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NZ Bus consolidates its Wellington bus operations

NZ Bus confirms it has not been selected as a preferred tenderer for the three units of the Wellington city contracts it participated in for bus services in Wellington. There were nine units in total that were tendered by Greater Wellington Regional Council (GWRC) under the Public Transport Operating Model (PTOM). The result of the Wellington tender process is consistent with Infratil's recent market messaging on the expected future scale of the NZ Bus business and earnings guidance.

The preferred tenderers were Tranzit (NZ) who won eight of the nine units tendered and UZABUS who won one unit. GWRC has confirmed the four Directly Appointed Units (DAUs) in Wellington city that NZ Bus retains as incumbent operator, which enables NZ Bus to focus on its Go Wellington services. These units are subject to price negotiation.

Under PTOM, a proportion of contracts are openly tendered while others are renewed with incumbent bus operators following direct negotiation. NZ Bus did not tender for the Hutt Valley contracts, and undertook consultation with staff before it made this decision.

Zane Fulljames, CEO of NZ Bus, said the company had to make strategic decisions about which PTOM tenders to bid for, on top of the DAUs, in the context of GWRC's PTOM guideline that specified that no one bus operator is permitted to hold more than 60% of all services in the region.

"Given that NZ Bus currently holds contracts for over 80% of all bus services in the region, it was inevitable that we would hold fewer contracts at the conclusion of the PTOM tender process.

"In this context, we considered the pros and cons of tendering for all available contracts with the consequent risk of being awarded disparate units that inherently create inefficiencies, or tendering more selectively for specific units where there was the greatest opportunity to deliver business integration and efficiencies (in terms of the use of fleet and depots) in combination with our DAUs.

"The four DAUs in the central city enable us to focus on maximising the efficiencies of our Go Wellington services," said Mr. Fulljames.

Until the new PTOM contracts take effect in mid-2018, NZ Bus will continue to operate all the services it currently operates, including its Valley Flyer services, and all staff in the Wellington region are being retained on their existing terms and conditions. NZ Bus is committed to providing support and identifying any opportunities for redeployment leading up to the changes in mid-2018 and will be seeking clarification of the employment commitment to existing operator staff referred to in the GWRC media release.

"As a major transport operator NZ Bus is committed to continuing to deliver high quality public transport services in Wellington, and to being part of the future of public transport in New Zealand.

"This is reflected in our announcement last year on Wrightspeed electric powertrains technology, our ongoing trials of the BYD fully electric vehicle, and our continued exploration of alternate technologies all of which will enable us to accelerate evolution to electric-powered public transport in New Zealand," said Mr Fulljames.

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