013

The Wellington region is the third most populous in New Zealand (behind Auckland and Christchurch), with 11.1% of the population, or 448,956 residents.

According to the 2013 Census, car transport is still the main mode of commuting to work in the Wellington region, although it has decreased by 4.6% compared with 2001. This decrease in car usage is mirrored by small increases in public transport usage, and public bus accounts for 9.1% of modes of travel to work.

Wellington City had the highest percentage of people who commuted to work by public transport amongst all territorial authorities in New Zealand, and Lower Hutt had the third highest percentage, just behind Auckland City.

The following table shows the number of residents in the Wellington region who travelled to work on Census Day and indicated that they travelled to work by bus.

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Table 2: Number of Journeys to Work by Bus and Territorial Authority

Territorial Authority	Journeys to Work by Bus	Journeys to Work by Bus (%)	Total Journeys to Work
Wellington	14,382	16.2%	88,884
Porirua	405	2.2%	18,297
Lower Hutt	2,379	6.0%	39,675
Upper Hutt	399	2.4%	16,374
Kapiti	189	1.1%	17,376
Wairarapa	84	0.6%	14,421
Total	17,838	9.1%	195,027

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Part 2 – The Metlink network

5. Future development of the Metlink bus network

5.1 Introduction

Buses are the most commonly used means of public transport in the Wellington region.

During 2014/15 for example, two-thirds (or over 24 million) of the 36.4 million public transport trips were made on buses.

This section introduces several major initiatives that GWRC intends to implement to develop significantly Wellington's public transport network in the early years of the Contract. These initiatives include:

- Bus Rapid Spine (BRS)
- A new bus network in Wellington City
- Bus fleet upgrade
- Simpler fares and integrated ticketing.

The terms of the Partnering Contract outline the Operator's role in relation to these initiatives – which may include contributing to their operational design, development, deployment and transition to a business-asusual state.

5.2 Bus Rapid Spine (BRS)

People travelling around Wellington consistently experience congestion, especially during the peak hours. Bus services along the congested Public Transport Spine can be unreliable, as they have to compete with general traffic and other buses along the majority of the same road.

The Ngauranga to Wellington Airport Corridor Plan 2008 (N2A Plan) developed by GWRC in collaboration with the Wellington City Council (WCC) and the Transport Agency and now included in the RLTP, outlined a multi-modal strategic plan to improve the way people travel around Wellington City and their access to key destinations and amenities. The Wellington Public Transport Spine Study was a key action arising out of the N2A Plan. This study investigated the feasibility of a large number of different options, to develop a high-quality Public Transport Spine. The result was a shortlist of three options: bus priority, bus rapid transit (BRT) and light rail transit.

Following community consultation in March 2014, the Regional Transport Committee agreed that a high quality transport spine (through central Wellington to the hospital and ultimately, Wellington airport), based on some of the principles of BRT, was the best solution – Bus Rapid Spine (BRS) was the result.

A key benefit of BRS is that implementation can be incremental and timed to coordinate with other transport projects. BRS will be deployed over the next several years by GWRC and its partners, the Transport Agency and WCC.

Bus Rapid Spine will utilise different elements from traditional BRT, to remove the typical causes of traffic delays and to speed up travel.

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The following elements have been selected to form the basis for BRS in Wellington City:

- Dedicated bus lanes on strategic routes, including through Wellington CBD, to avoid mixed traffic congestion
- Bus priority at intersections (where possible), to avoid intersection signal delays
- High-capacity buses carrying more passengers, with fewer buses on the road
- Automated fare payment systems with offboard card top-ups – to reduce boarding and alighting delays related to paying cash to the driver.

GWRC, WCC and the Transport Agency have set up a joint project to develop the detailed design and planning for BRS.

Implementation of BRS will be introduced progressively through:

- The construction of dedicated bus lanes
- The introduction of a new bus network for Wellington City
- The rollout of new buses as the existing fleet is renewed.

The initiative to simplify fares and implement integrated ticketing will also contribute to the objectives of BRS.

<u>Learn more about the Wellington Public</u> <u>Transport Spine Study</u>

5.3 New bus network in Wellington City

Simplifying the bus network, particularly in Wellington City, and giving more people access to more frequent services are key objectives of the RPTP.

In 2011/12 GWRC reviewed Wellington's city bus network. This was the first review of the bus network in more than 20 years.

The aim of the review was to:

 Deliver a network that was easy to understand, where services followed consistent routes during all hours and days of operation

- Deliver better connections, making it easier to reach a greater range of destinations
- Give more people access to all-day routes with services every 10-15 minutes and more often during peak travelling times
- Provide more services throughout the day
 in the evening and at weekends in many areas
- Reduce the number of buses coming into the CBD and travelling along the 'Golden Mile' (Lambton Quay, Willis Street and Courtenay Place together form what is known locally as the Golden Mile).
- Do this by more efficient loading of buses and running buses from some lower demand areas to suburban centres or hubs.

The review culminated in a new network design that will enable GWRC to deliver more services, more often for more people.

The proposed network design will deliver:

- Greater access to high-frequency bus routes – 75% of Wellington's residents will live within one kilometre of a highfrequency bus route (up from the current 45%)
- More frequent off-peak services in 15 suburbs
- New weekend services in 10 suburbs
- Services running later into the evening in 10 suburbs
- Reduced service duplication
- An easier-to-understand, simplified network of 34 proposed routes (compared with 45 now)
- Reduced CBD bus congestion, with fewer buses travelling through the 'Golden Mile'.

At the same time as the bus network review, the Public Transport Spine Study was assessing the best options for a high-quality public transport 'spine' through central Wellington, and exploring bus and light rail options.

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With the completion of the Spine Study and the adoption of BRS, GWRC has updated the Wellington City bus network design proposal to align with the study. The proposed network design is based on integrating the core bus network with the public transport spine corridors and extends bus services beyond each end of these corridors. Figure 4 below illustrates this.

The new network is intended to be implemented concurrently with the new PTOM bus contracts, in 2018.

Figures 5 and 6 below, illustrate the Metlink bus network before and after the design changes.

Figure 4: Illustration of Integration of Public Transport Spine with Metlink core bus network

Wellington Public Transport Spine Corridor



Extended corridors showing integration into the Metlink core bus network



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Figure 5: Wellington City's existing Metlink public transport network

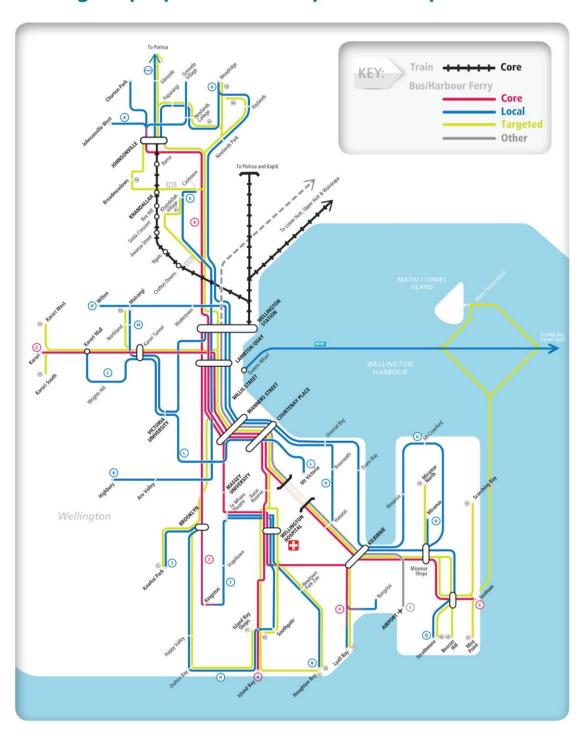
Wellington existing Metlink public transport network



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Figure 6: Wellington City's proposed Metlink public transport network

Wellington proposed Metlink public transport network



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5.4 Bus fleet upgrade

Introducing a new urban bus fleet to replace the retiring trolley buses and oldest diesels from mid-2017 is another key initiative from the Regional Public Transport Plan. Over 50% of the region's bus fleet needs replacing soon. GWRC is exploring higher capacity, environmentally sustainable options including double-decker, electric and hybrid vehicles.

Trolley buses will be retired from service in mid-2017 because of:

- The magnitude of costs to upgrade the power supply that is required to operate trolley buses
- The costs of ongoing maintenance for the trolley infrastructure
- Constraints on operational efficiencies.

Electric and hybrid powered buses are an emerging technology in the bus industry. GWRC will work towards a zero emissions future, with a long-term goal of running a fully electric bus fleet throughout the region. We are very interested in and actively keeping up to date with technological developments, by attending events and showcases to view examples of new bus technology.

All buses used in urban services in New Zealand must comply with the Requirements for Urban Buses in New Zealand (RUB). Issued by the Transport Agency, the RUB describes the consistent standards for buses used in urban services within New Zealand. Complying with the RUB and GWRC's supplementary Vehicle Quality Standards (VQS) is a requirement of the Contract.

Requirements for urban buses in New Zealand

The RUB requires that all buses currently in use in urban services in New Zealand, immediately prior to PTOM Contract commencement, must meet, at a minimum, the Euro III emission standard.

New buses or used bus imports that enter urban services in New Zealand for the first time at PTOM implementation, must meet Euro V emission standard or better. Any variation or deviation from the RUB requires the Transport Agency's approval.

GWRC's urban bus requirements for PTOM Contracts are contained in Schedule 4 (Vehicle Quality Standards) of the Contract.

A low emission bus fleet is very important to GWRC and Tenderers are encouraged to offer low emission solutions. Evaluation of the emission profiles of bus fleets tendered will be quantitative and considered separately, and in addition to, the evaluation of a Tender's quality attributes. An explanation of how emissions are evaluated is in the main RFT document.

5.5 Vehicle Dimensions and Mass Rule (VDAM)

The Government is currently consulting on changes to the current VDAM rule, which include proposed increases to axle weight limits and vehicle widths. The Government's 'yellow paper', including an explanatory overview of the proposed changes to VDAM, together with Questions and Answers, is available on the NZ Transport Agency's website: http://www.nzta.govt.nz/vdam-2016.

GWRC is working with local road controlling authorities to ensure heavier buses required for delivering Services can be permitted up to the new limits proposed in the 'yellow paper'.

While overweight permits are issued by road controlling authorities to individual operators, it is GWRC's intention to reach agreement with each road controlling authority in which overweight vehicles will operate to ensure permits will be issued.

5.6 Simpler fares and integrated ticketing

The 2014 Regional Public Transport Plan identifies the introduction of a new fares and ticketing system across the Wellington public transport network, as a major initiative.

Improving the fares and ticketing system is a significant element in the modernisation of Wellington's public transport system. In the period covered by the RPTP, major changes are proposed for the fares and ticketing system that will aim is to have ensure that it is simple

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and easy to use and provides better value-formoney for customers.

At present, GWRC sets the maximum fare levels for standard cash and multi-trip products. However, public transport operators have their own fares and ticketing systems and offer their own operator-specific fare products.

This complicates the system and generally, people cannot transfer between operators as part of a single journey without needing a new ticket and paying a new fare.

The current fare structure contains more than 250 fare products. Some fares are used for less than 10 trips each day. In comparison, proprietary public transport smart cards are used to pay for over 60% of bus trips, and monthly passes are used to pay for over 40% of all rail trips.

In the future, GWRC's intention is for public transport users to have just one electronic form of ticketing, for all of their public transport travel. This is regardless of the services and modes they use for their journey. In addition, integrated fares will mean a simpler set of fare products, with no additional costs (or transfer penalties) for journeys requiring more than one operator or mode.

Adopting an integrated fares and ticketing (IFT) approach will be a three-to-five-year business transformation process.

The Integrated Fares and Ticketing or IFT Programme is being rolled out to implement this initiative.

GWRC's objectives for the IFT Programme are that customers using Wellington's public transport network will:

- Experience a modern, effective and efficient integrated public transport network that contributes to sustainable economic growth, increased productivity and provides for the social needs of the community
- Use integrated fares and ticketing across all public transport modes
- Pay one fare and use one fare media (eg, a 'smart' card) for a customer journey, irrespective of whether the journey involves more than one PTOM Unit

- Use standardised but more flexible fare products
- Use simpler and more effective fares that are designed to make free transfer between PTOM Units easier, without fare transfer penalties
- Experience faster boarding times for some services
- Experience improved operational efficiency.

GWRC envisages that IFT will:

- Improve revenue collection
- Increase patronage
- Improve data collection in respect of revenue collection monitoring, patronage, and the customer travel experience.
- Involve a Fare structure review and simplification
- Planning, procurement, development, testing and implementation of a new fares and ticketing system using smart ticketing technology (the IFT System) for use on all Scheduled Services and Special Event Services.

GWRC will be responsible for completing the fare structure review and simplification, and for the planning, procurement and funding of the IFT System.

Operators will provide valuable input into the development and rollout of the IFT system.

Prior to the rollout of the fully integrated fares and ticketing solution, at the commencement of the Contracts, GWRC will provide a common electronic ticketing system to PTOM bus Operator.

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6. GWRC systems

6.1 Introduction

This section introduces GWRC's systems that support the delivery of Wellington's bus services.

The systems are:

- The Metlink system, which incorporates the website (metlink.org.nz), service centre and social media
- The Real-Time Passenger Information system
- The Metlink Complaints Management system
- An electronic ticketing system
- The Integrated Fares and Ticketing (IFT) system (refer to section 5.6 for details).

6.2 Metlink

Metlink is GWRC's current brand for all communication with customers about public transport services, including rail, bus and harbour ferry.

GWRC provides the Metlink website, call centre, email address and social media – and intends these to be the primary source of information to customers about Wellington's public transport network.

Visit the Metlink website

As well as being recognised as the source of:

- Timetables
- Scheduled services
- Disruption information
- Marketing initiatives to promote
 Wellington's public transport network and
 grow patronage.

6.2.1 Metlink website

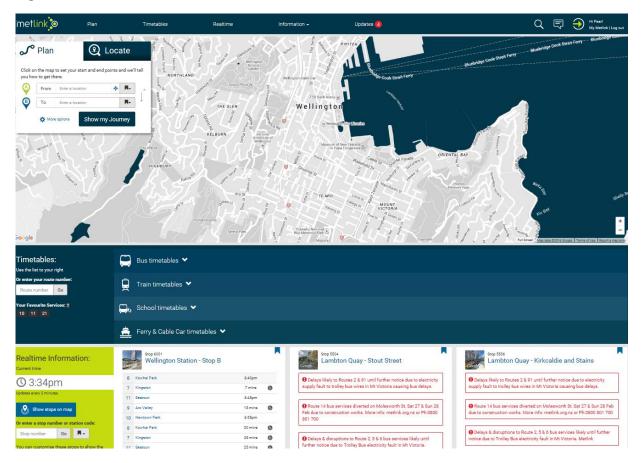
The Metlink website is the primary online source of all public transport information for customers about Wellington's public transport network. The site provides:

- Timetables
- Real-time information on bus arrival times
- A journey planner for planning how to get from A to B using public transport
- Ticketing and fares information
- Updates about changes to scheduled services and other service disruptions
- Metlink news and general transport-related information.

There were approximately 6 million total sessions across the website's three versions (full website, mobile website and mobile phone application for iphone and android) in 2014.

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Figure 7 – Photo of the full Metlink website



Operators will have some responsibilities in relation to providing and/or entering service update and disruption information for the Metlink website – refer to the Contract for more about this.

6.2.2 Metlink Customer Contact Centre

The Metlink Customer Contact Centre is a GWRC-owned and operated call centre. It acts as the first point of contact for phone calls and emails from the public, about Wellington's public transport network.

This call centre is open every day, except Christmas Day. Opening times are:

- Monday to Saturday: 7.00am 9.00pm
- Sunday and Public Holidays: 8.00am -8.00pm.

The Metlink Customer Contact Centre deals with approximately 30,000 calls per month, with the vast majority of calls being timetable-related.

Operators will have some responsibilities in relation to providing information to the Metlink Customer Contact Centre. Please refer to the Contract for more details.

6.2.3 Metlink social media

Metlink currently uses Twitter, and intends to use Facebook, to communicate information about the Wellington public transport network. Operators will have some responsibilities in relation to providing information for Metlink tweets. For more detail, see the Contract.

6.3 Real-Time Passenger Information System

GWRC primarily uses the Real-Time Passenger Information (RTPI or RTI) System to give real-time information to customers about the arrival time of bus and train services.

The RTPI System combines real-time GPS tracking of bus (and train) locations with operational schedules, for that vehicle to generate data used for making arrival time predictions.

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This arrival time prediction data is used:

- To feed the RTPI electronic display signs at bus stops
- On the real time information in the Metlink website
- For on-time reporting, including measuring the punctuality and reliability of services.

Operators will contribute to the operation of the RTPI System. For more details, refer to the Contract.

Figure 8: An RTPI electronic display sign at a bus stop



6.4 Customer interface, complaints and information

GWRC aims for customers to have a consistent public transport experience and a single, consistent, customer interface.

Therefore, GWRC will be responsible for:

 All Metlink customer service communication channels, including the Metlink Customer Contact Centre, Metlink website and social media Managing and maintaining all strategic media relationships, regarding the Wellington public transport network.

The Metlink Customer Contact Centre is responsible for:

- Managing all responses to all customer questions, feedback and complaints
- Working and communicating directly with affected customers to resolve any complaints
- Recording all complaints in GWRC's Complaints Management System owned and operated by GWRC.

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Where a customer complaint requires an Operator's assistance or input to respond to a complaint, the Operator will provide its proposed response to the Metlink Customer Contact Centre. The Operator will also take any necessary and reasonable action to resolve the customer complaint and update the Metlink Customer Contact Centre of such resolution.

GWRC may provide Operators with access to the GWRC Complaints Management System so that they can enter proposed responses to complaints and update the system directly when a complaint is resolved.

If this is the agreed best way for managing complaints, GWRC will provide the Operator with the minimum desktop specifications required to operate the Complaints Management System. The Operator will be responsible for ensuring that their desktop systems are capable of operating the Complaints Management System.

The Contract sets out the responsibilities and processes that apply to GWRC and Operators in relation to communicating information to the public about the Wellington Public Transport Network and all Scheduled Services.

6.5 Electronic ticketing system

Until an Integrated Fares and Ticketing (IFT) system is rolled out (refer to section 5.6 for details), GWRC will provide Operators with an electronic ticketing system.

Operators will be required to wire their bus fleet for installation of the electronic ticketing system. Details of wiring requirements are included in Schedule 4 (Vehicle Quality Standards) of the Contract.

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7. Brand and livery

The transition to PTOM contracts provides GWRC with the opportunity to build on the public transport identity for the region:

- Enabling consistency at each passenger touch point
- Reducing confusion for customers
- Helping to create an easy-to-understandand-use public transport network and a better customer service experience.

A single, consistent, Metlink brand across all touchpoints (including bus livery, bus interior and staff uniforms), will support this.

GWRC's Brand Guidelines describes the Metlink branding requirements for contracted services. The Branding Manual specifies all aspects of external and internal bus livery, and the colour and style of staff uniforms.

GWRC conducted focus groups with Operators and members of the public to get feedback on the bus livery designs and staff uniforms.

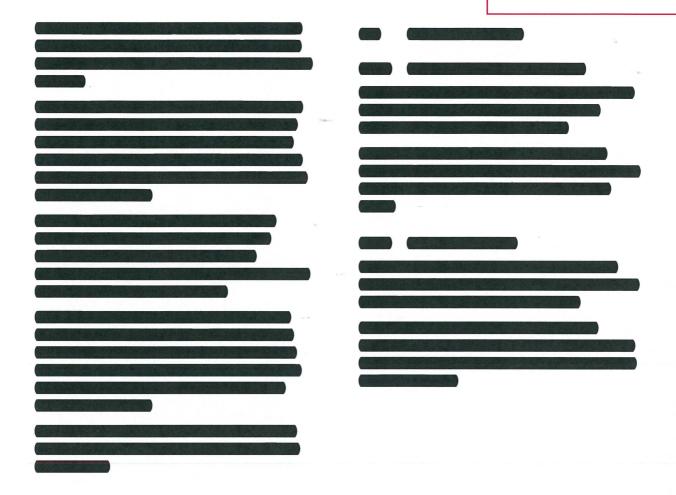
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Part 3 – Financial provisions





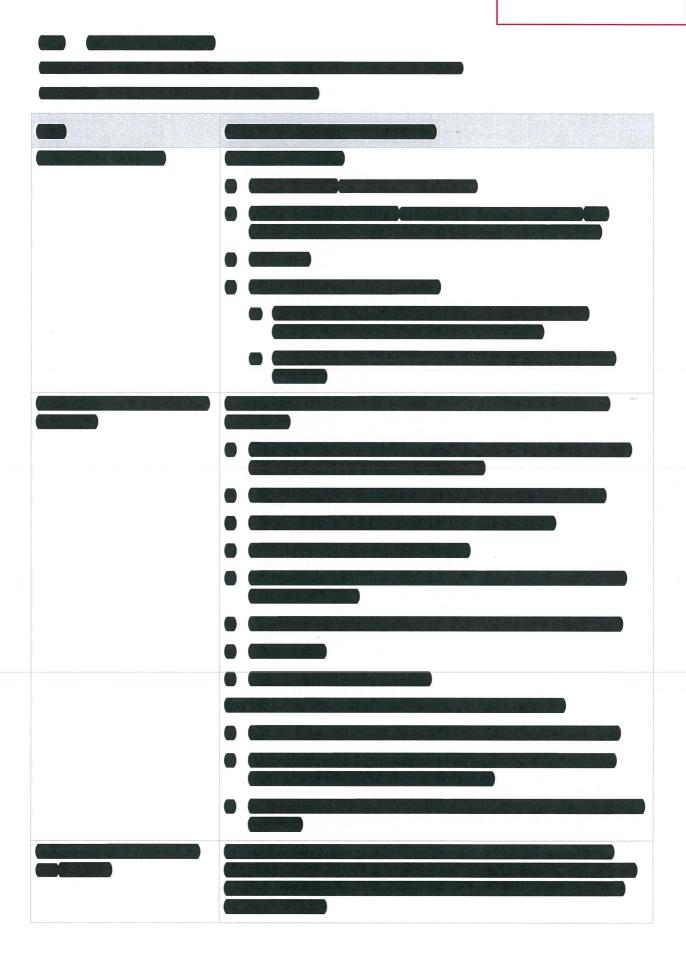


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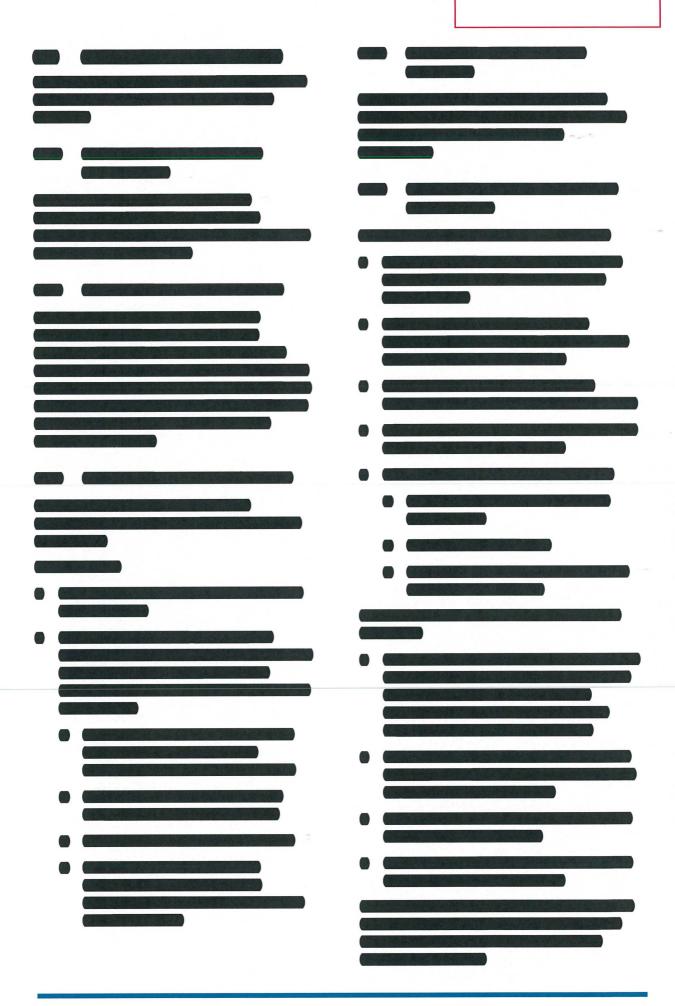
Part 4 – Structure & overview of the Contract







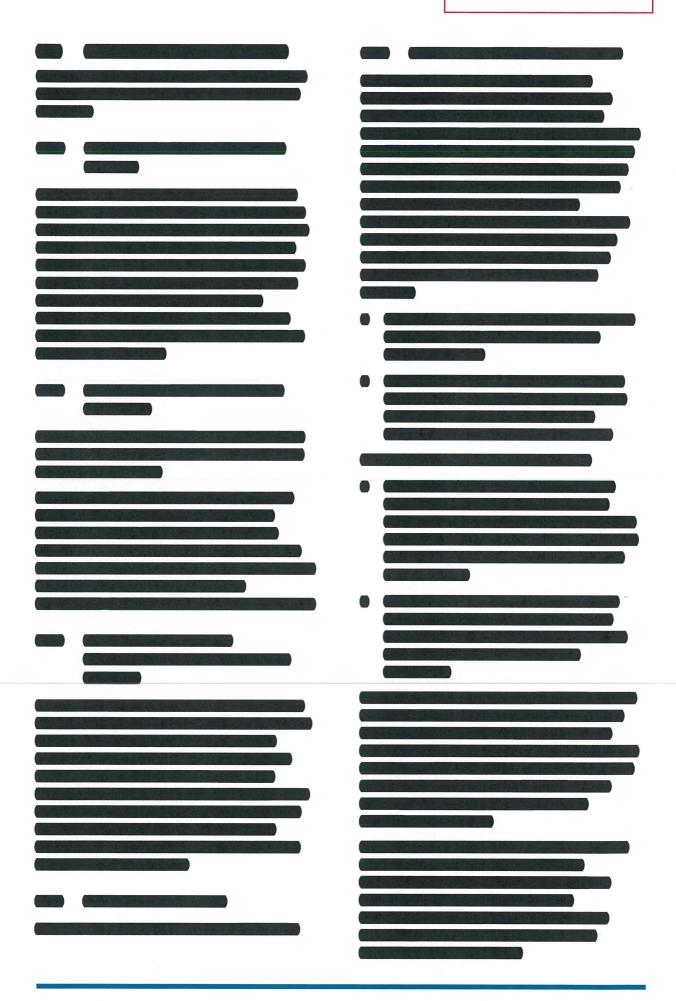
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