

Report 13.180  
Date 6 May 2013  
File T/35/02/01

Committee Economic Wellbeing Committee  
Authors Samantha Gain, Senior Legal Advisor Bus and Ferry  
Rhona Hewitt, Manager, Bus & Ferry Operations

## **NZTA Consultation - Implementing the Public Transport Operating Model (PTOM)**

### **1. Purpose**

The purpose of this report is to:

- update the Committee regarding progress towards implementing the new procurement model for public transport services (the Public Transport Operating Model, or PTOM)
- seek Committee approval for the General Manager Public Transport to approve Greater Wellington Regional Council's (GWRC) submission on consultation material prepared by the New Zealand Transport Agency (NZTA), regarding the implementation of PTOM.

### **2. The decision-making process and significance**

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

#### **2.1 Significance of the decision**

Officers have considered the significance of the matter, taking into account the Council's significance policy and decision-making guidelines. Due to the procedural nature of this decision officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

### **3. Background**

PTOM is the new 'partnering' model for procurement of public transport services. It has been under development since 2010. Council officers have been involved from the outset, in the 'Core Working Group' established to develop the concept, and subsequently in the 'Implementation Advisory Group'. Other

members of these groups include representatives from the Ministry of Transport, NZTA, Auckland Transport, Environment Canterbury, and the Bus and Coach Association.

The key characteristics of PTOM are outlined in:

- Report PE 10.400 to the Transport and Access Committee
- October 2011 Cabinet paper ‘Introduction of a new policy framework for bus and ferry public transport services’ ([http://www.transport.govt.nz/ourwork/Land/Documents/PTOM\\_Cabinet\\_paper\\_Oct2011\\_website\\_FINAL.pdf](http://www.transport.govt.nz/ourwork/Land/Documents/PTOM_Cabinet_paper_Oct2011_website_FINAL.pdf)) (see **Attachment 1**)
- NZTA’s July 2012 ‘Implementation of the Public Transport Operating Model update’ (<http://www.nzta.govt.nz/resources/ptom-implementation-update/>) (see **Attachment 2**)

Aspects of PTOM are to be implemented through:

- The Land Transport Management Act Amendment Bill
- A new Regional Public Transport Plan (RPTP), to be prepared by GWRC reflecting the requirements of the Amendment Bill (once enacted)
- Changes to NZTA’s Procurement Manual and associated guidance.

GWRC has submitted on the Land Transport Management Act Amendment Bill (refer report 12.476). The Bill is currently before the House and awaiting its second reading. Ministry of Transport officials expect it to be passed and come into effect by 1 July 2013.

Background work on an updated RPTP for GWRC is commencing.

On 23 April 2013 NZTA issued for consultation documents outlining the proposed amendments to its Procurement Manual necessary to implement PTOM. Submissions are sought by 21 June 2013.

#### **4. Comment**

NZTA’s Procurement Manual is a key document for GWRC. It sets out various requirements and rules which GWRC must follow in order to be eligible to receive NZTA funding (from the national land transport account), and then to apply that funding. If GWRC proposes some changes to an approved procedure in the manual, or a different procurement procedure altogether, then specific NZTA approval must be obtained.

In order to implement PTOM, NZTA needs to update the parts of the Procurement Manual that relate to the procurement of public transport services (bus, ferry and rail), and is also providing some guidance to regional councils about aspects of the new procurement and contracting arrangements (for example benchmarking, financial incentive mechanisms, and negotiation processes).

NZTA's consultation documents are available on the NZTA website here: <http://www.nzta.govt.nz/consultation/ptom/>

They include:

- Consultation document
- Redraft of procurement manual chapter 8
- Redraft of Appendix D
- Policy and guidance – benchmarking
- Policy and guidance – group tenders
- Policy and guidance – partnering tools

Council officers have attended NZTA workshops convened to give an overview of the consultation material and are now working on preparation of a submission to NZTA.

The matters to be raised in the submission are not high level issues of policy, but are mostly technical details regarding the wording and placement of various requirements, and how (or whether) the mechanisms outlined in the guidance will work in practice.

For example, there are particular issues in relation to:

- A lack of clarity as to how the requirements apply to rail contracts
- Unnecessary duplication of RPTP requirements, in the procurement strategy
- The scope of the role of an NZTA-appointed 'negotiation advisor' in contract negotiations.

Given the technical nature of the issues to be addressed in the submission, Committee approval is sought for the General Manager, Public Transport to review and approve the submission, on behalf of the Council.

## 5. **Communication**

The approved submission will be sent to NZTA, and be made available to members of the Committee.

## 6. **Recommendations**

*That the Committee:*

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Authorises the General Manager, Public Transport to approve and sign the submission to NZTA on the NZTA consultation material relating to the implementation of PTOM.***
4. ***Requires the General Manager, Public Transport to make available to the Committee for information, a copy of the final submission.***

Report prepared by:

Report prepared by:

Report approved by:

**Samantha Gain**

Senior Legal Advisor Bus and  
Ferry

**Rhona Hewitt**

Manager, Bus & Ferry  
Operations

**Wayne Hastie**

General Manager, Public  
Transport

**Attachment 1:** NZTA's Implementation of the Public Transport Operating Model update, July  
2012

**Attachment 2:** Cabinet Paper, October 2011