

In Confidence

Office of the Minister of Transport

Cabinet Environment, Energy and Climate Committee

Establishing the Sustainable Public Transport Framework

Proposal

- 1 This paper seeks agreement to:
 - 1.1 establish the Sustainable Public Transport Framework (SPTF), which will replace the Public Transport Operating Model (PTOM); and
 - 1.2 progress amendments to the Land Transport Management Act 2003 (LTMA) that are necessary to establish the SPTF.

Relation to government priorities

- 2 The proposals in this paper relate to the Government's commitment to reduce emissions as part of our response to climate change. The proposals support or implement actions in the Emissions Reduction Plan.
- 3 Decarbonising the public transport bus fleet is an important part of decarbonising public transport, an area for co-operation under the Cooperation Agreement between the Labour and Green Parties.
- 4 The proposals in this paper support the Government's priority to provide an inclusive economy where economic growth is shared by all. The proposals include a strong focus on protecting and improving terms and conditions of those employed in the public transport sector.

Executive Summary

- 5 PTOM is the policy and legislative framework for the planning, procurement, and delivery of bus and ferry public transport services. In April 2021, Cabinet agreed that a discussion paper for the PTOM Review be published and invited the Minister of Transport to report back to Cabinet on the outcomes of consultation and engagement. The PTOM Review responded to opportunities relating to decarbonisation of the bus fleet, the labour market, roles and relationships in the sector, exempt services, and on-demand services. The PTOM Review is now complete, and my proposals in this paper incorporate the findings and recommendations.
- 6 I propose to replace PTOM with a new framework called the Sustainable Public Transport Framework (SPTF). The SPTF will retain some of the key structural features of PTOM that have been successful, including retaining the responsibilities of public transport authorities¹ (PTAs) for planning, procuring, and delivering services. However, the SPTF will have new objectives, and will prioritise mode-shift, fair and equitable treatment of employees, and improved environment and health outcomes.

¹ Public transport authorities are regional councils, Auckland Transport, unitary authorities (other than Auckland Council) and territorial authorities that have the public transport function.

- 7 To support the new SPTF objectives, I propose reforms that would:
 - 7.1 enable PTAs to deliver public transport services in-house and support investment decisions in relation to different service delivery pathways
 - 7.2 enable new asset ownership arrangements to better support decarbonisation of the public transport bus fleet
 - 7.3 protect and improve bus driver terms and conditions through service procurement and/or when there is a change of operator.
- 8 The reforms also target improved roles and relationships in the sector, and address on-demand public transport services and exempt public transport services.
- 9 The reforms will be implemented through a combination of changes to the LTMA and the development of operational policy. I have established an industry steering group comprised of operators, PTAs, unions, and officials, to inform the development of this operational policy.

Background

- 10 In December 2020 Cabinet agreed that officials will commence a work programme to support local government to decarbonise the public transport bus fleet by addressing systemic barriers [CBC-20-MIN-0118 refers]. The work programme includes a review of the PTOM framework.
- 11 In April 2021 Cabinet agreed that a discussion paper for the PTOM Review be published and invited the Minister of Transport to report back to Cabinet on the outcomes of consultation and engagement [ENV-21-MIN-0011 refers]. This paper reports back on these outcomes and seeks Cabinet policy decisions on reforms.
- 12 The PTOM Review was structured in two parts: the PTOM Evaluation (which has been completed and published) and the Policy and Legislative Review, which involved public consultation on the discussion paper and further refinement of policy options through engagement with key sector stakeholders.
- 13 The PTOM framework applies to the planning, procurement, and delivery of public transport bus and ferry services. Public transport rail services have a separate procurement model called the Metro Rail Operating Model (MROM). MROM was not within scope of the PTOM Review. However, where proposals in this paper require changes to Part 5 of the LTMA (which sets out the Regulation of Public Transport) this would also impact public transport rail services.

The PTOM Review responded to opportunities to improve the planning, procurement, and delivery of public transport services

- 14 The PTOM Review responded to opportunities to:
 - 14.1 establish new overarching objectives for planning and procurement of public transport that better align with the Government's desired transport outcomes
 - 14.2 remove barriers to decarbonisation of the public transport bus fleet
 - 14.3 address challenges with the labour market in the public transport bus sector
 - 14.4 improve roles and relationships in the public transport sector

- 14.5 improve the framework for services that operate outside of PTOM (exempt services)
- 14.6 clarify the treatment of on-demand public transport services.
- 15 These opportunities were identified by the PTOM Evaluation, consultation and engagement with the sector, and in response to Government priorities.
- 16 My proposals below reflect, and build on, the findings and recommendations of the PTOM Review.

My proposed reforms will lay the foundations to achieve mode-shift and decarbonise public transport

- 17 The Government has committed to a range of actions in the Emissions Reduction Plan to reduce reliance on cars through mode shift and to decarbonising heavy transport. These actions include improving the reach, frequency and quality of public transport and making it more affordable for low-income New Zealanders, and commitments to decarbonise the public transport bus fleet. My proposed reforms to the planning, procurement, and delivery of public transport services will set the foundations necessary to support these actions and outcomes. The sector will only be able to achieve these outcomes with a sustainable and growing workforce, which is one of the key outcomes I am targeting.

I propose to establish a new framework for the planning, procurement, and delivery of public transport services

- 18 I propose to replace PTOM with a new framework that prioritises mode-shift, fair and equitable treatment of employees, and improved environment and health outcomes. I propose to call it the Sustainable Public Transport Framework (SPTF).
- 19 Under the SPTF:
 - 19.1 PTAs will have more options around owning public transport assets and delivery of public transport services, enabling new pathways to decarbonisation and to deliver better outcomes for the public transport workforce.
 - 19.2 PTAs will be required to protect and improve bus driver terms and conditions, including through procurement and where there is a change of operator.
 - 19.3 There will be more onus on regional councils and territorial authorities to work collaboratively, including to identify infrastructure necessary to support public transport networks.
 - 19.4 PTAs will be able to plan, procure, and deliver a wide range of passenger services to meet the needs of their community.
 - 19.5 Exempt services, including commercial services, will be better administered and regulated.
- 20 This will support improved regional access by providing for innovative service models, such as on-demand public transport services. It will also enable the expansion of services nationwide by stabilising and growing the public transport workforce.

- 21 Establishing the SPTF will ensure the sector is able to plan, fund and deliver a public transport system that meets this Government's objectives. My proposed reforms are detailed below.

Under the SPTF, PTAs will continue to be responsible for planning and procuring public transport services

- 22 I propose to retain some of the fundamental components of PTOM that have been successful in creating more integrated and customer friendly public transport networks. Under the SPTF, PTAs will remain responsible for planning, procuring, and delivering public transport services, and will:

22.1 plan networks and services by preparing regional public transport plans (RPTPs)

22.2 set fares and fare policies

22.3 regulate public transport services in their regions, including administering exempt services.

- 23 Public transport services that a PTA intends to provide will be split into units for the purpose of procurement, contracting and/or delivery.

- 24 The PTOM Review found that public transport networks had expanded, access had increased, services had become more affordable for users, and networks had become more integrated. This was facilitated by improved oversight of public transport networks by PTAs. Retaining this oversight will be critical to ensuring services are affordable, accessible, and integrated

- 25 Existing exempt services will continue to be exempt from the SPTF, including commercial services and inter-regional public transport services. However, separate to these reforms I have asked Waka Kotahi NZ Transport Agency (Waka Kotahi) to review the exempt status of the Fullers Waiheke ferry service (see paragraphs 77-79 for more details).

- 26 The provisions in the LTMA to establish the SPTF will be largely enabling, with more detailed requirements in operational policy. Waka Kotahi will continue to be responsible for this operational policy, including RPTP Guidelines and procurement policy relating to public transport services.

I propose new objectives for the SPTF and that these objectives be embedded in the LTMA

- 27 The LTMA is relatively unique in requiring PTAs to contract out public transport services to receive funding from central government. Alongside this outsourcing requirement, PTOM placed too much emphasis on access to market, commerciality, and reducing reliance on subsidies. This has negatively impacted bus driver wages and has contributed to persistent and worsening bus driver shortages. The current institutional framework is not conducive to delivering the type of public transport system needed to meet this Government's mode-shift goals and emissions reduction commitments. To address this, I instructed officials to develop the SPTF with the following key objectives:

27.1 public transport services support mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe

- 27.2 employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services
 - 27.3 well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology
 - 27.4 provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives.
- 28 I propose that section 115 of the LTMA be amended to reflect these new overarching objectives. This will ensure that the objectives guide the regulation of public transport, and the performance of relevant functions by Waka Kotahi and PTAs.
- 29 I have established an industry steering group to inform operational policy that supports implementation of the new objectives. The Steering Group will also inform operational policy to support more specific reforms set out in this paper.

The SPTF will provide more flexibility for PTAs around service delivery

I propose to enable in-house provision of public transport services

- 30 I propose to enable in-house provision to give PTAs the flexibility to choose a service-delivery model that will best suit their community. This will mean PTAs can deliver public transport services through a range of pathways, including by outsourcing and contracting with private or public operators and/or by providing public transport services in-house without the need for a contract.
- 31 In my view, this will provide more competition within the sector by enabling a different delivery model, not focussed on profit to provide a point of comparison in the delivery of services and innovative practice. A larger council could, for example, across different units, run some under a contracted model, and some in-house. To enable this, and to support benchmarking outlined below, any services delivered in house will still be bundled into units.
- 32 Under PTOM all public transport services must be outsourced with competitive procurement and contractual oversight of service delivery and performance. All services are currently delivered by private operators. Outsourcing of services to private operators may not always align with wider objectives for public transport services, for example improving the terms and conditions of employees or accelerating the decarbonisation of the bus fleet.
- 33 To enable in-house provision of services, I propose to amend the LTMA to:
- 33.1 create an exception for public transport services from the requirement to outsource activities to receive funding from the National Land Transport Fund (NLTF)
 - 33.2 modify the requirement that public transport services are contracted, unless exempt, such that this requirement only applies where services are outsourced

- 33.3 create an exception for public transport services from the requirement that Waka Kotahi considers the desirability of enabling competition and encouraging competitive and efficient markets when approving a procurement procedure
- 33.4 remove the requirement that local authorities and regional councils hold public transport interests in a council-controlled trading organisation. This change will also support a wider range of asset ownership arrangements – which is discussed further below.
- 34 I anticipate public transport operators may oppose this change, since it would enable PTAs to potentially reduce or remove the opportunity for private businesses to operate services. Consultation and engagement on the PTOM review indicated support from unions and some individual submitters for in-house provision of services. While I am not aware of any PTAs actively considering in-house delivery of services, I anticipate PTAs will welcome the flexibility to consider alternative service delivery pathways.

Waka Kotahi and PTAs will use benchmarking to inform investment decisions

- 35 Prior to any change to service delivery arrangements, I anticipate PTAs would review the cost-effectiveness of current arrangements as required under Section 17A of the Local Government Act 2002. PTAs will need to demonstrate the value for money from whichever delivery model they choose, and Waka Kotahi will still need to consider whether different delivery models represent value for money when making investment decisions.
- 36 To support investment decisions, I expect Waka Kotahi and PTAs will undertake benchmarking both within and between regions of service delivery against key metrics that measure progress against the SPTF objectives. For example, metrics would cover service performance, operating costs, environmental and health impacts of service delivery, employment outcomes, and the financial performance of operators.
- 37 To support benchmarking, I propose to establish a new requirement in the LTMA that public transport services must be procured, contracted and/or delivered in such a way that ensures transparency of operating costs, service performance, the vehicles or vessels used to deliver services, aggregate employee terms and conditions, and financial performance of operators. This requirement would apply whether services are contracted to a private or public operator or provided in-house without a contract.
- 38 I propose to define some key terms for this requirement, to help clarify what is expected of PTAs and what should be incorporated in operational policy. I propose the definitions incorporate the following concepts:
- 38.1 operating costs – the direct cost of operating public transport services, including input costs such as labour costs and vehicle/vessel operating and maintenance costs
- 38.2 service performance – performance against defined metrics, some of which are usually identified in contracts as key performance indicators, such as reliability, punctuality, and tailpipe emissions
- 38.3 aggregate employee terms and conditions – collective and individual employment agreements for non-management staff involved in operating public transport services

- 38.4 financial performance – the financial standing of public transport operators, including but not limited to factors such as equity, assets, liabilities, and profitability.
- 39 This requirement would apply to future contracts or service delivery models – to enable PTAs and operators to establish business processes during procurement, contracting, and investment decisions that give effect to the requirement.
- 40 I also propose to amend the LTMA to ensure Waka Kotahi can require information from PTAs on operating costs, service performance, vehicles and vessels used to deliver services, aggregate employee terms and conditions, and financial performance of operators. A more flexible framework will be more challenging for Waka Kotahi to administer. Waka Kotahi will need the ability to require this information to support benchmarking and value for money assessments of different service delivery models – which will be critical for ongoing investment decisions.
- 41 To give effect to this change, Waka Kotahi will develop operational policy to support these transparency outcomes. This will ensure PTAs consider the specific information that is required, and what arrangements are necessary, to achieve transparency when making decisions about service delivery, procurement, contracting, and investment.
- 42 Engagement with the sector has indicated strong support from PTAs for increased transparency around operating costs and financial performance. These were identified as a specific benefit when negotiating with incumbent operators for new contracts or for significant contract variations – such as to deliver zero-emission buses or improved terms and conditions for bus drivers s 9(2)(g)(i) . However, in my view greater transparency is necessary to support a more mature relationship between operators and PTAs – and ultimately to ensure value for money from public investment in services.

The SPTF will better support decarbonisation of the bus fleet

I propose to enable new asset ownership models to remove barriers to decarbonisation

- 43 Where service delivery is outsourced, it may still be desirable for PTAs to own or control assets such as depots, charging infrastructure, or vehicles/vessels. Assets may also be owned by third parties, such as bus manufacturers or other decarbonisation specialists. Changing asset ownership arrangements may be desirable to reduce risk pricing from operators and/or to remove barriers to entry where a PTA elects to outsource services through a competitive procurement.
- 44 Consultation on the PTOM Review indicated the key legislative barrier to changing asset ownership arrangements is the current requirement in the LTMA that interests in public transport must be held by a council-controlled trading organisation (the CCTO requirement). While PTAs can own public transport assets through a CCTO, PTAs are seeking greater flexibility around how assets could be held.
- 45 As set out above in paragraph 32, I am proposing to remove the CCTO requirement. In addition to enabling in-house provision of public transport services, this will also clarify that PTAs can own public transport assets directly even if services are still outsourced, and not be required to own them in a way that makes a profit.

- 46 Currently some PTAs own public transport assets through CCTOs, including metro rail assets. PTAs will still be able to do this, and might want to for accounting and/or governance reasons. However, in my view PTAs should not be required to establish a CCTO (or other arms length council organisation) since this imposes administrative costs. In the case of a CCTO, it also requires the organisation is established with the purpose of making a profit. In my view this is not necessary, particularly where assets are owned by a CCTO and leased to private operators to fulfil publicly funded service contracts.
- 47 Consultation and engagement through the PTOM review indicates some public transport operators may oppose changes to asset ownership arrangements. Some operators view the provision of public transport assets as a core part of their business and changing this would remove the potential for return on capital investment. Meanwhile, PTAs were strongly in favour of considering alternative asset ownership arrangements, and some cited the current CCTO requirement as a particular barrier to this. My proposal would not require any change to asset ownership and Waka Kotahi would still need to make investment decisions considering the value for money from different arrangements.
- 48 I have also asked Waka Kotahi to develop operational policy to support different asset ownership arrangements. Some aspects of PTOM, including requirements around procurement and contracting, were developed on the basis that operators provide the assets necessary to run public transport services.

The 2025 zero-emission bus mandate has been implemented through operational policy

- 49 Amendments to the Requirements for Urban Buses (RUB) in February 2022 gave effect to the 2025 zero-emission bus mandate. The RUB sets the minimum standards all urban buses used to deliver public transport contracts must meet. The RUB amendments mean that from 1 July 2025 for PTAs to receive funding from the NLTF for public transport bus service, buses entering the public transport fleet will need to be zero-emission.
- 50 I am satisfied that the RUB amendments have implemented the 2025 zero-emission bus mandate and that amendments to the LTMA beyond the new overarching objectives are not necessary. As set out above, my intention is that the framework in the LTMA to support the SPTF is enabling, while more detailed prescriptive requirements – like the 2025 zero-emission bus mandate, are set in operational policy.

I have considered whether PTAs require additional tools to change asset ownership arrangements

- 51 Engagement with PTAs has indicated they have the tools required to change asset ownership arrangements should they wish to. Some PTAs have:
- 51.1 used contractual provisions to gain a degree of control over strategic depots
 - 51.2 identified land already under public ownership (either by the PTA or a territorial authority within their region) that could be suitable to establish bus depots
 - 51.3 indicated that, where land for potential depots is privately owned, PTAs consider they will be able to identify and get control of land through commercial processes.

52 I note that obtaining commercial agreement with operators to secure control over existing assets (and particularly depots) could be difficult. However, engagement with PTAs and Waka Kotahi suggested that in such circumstances a pathway of compulsory acquisition, even if made possible, could be divisive and harmful to relationships with operators.

I have instructed officials to develop operational policy that protects and improves bus driver terms and conditions

53 One of my key objectives from establishing the SPTF is to address the impacts of PTOM on bus drivers. This is reflected in the new objective: 'employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services'.

54 I considered several options to achieve this objective, including through amending the LTMA to create more specific requirements, extending to bus drivers the existing protections for vulnerable workers in the Employment Relations Act 2000, and using operational policy. [s 9\(2\)\(g\)\(i\)](#)

Meanwhile, including specific requirements to protect public transport employees in LTMA would duplicate protections in legislation.

55 To give effect to this objective, I have instructed officials to develop operational policy to achieve the following outcomes:

55.1 bus drivers have the opportunity to maintain employment if there is a change of operator

55.2 the substantive terms and conditions of bus drivers are not negatively impacted by a change of operator

55.3 the terms and conditions of the bus driver workforce are improved to increase recruitment and retention.

56 I am satisfied the sector through Waka Kotahi, PTAs, unions, and operators, is working on measures that will support these outcomes. The sector is progressing a nationally agreed set of terms and conditions for bus drivers. The Government has made funding available to implement this through Budget 2022. I also anticipate that further improvements to bus driver terms and conditions can be progressed through a Fair Pay Agreement when enabling legislation is in place. Greater standardisation of terms and conditions will prevent a race to the bottom on wages and will better facilitate the transfer of employees between operators should there be a change of operator.

I propose changes to improve roles and relationships in the public transport sector

I propose to encourage greater collaboration between regional councils and territorial authorities

57 Consultation and engagement on the PTOM review identified challenges arising from the current split of responsibilities, with regional councils responsible for public transport services and territorial authorities responsible for local roads and public transport infrastructure. This was seen by some stakeholders as one of the biggest issues impacting the ability to deliver high-quality public transport systems. However, there are no simple solutions – in some cases responsibilities could be transferred between the two layers of government, or governance structures could be established to ensure greater coordination. There is no one-size-fits-all solution.

There are also existing provisions and processes to enable the transfer of responsibilities, and some regions already have successful governance arrangements in place.

- 58 I propose to establish a requirement that regional councils and territorial authorities should prepare RPTPs in collaboration, and in doing so, identify in RPTPs the infrastructure necessary to support public transport service provision. This will reinforce the existing requirement that regional councils and territorial authorities collaborate to deliver the regional public transport services and infrastructure necessary to meet the needs of passengers. It is important that both territorial authorities and regional councils prioritise improvements to public transport infrastructure since it is critical to the quality of services.
- 59 I also propose to add publicly consulted local transport strategies to the matters that must be considered by regional councils when adopting RPTPs. This will be added to the existing matters that must be considered, which include regional policy statements, regional plans, and district plans prepared under the Resource Management Act 1991. This proposal responds to a submission that noted a potential lack of alignment between RPTPs and local transport strategies. It would also encourage greater collaboration between regional councils and territorial authorities.

I have asked officials to develop guidance on how to improve partnering between PTAs and operators through procurement and contracting

- 60 The LTMA includes requirements to support a partnership between PTAs and operators. In my view these requirements are fundamentally sound, however consultation and engagement with the sector suggests the application of these requirements is varied.
- 61 To address this, I have instructed officials to develop guidance on how to improve partnering between PTAs and operators through procurement and contracting. This will fill a potential gap between legislative principles and what happens in practice. This guidance will be the responsibility of Waka Kotahi. I anticipate Waka Kotahi could consider opportunities to better align the motives of operators and PTAs – such as targeting patronage growth and mode-shift outcomes.

I propose changes to improve the framework for exempt services

- 62 Under PTOM some public transport services that operate on a fully commercial basis are exempt from the requirement to be contracted by a PTA. These services include the Waiheke Island ferry service and the Wellington Cable Car. These services must be registered with PTAs, and operators must notify PTAs when they intend to vary or withdraw an exempt service. Exemptions can be removed or added by Order in Council, such that exempt services are replaced by a contracted service or contracted services are replaced by an exempt service.

I have instructed officials to develop guidance on processes relating to the registration and variation of exempt services

- 63 During consultation and engagement on the PTOM review stakeholders noted variation in the administration of exempt services among PTAs, with some having processes that are readily available and easy to follow, while others may not have any formal process. To address this, I have asked Waka Kotahi to develop guidance for PTAs to encourage greater consistency around the processes for registration and variation of exempt services.

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I propose to increase the minimum notice period in the LTMA to withdraw an exempt service that has been identified as integral in a RPTP

- 64 The current minimum notice period in the LTMA to withdraw an exempt service is 15 working days. This notice period is too short where a service is an integral part of a regional public transport network.
- 65 I propose to establish a minimum notice period for withdrawal of an exempt service that has been identified as integral in a RPTP to 60 working days. This would give PTAs an opportunity to establish a replacement service (such as through an interim contract with the incumbent operator), but would not require operators to maintain an uncommercial service for longer than necessary.
- 66 Feedback from submitters on the minimum notice period was limited, however Auckland Transport (AT) suggested the notice period is increased to at least 180 days. I consider a period of 180 days would likely be unreasonable and potentially unenforceable given it could require an operator to operate at a loss for an extended period.

I propose to establish explicit triggers for commencing the Order in Council process to remove an exemption

- 67 Currently the LTMA is silent on when the Order in Council process should be commenced, and particularly when Waka Kotahi should undertake the necessary process to inform a decision. This has led to some uncertainty around who can initiate the process.
- 68 I propose to establish two alternative triggers:
- 68.1 a PTA requests that Waka Kotahi commences the process; or
- 68.2 the responsible Minister requests that Waka Kotahi commences the process.
- 69 This reflects that in most cases we expect a request to add or remove an exempt service would come from a PTA, and that the Minister has a key role in making a decision to recommend, or otherwise, an Order in Council.
- 70 Submitters noted issues with the process to remove an exemption, including how it is initiated and the criteria that must be assessed. Some submitters suggested it should be through RPTPs and should not require an Order in Council. However, there is a need for checks and balances when considering whether to remove an exemption and require a service to be provided by a PTA under contract or in-house, and the process requirements around preparing and adopting an RPTP may not provide this.

I propose to amend the criteria in the LTMA to assess whether an exemption should be added or removed

- 71 Under section 150 of the LTMA, before recommending an Order in Council the Minister must be satisfied that Waka Kotahi has consulted the relevant regional council and the operator. The Minister also must be satisfied that the service is integral to the region's public transport network and needs its fares to be regulated. If a service will be made exempt the Minister must also be satisfied it will not receive a subsidy.

72 Aside from the consultation requirement, the decision primarily hinges on whether a service is integral to a region's public transport network and whether its fares need to be regulated. This takes a narrow view of why it might be desirable to contract a service that is currently being provided commercially (and conversely why it might not be desirable to commercialise a service that is currently contracted).

73 I propose to retain the consultation requirements but amend the criteria to reflect the objectives of the SPTF. Where an exempt service would be replaced by a unit, I propose the Minister would need to be satisfied that:

73.1 Waka Kotahi has consulted the relevant public transport authority and operator of the service

73.2 the service is an integral part of region's public transport network; and either

73.2.1 the service needs its fares to be regulated; or

73.2.2 contracting the service would have a positive overall impact on achieving the SPTF outcomes – namely achieving mode-shift, a sustainable labour market, health and environmental outcomes, and value for money/efficiency.

74 Where a service is to be made exempt, I propose the Minister would need to be satisfied that:

74.1 Waka Kotahi has consulted the operator of the service

74.2 the public transport service, while operating as an exempt service

74.2.1 will not receive a subsidy

74.2.2 will not be an integral part of the relevant region's public transport network

74.2.3 will not need its fares to be regulated; and

74.2.4 exempting the service will have a positive overall impact on achieving the SPTF outcomes – namely achieving mode-shift, a sustainable labour market, health and environmental outcomes, and value for money/efficiency; or

74.3 the public transport service is being provided as part of the local roading network.

75 This would broaden the criteria that must be considered when assessing whether an exemption should be added or removed. s 9(2)(g)(i)

[REDACTED]

[REDACTED] However, these wider outcomes should be a consideration when deciding whether a service should be provided commercially or under the SPTF.

I have asked officials to develop guidance on how exempt services should be transitioned into the SPTF, if an exemption is removed by Order in Council

- 76 There has been no experience to date with bringing exempt services under PTOM through the Order in Council process. However, through consultation on the PTOM review submitters suggested operators should be compensated where an exemption is removed to recognise the loss of a commercial operation.
- 77 The introduction of PTOM effectively brought services that had previously been provided commercially under a contracted model, and in recognition of this some operators were awarded 'Like-for-Like' negotiated contracts. This type of approach may be appropriate where a commercial service is brought under the SPTF. I have instructed officials to develop guidance on how exempt services should be transitioned into the SPTF, if an exemption is removed through the Order in Council process.

I have asked Waka Kotahi to review the exempt status of the Fullers ferry service to Waiheke Island

- 78 AT recently completed significant negotiations with Fullers with respect to ferry services in Auckland. The new agreements will result in public ownership of strategic ferry assets, the Fullers Devonport ferry service being provided under a contract with AT, and a Quality Partnership Agreement between AT and Fullers for the Waiheke ferry service.
- 79 Prior to these negotiations being completed I asked Waka Kotahi to review the exempt status of these ferry services and whether the services should be provided under contract to AT. I was concerned the negotiations, which had been protracted, may ultimately not achieve the outcomes I expected to see.
- 80 While the new agreements are a positive step for ferry services in Auckland, the Waiheke ferry service remains exempt. As a result, Waka Kotahi will continue to review the exempt status of the Fullers Waiheke ferry service and will consider the outcomes from the Quality Partnership Agreement as part of this. This review is being undertaken separately to the SPTF reforms, but depending on the outcome of the review – the reforms could impact how the Waiheke ferry service is planned, procured, and delivered in future.

I propose to clarify the treatment of on-demand public transport services

- 81 On-demand public transport services are services provided in shared vehicles, that are available to the public generally, but do not have a schedule. On-demand public transport services are being trialled by PTAs to complement, supplement or replace existing scheduled services. For example, MyWay in Timaru and AT Local in South Auckland are trials of on-demand public transport services.
- 82 On demand public transport services are not regulated by Part 5 of the LTMA under the current definition of public transport. This means there is uncertainty for the sector about the ability to plan, procure and fund contracted on-demand services. Commercial on-demand public transport services can also be established without any oversight from PTAs.
- 83 Through the PTOM review there was mixed feedback on options for how on-demand services should be treated. The key themes were around:
- 83.1 retaining flexibility and not inhibiting innovation; and

83.2 providing greater certainty around planning, procurement, and funding on-demand services.

84 I propose to expand the application of Part 5 of the LTMA to clarify the types of services that can be contracted and funded by PTAs and to regulate some on-demand public transport services under the exempt services framework. Table One below sets out my proposed approach to achieve this.

Table One: Proposals to include on-demand services in the SPTF

| Nature of Service | Proposed services within scope of new Part 5 | Rationale and Implications |
|--------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Provided under contract to a PTA and/or identified as integral to the public transport network</p> | <p>All passenger services available to the public generally, except those defined as excluded services, which are:</p> <ul style="list-style-type: none"> • Ministry of Education contracted/funded services • Event transport not available to the public generally • Tourism services | <p>I propose a broad definition of public transport for contracted services to make it clear that PTAs can contract and fund a wide range of potential passenger transport service types.</p> <p>Decisions about what services should be delivered by PTAs will be contingent on investment decisions rather than the legislative definition of public transport</p> |
| <p>Provided commercially</p> | <p>Scheduled public transport services, plus services not operated to a schedule (excluding shuttle services²) if the service is:</p> <ul style="list-style-type: none"> • provided in shared vehicles – users can expect to share the vehicle with other users without prior arrangement; and • available to the public generally – anyone can book to use an individual service, subject to vehicle capacity; and • provided exclusively in buses (vehicles with 9 or more seats); or • provided by 10 or more vehicles. | <p>I propose a smaller subset of potential commercial services are captured by Part 5 and the exempt services framework. This will:</p> <ul style="list-style-type: none"> • limit the types of services that are regulated to those more likely to impact contracted public transport networks: <ul style="list-style-type: none"> ○ because they are able to use bus lanes; or ○ are more likely to impact contracted public transport services because the service is operated at scale • reduce the regulatory burden on potential operators of commercial on-demand services • reduce the administrative burden on PTAs. |

² A shuttle service is a service provided to or from an airport, a bus or ferry terminal, or a railway station.

- 85 These changes would:
- 85.1 provide greater certainty to Waka Kotahi, PTAs, and operators about the ability to plan, procure, and fund on-demand services
 - 85.2 ensure the SPTF objectives are reflected in the planning and procurement of on-demand public transport services
 - 85.3 enable greater service integration and would enable PTAs to consider the potential impact of some commercial on-demand services on the wider public transport network.
- 86 The key risk of these changes would be the potential to inhibit innovation by:
- 86.1 placing more restrictions on how contracted services are planned and procured
 - 86.2 presenting an administrative barrier to some commercial services through the registration process; and
 - 86.3 enabling PTAs to decline the registration of on-demand public transport services under certain circumstances.
- 87 I consider these risks can be mitigated through the development of new procurement guidance for on-demand public transport services and additional guidance around the situations in which on-demand services might be desirable.
- 88 I consider the registration process itself will have limited regulatory impact, particularly given it will only impact a subset of potential on-demand services and given the intention to increase consistency of registration processes across PTAs through national guidance. The current criteria for declining a registration are appropriate considering the role of PTAs in planning, procuring, and delivering public transport networks.

I propose to amend the LTMA to ensure PTAs can procure and contract on-demand services separately to timetabled services

- 89 The LTMA requires that all contracted services must be structured into units for the purposes of procurement and contracting, and each unit has to be a minimum of all the timetable services for one route. Every unit also has to be contracted on an exclusive basis.
- 90 It is important that the SPTF allows on-demand services (and other potential service types) to be contracted and/or delivered separately from timetabled services. This will provide greater flexibility around service models, facilitate innovation, and enable a wider variety of potential service providers to enter the market. To achieve this, I propose to:
- 90.1 amend the definition of 'unit' to clarify that PTAs can establish units that are limited to services without a timetable (such as on-demand services)
 - 90.2 remove the requirement that every unit has to be contracted on an exclusive basis.

91 I have also asked officials to review operational policy in relation to establishing units to ensure PTAs can procure and contract on-demand services separate to, or bundled with, timetabled services.

92 s 9(2)(g)(i)

93 The exclusivity requirement under s116 of the LTMA reflected the focus on commerciality under PTOM, and provided assurance to operators that patronage in a given unit would not be impacted by new services. Under PTOM it was envisaged operators would be incentivised to grow the commerciality of their units with the major benefit of being able to directly negotiate a new contract with the PTA rather than compete for it through a competitive tender process. However, the exclusivity requirement inhibits flexibility and innovation around service delivery, and will be redundant under the SPTF given there will no longer be a focus on commerciality.

The direction of reforms will drive significant benefits, but will also likely increase the cost of providing public transport services

94 The new objectives, which target outcomes such as mode-shift (through improved and more affordable services), a more sustainable labour market, and decarbonisation, will drive significant benefits for public transport users, employees, the environment, and those living in urban areas.

95 Greater flexibility around asset ownership and service delivery could change the operator market over time. Some operators may elect to exit the market in response to reduced opportunities. However, my proposed reforms will also enable new models of service delivery, providing alternative options for PTAs, and may attract new providers with different business models to the market where services are procured on a competitive basis.

96 If competition for service delivery is reduced, the cost of delivering services will likely increase over time. Competition or the possibility of competition, is an incentive for service innovation leading to efficient costs. To address this, I am proposing that Waka Kotahi and PTAs benchmark the performance of different service delivery pathways to inform future procurement and investment decisions.

97 When taken together, my other proposed reforms are likely to increase the costs of providing public transport services. Protecting and improving terms and conditions of bus drivers and decarbonising the public transport bus fleet will increase the cost of service delivery. Making public transport services more affordable may also reduce the fare revenue available to pay for them. However, the cost premium for deploying zero-emission buses is expected to come down over time and improvements to bus driver terms and conditions are necessary to stabilise and improve public transport services. The Government has also committed to provide additional funding to support these outcomes. Through Budget 22, Cabinet agreed to provide:

97.1 \$61 million over four years to fund improved wages and conditions for bus drivers

97.2 \$137 million over 12 years to support PTAs to invest in bus decarbonisation initiatives

97.3 approximately \$25 million a year to implement and operate Community Connect - a 50 percent concession on public transport for Community Services Cardholders.

98

s 9(2)(f)(iv), s 9(2)(g)(i)

Implementing the SPTF

99 Legislative and operational policy changes will be required to implement the SPTF.

Legislative amendments

100 Public transport services are regulated under the LTMA. I propose amendments to the LTMA to support implementation of the SPTF. These amendments would:

- 100.1 embed the SPTF objectives in the LTMA
- 100.2 enable in-house provisions of public transport services and provide more flexibility around asset ownership
- 100.3 support benchmarking to inform investment decisions about future service delivery models
- 100.4 improve roles and relationships in the public transport sector
- 100.5 improve the regulation of exempt services
- 100.6 clarify the treatment of on-demand public transport services.

Development of operational policy

101 I have asked officials to develop operational policy to give effect to the SPTF reforms. I have also established a steering group comprised of sector representatives to inform this operational policy. Operational policy is being developed to:

- 101.1 protect and improve bus driver terms and conditions
- 101.2 support different asset ownership arrangements
- 101.3 support increased transparency around the delivery of public transport services
- 101.4 improve the administration of exempt services
- 101.5 support the planning and procurement of on-demand public transport services.

102 This operational policy will be developed in parallel with legislative amendments. This will enable the SPTF to be implemented through upcoming service planning, procurement, and delivery.

Financial Implications

103 There are no direct financial implications with the SPTF reforms. However, the reforms are likely to increase the cost of providing public transport services. PTAs will be required to deploy zero-emission buses and the reforms aim to protect and improve bus driver terms and conditions. The reforms will drive significant benefits for public transport users, employees, the environment, and those living in urban areas. Budget 2022 provided funding for matters relating to these reforms (see paragraph 96 above). [s 9\(2\)\(f\)\(iv\), s 9\(2\)\(g\)\(i\)](#)

Legislative Implications

104 The proposed reforms require amendments to the LTMA. I am seeking authority to issue drafting instructions for a Land Transport Management Amendment Bill (Bill) to the Parliamentary Counsel Office. Small matters of detail may still emerge as the legislation is developed. I am therefore seeking authority to:

104.1 determine matters of minor or consequential policy detail that may arise in the course of preparing the Bill

104.2 make decisions that are consistent with the overall policy, provided that these decisions are confirmed when the Bill is considered for introduction.

105 This Bill is on the Legislative Programme for introduction in 2022. However, as a consequence of a longer than expected policy process, I now anticipate the Bill will be introduced in early-2023.

106 As the principal Act binds the Crown, I am proposing the Bill also bind the Crown.

Impact Analysis

Regulatory Impact Statement

107 The regulatory impact analysis requirements apply to the proposals in this paper. The Regulatory Impact Analysis has been reviewed by Te Manatū Waka Ministry of Transport's Regulatory Impact Assessment Panel and given a 'partially meets' rating under the quality assurance criteria. The RIS presents a reasonable case around the overall nature of the problem, and it is based on considerable consultation with affected stakeholders over a significant period of time. However, the analysis of the impacts of individual options is constrained by limited attempts to quantify the cost impacts of decarbonising the public transport fleet, as well as other changes. This has been attributed, in part, to the challenges in anticipating the operational decision-making by Waka Kotahi and other actors. Ideally this analysis would be underpinned by a more detailed assessment of the impacts of each of the options.

108 The panel did have concerns that the criteria used to assess the options tended to prioritise implementation considerations over the achievement of identified policy objectives. However, this is largely addressed in the concluding sections that recommend each option. Importantly, for the issues where the preferred options of the Minister and the Ministry diverge, the relative merits of the options as well as the trade offs have been addressed. This should help the Minister and other decision makers to weigh up the relative costs and benefits of choosing their preferred option.

Climate Implications of Policy Assessment

- 109 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this package of proposals as any potential emissions impact is indirect and unable to be accurately quantified.
- 110 Some of the proposals in this paper relate to the Government's commitments around decarbonising the public transport bus fleet. These proposals will potentially support future emissions reductions through enabling actions, for example, by providing more flexibility around public transport asset ownership and service delivery.

Population Implications

- 111 There are no direct population implications from my proposed reforms. However, the direction of reforms is likely to:
- 111.1 improve pay and working conditions for those employed in the public transport sector
 - 111.2 improve the quality and affordability of public transport services, providing a mobility and access benefits – particularly in urban areas
 - 111.3 enable positive impacts on those living in urban areas, through reduced vehicle emissions and improved air quality
 - 111.4 impact employment opportunities in the sector, particularly for diesel mechanics. However, I anticipate this will be part of a broader shift in the road transport sector that requires retraining or upskilling.

Human Rights

- 112 There are no direct human rights implications from my proposed reforms. However, the direction of reforms is likely to improve the quality and affordability of public transport services, providing a mobility and access benefit – particularly to those that are more reliant on public transport services.

Consultation

Public consultation and sector engagement

- 113 Officials undertook public consultation on the PTOM Review Discussion Paper in May 2021 and undertook further engagement with key sector stakeholders to refine policy proposals. Stakeholders were generally supportive of the proposals set out in this paper. However, there was opposition from some public transport operators to PTA ownership of assets.
- 114 Officials did not undertake formal consultation on proposals relating to enabling in-house delivery of services. However, individual submitters and unions supported in-house delivery of public transport services. I anticipate public transport operators will likely oppose these reforms.

Agency consultation

- 115 The following agencies have been consulted on this Cabinet paper: ACC, Department of Conservation, Department of Internal Affairs, Ministry of Business, Innovation and Employment, Ministry of Education, Ministry of Health, Ministry of Justice, Ministry of Social Development, Ministry for Primary Industries (Rural Communities team), Office for Seniors, Office for Disability Issues, NZ Police, Waka

Kotahi, Te Puni Kōkiri, NZ Treasury, WorkSafe, Ministry for the Environment, Ministry for Housing and Urban Development, and the Public Service Commission. The Department of the Prime Minister and Cabinet has been informed.

- 116 The agencies consulted were supportive of the proposed reforms. The Ministry of Education noted the direction of reforms, including to protect and improve bus driver terms and conditions and the Government's commitments to decarbonise the public transport bus fleet, could have downstream impacts on Ministry of Education contracted school transport services. The Ministry of Education is also undertaking a review of School Transport Policy. Officials will seek alignment between the School Transport Policy review and the direction of the SPTF reforms.
- 117 Some agencies noted the importance of improving the accessibility of public transport services and infrastructure. The Office for Disability Issues (ODI) noted the transition to a low or zero emissions fleet represents an opportunity to increase the accessibility of buses. Accessible buses include features such as adjustable floors, access ramps, wide doors and real time in-route spoken announcements and video display units. I note that the minimum standards for public transport buses are set in the RUB, which was recently reviewed. Disability organisations were consulted as part of the review and updates to the RUB will improve the accessibility of public transport buses.
- 118 ODI also noted that electric vehicles without features such as audible signals represent a hazard for some disabled groups, specifically those who identify as blind and low vision. Officials advise me that Waka Kotahi has commissioned research on the external noise emitted from electric buses and on whether Acoustic Vehicle Alerting Systems (AVAS) are needed to improve road user safety. This research will help inform a future decision on whether to require AVAS on zero-emission buses.

Communications

- 119 If Cabinet agrees to establish the SPTF and to my proposed reforms, I will issue a press release. I will also write to key stakeholders informing them of Cabinet's decisions and will write to Waka Kotahi reinforcing my expectations regarding its role in the implementation of the SPTF.

Proactive Release

- 120 I intend to proactively release this Paper and associated papers within 30 days of the Cabinet decision, subject to any redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Transport recommends that the Committee:

- 1 **note** that in April 2021, Cabinet agreed that a discussion paper for the Public Transport Operating Model (PTOM) Review be published and invited the Minister of Transport to report back to Cabinet on the outcomes of consultation and engagement [ENV-21-MIN-0011 refers];

- 2 **note** that the Minister of Transport intends to replace the PTOM with a new framework called the Sustainable Public Transport Framework (SPTF), which will have the following objectives;
- 2.1 public transport services support mode-shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe;
 - 2.2 employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services;
 - 2.3 well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single-occupancy vehicles and by using zero-emission technology;
 - 2.4 provision of services supports value for money and efficiency from public transport investment while achieving the first three objectives;
- 3 **note** that the SPTF will retain some key features of PTOM including:
- 3.1 public transport authorities (PTAs) will remain responsible for planning, procurement, delivery, and regulation of public transport services
 - 3.2 PTAs will plan networks by preparing regional public transport plans (RPTPs);
 - 3.3 PTAs will set fares and fare policies;
 - 3.4 public transport services a PTA intends to provide will be bundled into units;
 - 3.5 some services will continue to be exempt from the SPTF, including services operated commercially and inter-regional public transport services;
 - 3.6 Waka Kotahi NZ Transport Agency (Waka Kotahi) will continue to be responsible for developing and administering operational policy in relation to public transport;
- 4 **note** that the Minister of Transport has asked Waka Kotahi to review the exempt status of the Fullers ferry services to Waiheke Island;

Legislative amendments

- 5 **agree** that the necessary legislative amendments be made to:

Embed the new SPTF objectives in the regulation of public transport

- 5.1 amend section 115 of the Land Transport Management Act 2003 (LTMA) to reflect the overarching objectives I have set for the SPTF (see recommendation 2);

Enable more flexibility around service delivery and asset ownership arrangements

- 5.2 create an exception for public transport services from the requirement to outsource activities to receive funding from the National Land Transport Fund;

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- 5.3 modify the requirement that public transport services are contracted, unless exempt, such that this requirement only applies to where services are outsourced;
- 5.4 establish a requirement that public transport services delivered in-house are bundled into units;
- 5.5 create an exception for public transport services from the requirement that Waka Kotahi considers the desirability of enabling competition and encouraging competitive and efficient markets when approving a procurement procedure;
- 5.6 remove the requirement that local authorities and regional councils hold public transport interests in a council-controlled trading organisation;

Support benchmarking to inform investment decisions in relation to delivery models

- 5.7 establish a requirement that public transport services must be procured, contracted, and/or delivered in such a way that ensures transparency of operating costs, service performance, the vehicles or vessels used to deliver services, aggregate employee terms and conditions, and financial performance of operators;
- 5.8 define key terms for the requirement in 5.7, to incorporate the following concepts:
 - 5.8.1 operating costs – the cost of operating public transport services, including input costs such as labour costs and vehicle/vessel operating and maintenance costs;
 - 5.8.2 service performance – performance against defined metrics, which are usually identified in contracts as key performance indicators, such as reliability and punctuality;
 - 5.8.3 financial performance – the financial standing of public transport operators, including but not limited to factors such as equity, assets, liabilities, and profitability;
 - 5.8.4 aggregate employee terms and conditions – collective and individual employment agreements for non-management staff involved in operating public transport services;
- 5.9 ensure Waka Kotahi can require information from PTAs on operating costs, service performance, vehicles and vessels used to deliver services, aggregate employee terms and conditions, and financial performance of operators;

Improve roles and relationships in the public transport sector

- 5.10 establish a requirement that regional councils and territorial authorities should prepare RPTPs in collaboration, and in doing so, identify in RPTPs the infrastructure necessary to support public transport service provision;
- 5.11 add publicly consulted local transport strategies to the matters that must be considered by regional councils when adopting RPTPs;

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Improve the regulation of exempt services

- 5.12 increase the minimum notice period in the LTMA to withdraw an exempt service that has been identified as integral in a RPTP to 60 working days;
- 5.13 establish two alternative triggers for commencing the Order in Council process in section 150 of the LTMA to remove an exemption:
- 5.13.1 a PTA requests that Waka Kotahi commences the process; or
- 5.13.2 the responsible Minister requests that Waka Kotahi commences the process;
- 5.14 amend the criteria for recommending an Order in Council in section 150, such that where an exempt service would be replaced by a unit, the Minister would need to be satisfied that:
- 5.14.1 Waka Kotahi has consulted the relevant PTA and operator of the service;
- 5.14.2 the service is an integral part of region's public transport network; and either
- 5.14.2.1 the service needs its fares to be regulated; or
- 5.14.2.2 contracting/exempting the service would have a positive overall impact on achieving the SPTF outcomes – namely achieving mode shift, a sustainable labour market, health and environmental outcomes, and value for money/efficiency;
- 5.15 amend the criteria for recommending an Order in Council in section 150, such that where public transport service would be made exempt, the Minister would need to be satisfied that:
- 5.15.1 Waka Kotahi has consulted the operator of the service;
- 5.15.2 the public transport service, while operating as an exempt service
- 5.15.2.1 will not receive a subsidy
- 5.15.2.2 will not be an integral part of the relevant region's public transport network
- 5.15.2.3 will not need its fares to be regulated; and
- 5.15.2.4 will have a positive overall impact on achieving the SPTF outcomes – namely achieving mode-shift, a sustainable labour market, health and environmental outcomes, and value for money/efficiency; or
- 5.15.3 the public transport service is being provided as part of the local roading network;

Clarify the treatment of on-demand public transport services

- 5.16 expand the definition of public transport in the LTMA such that all services contracted and/or identified as integral to a public transport network in a RPTP that are available to the public generally will be considered public transport; except
 - 5.16.1 services contracted or funded by the Ministry of Education;
 - 5.16.2 event transport that is not available to the public generally;
 - 5.16.3 tourism services;
- 5.17 include commercial on-demand public transport services, excluding shuttle services, in the LTMA framework for exempt services if they are:
 - 5.17.1 provided in shared vehicles;
 - 5.17.2 available to the public generally; and
 - 5.17.3 provided exclusively in buses (vehicles with 9 or more seats); or
 - 5.17.4 provided by 10 or more vehicles;
- 5.18 amend the definition of a 'unit' in the LTMA to ensure that PTAs can procure and contract on-demand services separately to timetabled services;
- 5.19 remove the requirement in the LTMA that public transport services are contracted on an exclusive basis to ensure that PTAs can procure and contract on-demand services separately to timetabled services;

Development of operational policy

- 6 **note** that the Minister of Transport has established a steering group to inform the development of operational policy to give effect to the SPTF objectives;
- 7 **note** the 2025 zero emission bus mandate has been implemented through amendments to the Requirements for Urban Buses;
- 8 **note** that the Minister of Transport has asked officials to develop operational policy to protect and improve bus driver terms and conditions, to achieve the following outcomes:
 - 8.1 bus drivers have the opportunity to maintain employment if there is a change of operator;
 - 8.2 the substantive terms and conditions of bus drivers are not negatively impacted by a change of operator;
 - 8.3 the terms and conditions of the bus driver workforce are improved to increase recruitment and retention;
- 9 **note** that the Minister of Transport has asked officials to develop operational policy to support the other reforms, including:
 - 9.1 to support different asset ownership arrangements;

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- 9.2 to support increased transparency of operating costs and financial performance of public transport operators;
- 9.3 guidance to improve partnering through procurement and contracting;
- 9.4 guidance on processes relating to the registration and variation of exempt services;
- 9.5 guidance on how exempt services should be transitioned into the SPTF, if an exemption is removed by Order in Council;
- 9.6 guidance on establishing units to ensure PTAs have the ability to procure and contract on-demand services separate to, or bundled with, timetabled services;
- 10 **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Council Office to prepare amendments to the LTMA giving effect to recommendation 5, including any necessary consequential, savings and transitional provisions;
- 11 **authorise** the Minister of Transport to determine matters of minor or consequential policy detail that may arise in the course of preparing the Bill;
- 12 **authorise** the Minister of Transport to make decisions that are consistent with the overall policy, provided that these decisions are confirmed when the Bill is considered for introduction;
- 13 **agree** that the amendments to the LTMA will be binding on the Crown;
- 14 **agree** that this Cabinet paper be proactively published.

Authorised for lodgement

Hon Michael Wood

Minister of Transport