

Bus and Coach Association of New Zealand submission on the Draft National Infrastructure Plan

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About the Bus and Coach Association of New Zealand

1. The Bus and Coach Association (BCA) has been the voice of the bus and coach industry since 1931. We consist of around 160 full members providing road passenger transport services and around 70 associate members that are generally manufacturers or industry related suppliers.
2. BCA members deliver all Public Transport bus services in Aotearoa, 98% of the Ministry of Education school bus services and most tour coach/charter services. Our members employ over 13,000 people and provide critical road transport connections for New Zealanders to access employment, education and social opportunities; as well as providing visitors (domestic and international) a safe, efficient and enjoyable way to move around New Zealand.
3. Our mission is to **foster efficient and sustainable growth of road passenger transport for the mutual benefit of Association members and all New Zealanders.**

Our Submission

4. Thank you for the opportunity to comment on your Draft National Infrastructure Plan. Given the breadth and complexity, we are deliberately limiting feedback to the points that matter most to our industry.
5. We support the submission of Tourism Industry Aotearoa.
6. Your problem statements and description of the status quo is sound. Many are well known and yet have not been addressed by successive governments and senior public servants. BCA staff through years of public service have seen infrastructure investment deferred in a range of government agencies due to affordability (fiscal) constraints. As you point out, it's even harder for property professionals to successfully make the case for asset management systems (including registers but also investment prioritisation tools). Requirements management is a weak discipline and business casing has become an industry, with gaming of options and other parts of the business case endemic.
7. However, our key focus is on the public/private interface. As you identify, the historic swings and roundabouts are not welcomed by industry and should not be welcomed by tax and ratepayers. Far too much limited resource is wasted with multiple examples where millions have been squandered in design for no asset to result.

8. Investment focus can often be framed poorly, for example around a stretch of road rather than at the network effect. There is potential for greater cooperation with industry in early-stage scoping. Stronger frameworks are required to give all parties investment certainty.
9. The question of “what is the best way to reliably and safely minimise journey times between point A and B?” is rarely how the subsequent need for investment is framed. Instead, philosophical (and often political) views shape problem identification, problem definition, options identification and option evaluation.
10. Before getting to business cases, it would be desirable to have a stable understanding of what investment best sits with the public sector (and at what level) verses what sits with the private sectors.
11. Some of this should be obvious. For example, roads (and arguably rail) need to be publicly funded. But the case for investment in (for example) an additional bus priority lane vs rail double tracking is rarely considered head-to-head due to the different asset owners and interests involved.
12. Greater consistency regarding what part of a network’s assets and operations should be public vs private is needed. Some regional councils are now contemplating assets like vehicles or depots used in the provision of public transport bus services. Given the very healthy competitive private sector market for such assets, it is not the interests of the public sector to spend public money on this infrastructure in preference to core public infrastructure like bus lanes and water pipes.
13. Further detail on this is at Annex A. However, the systems setting point is why provide this local choice (and potential for local misadventure) when public sector capital as you acknowledge is already in short supply.
14. This same need for stronger frameworks exists when it comes to tourism infrastructure which is in very poor shape and has been eroded further by the investment response to the COVID related international visitor drop-off seen in figure 1 below. The Government is currently marketing New Zealand heavily¹ to contribute to economic growth and jobs.
15. However, we are not back to 2019 visitor numbers, local government to support tourism is insufficient, incentives from central government are not strong enough and there is a growing risk that a successful boost to visitor numbers could leave to increased visitor hostility, harming New Zealand’s reputation and longer-term tourism prospects. This is a phenomenon that had occurred elsewhere². Investment gaps of this nature also cause tensions between locals and their local authorities.

¹ <https://www.beehive.govt.nz/release/international-visitor-spending>

² <https://www.rnz.co.nz/news/national/542980/warning-of-hostility-to-queenstown-lakes-councillors-over-tourist-p pressures>

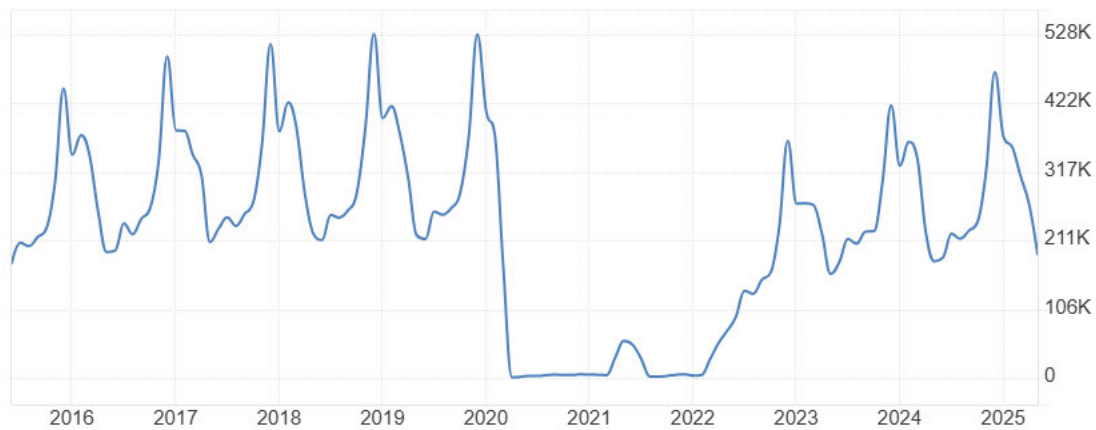


Figure 1: Visitor Arrivals to New Zealand over the last 10 years

Changes to the draft National Infrastructure Plan.

16. We congratulate you on the quality of the draft plan. While the examples above too detailed and only in this submission to make the case for why we think you could look to strengthen the report to:

- a. Highlight the investment disconnects that arise between government policy and spending (the international visitors example) if a systems lens (including the requisite infrastructure investment and by whom) is not considered,
- b. Emphasise the importance of engaging with the commercial sector on both systems frameworks and investment options where there are legitimate options for the use of private versus public capital or where a system needs a mix of private and public investment to function optimally.
- c. Include specific recognition of the role of tourism system infrastructure in the final National Infrastructure Plan.

17. You may not wish to include case studies, but we note they are often a good way to support the points being made.

Annex A to BCA National Infrastructure Plan Submission

Bus and Coach Association of New Zealand submission on the Environment Canterbury Asset Control Strategy

By email to: [REDACTED]

Our Submission

18. Thank you for the opportunity to comment on your Public Transport Asset Control Strategy. We recognise the thought that has gone into this document, and the desire to explore options.
19. While there are multiple ways to generate better value for money and improve broader sustainable outcomes from your public transport investment, we consider exerting control over assets is a flawed approach.
20. The case for change doesn't appear to offer a genuine problem statement that can't be more simply addressed through revised procurement approaches, so it is unclear what the pathways for change are trying to fix.
21. Local government faces multiple cost pressures and challenges. We appreciate that delivering quality public transport in Canterbury is a priority for council, and we encourage you to consider not what you *could* do, but what you *should* do. Local Government is highly skilled at engaging with communities and deciding the right level of service provision while maintaining careful stewardship over rate payer funds. In public transport, this involves deciding the levels of service you wish to invest in for the various segments of your community, procuring services and monitoring performance to drive ongoing improvements and ensure you're getting what you paid for.
22. There are reasons that council owned bus companies such as Red Bus were not commercially viable. They were inefficient because they were set up to do one thing only: deliver public transport services as they existed at a point in time. They did not benefit from service diversification and the associated cost spreading, nor from the ongoing downwards price pressure and innovation fuelled by commercial competition. They lacked the agility to respond swiftly to changes in the operating context and access to operating expertise with advances in technology and processes. Quite simply, they got left behind.
23. The Asset Control Strategy rightly points out that 9-year public transport contracts are too short to provide the best return on large capital investments. We agree the short cycle of contracts results in high pricing, due to the risk of stranded bus assets post contract. However, the same cannot be said for depot assets, as their value would be expected to hold, if not increase over time. The solution to the stranded asset problem and insufficient time to generate a return on investment would be to contract for longer periods of time, rather than add complexity to a system that otherwise functions well.

24. The current system allows the public transport authority to manage the risks it is well placed to manage. It has clear accountabilities and done well has a low cost of administration. Key to it is that the capital investment risk is managed by the private sector, and all asset management functions sit with the party that will reap the consequences of their decisions.
25. The pathways for change fail to recognise that operator-controlled depots, vehicles and non-driver staff (management, maintenance, administration) are not just delivering public transport services for Environment Canterbury. They are also delivering contracted services to the Ministry of Education, as well as directly to schools, tourists and the general community. These split use arrangements and spreading of costs is key to maintaining efficiency.
26. We must recognise that demographic change is inevitable. While local government will plan for growth and preferred growth areas, the predictions are only ever a start point. The actual growth patterns and transport needs for Canterbury will be dependent on many factors beyond council control, including geo-political factors, technology development, central government decisions, socio-economic inputs and as Canterbury is acutely aware, totally unforeseen acts of nature. Our transport networks will need to adapt, and the right decisions for depots and fleet today may not optimal in 10- or 20-years' time. Flexibility is key to maintaining optimal service provision.
27. The pathways for change for transferring bus assets fail to realise the commercial decisions made in selection. Purchase decisions are complex, and include considering the capital cost of the asset, financing options, the likely useful life of that asset, the maintenance and operating costs and the length of contract the asset is being delivered into. In addition, operators will consider the likelihood of being able to redeploy the vehicle post contract, and broader commercial factors depending on shareholder expectations. The proof of this is that operators select different vehicles under different scenarios. If this was one size fits all, you would see all operators deploying the exact same vehicles.
28. In a process for fleet transfer to council the methodology it would use for valuing the asset would need to be determined prior to tendering, recognising the market value and the residual amount owed due to financing arrangements of the asset could be significantly different. The method council selects will impact on operator pricing at tender. Relying on the operator's book value, (recognising the different financing arrangements in place), may result in council paying over the odds for assets. Relying on market value on the day will result in operators pricing for the risk of values being lower than what is owed on the assets.
29. Requiring a transfer of bus assets between operators contains the same challenges as above, but in addition will either significantly benefit or disbenefit the incumbent's competitive position in relation to other tenderers.
30. Maintenance practices are an investment in ongoing asset performance and lifespan. Maintenance operations planned around a handover date are invariably sub-optimal for vehicle longevity and ongoing value. The term, "drive it like a rental" is perhaps the most apt description. Asset stewardship practices will be different where the vehicles will be handed over – this is standard commercial practice, you only spend what you must to generate a return. Expecting operators to take over the operation of second-hand vehicles increases the commercial risk profile, and therefore contract price.

31. At the heart of it, bus companies in New Zealand are infrastructure asset managers. Their commercial proposition is to make astute infrastructure investments, and utilise efficient asset stewardship practices to derive the best return from those assets over time. What remains to be seen is whether there is any appetite for operators in New Zealand to involve themselves in service only contracts, that is, to staff services using assets that they don't have an interest in.
32. The current model gives council absolute clarity on which party is responsible for service delivery failures: It is the operator. A shift to a model where council controls assets brings with it added complexity and a need for significant additional expertise and resource. We encourage council to consider whether any motivations for making changes to the current roles within the system truly outweigh the risks and costs that come with it.
33. I would be happy to discuss any aspect of this submission further with council.

Submitted on 18 July 2025 by

[REDACTED]

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Chief Executive