

<b>Subject</b>	<b>Public Transport Procurement Procedures Manual (PT-PPM) – overview of scope and changes</b>
Circulation	Public Transport Sector
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## 1 Purpose

This document provides an overview of the Public Transport Procurement Procedures Manual (PT-PPM), summarising key changes from the NZTA Procurement Manual.

## 2 What is the PT-PPM

The PT-PPM sets out the requirements and guidance for public transport authorities (PTAs) when developing procurement strategies for public transport activities. These strategies form the basis for obtaining procurement approvals from NZTA, as required under the Land Transport Management Act 2003 (LTMA). The PT-PPM forms part of a wider suite of integrated procurement resources being developed under the Public Transport Procurement Initiative.

The public transport content within NZTA's existing procurement manual has become out of date, primarily because of legislation change and an evolving delivery environment. The overarching purpose of the PT-PPM is to provide updated national policy requirements and guidance for the procurement of PT activities in a dedicated public transport focussed document.

Once finalised, the PT-PPM will replace the current public transport related content in NZTA's existing Procurement Manual.

## 3 How does the PT-PPM differ to the NZTA Procurement Manual?

The NZTA Procurement Manual provides comprehensive rules and guidance covering all phases of the procurement lifecycle for all activities funded from the National Land Transport Fund (NLTF).

The PT-PPM is public transport specific and provides core requirements and guidance for securing NZTA approval to procure public transport services and related activities, and for preparing procurement strategies. The PT-PPM is part of a suite of broader Integrated Procurement Resources designed to promote consistency, improve procurement practices, and deliver better value for money across the public transport sector.

Where the NZTA Procurement Manual contains 'Rules', the PT-PPM utilises a "must", "should", "may" framework to clearly define requirements vs guidance.

"Must" denotes requirements. This term refers to content that PTAs must adhere to. These requirements can stem from either a statutory provision within the LTMA or statutory powers granted to NZTA under the LTMA, such as defining conditions of receiving funding from the NLTF or approving procurement procedures. For PT activities, "must" replaces 'Rules' in the Procurement Manual.

"Should" and "may" denotes guidance. The term "should" indicates strong recommendations or best practices, while "may" suggests optional guidelines.

At a high level, the PT-PPM removes the concept of pre-approved procurement procedures. Instead, PTAs are provided the discretion, within the PT-PPM requirements and guidelines, to define the procurement procedures that they intend to apply to their PT activities that best respond to their context.

The PT-PPM provides more guidance on matters specific to public transport, such as arranging services into units, the treatment and control of enabling assets and risk allocation for public transport contracts.

Where appropriate, the PT-PPM directs readers to other documents within the Integrated Procurement Resources for further guidance. These documents will include contract development guidance and supplier selection guidance, amongst others, and are currently under development.

To assist the sector in its review of the PT-PPM and provide feedback, Appendix 1 provides a summary of key specific changes in requirements between the PT-PPM and NZTA Procurement Manual.

## 4 What happens until the PT-PPM is finalised?

The NZTA Procurement Manual remains the precedent governing document for the procurement of PT activities until the PT-PPM is ratified. For PTAs intending to seek NZTA endorsement of procurement strategies between now and ratification of the PT-PPM and wish to incorporate new requirements into procurement strategies, they should clearly identify any PT-PPM requirements or guidance that are departures from the requirements of the Procurement Manual and request a specific waiver from NZTA for such departures within their procurement strategy.

PTA's are encouraged to discuss any pending procurement strategies with their NZTA public transport team representative.

## 5 Next steps

Please send your feedback on the PT-PPM to [public.transport@nzta.govt.nz](mailto:public.transport@nzta.govt.nz) by Friday 5 September 2025.

If you have any questions, please email [andrew.wilson@nzta.govt.nz](mailto:andrew.wilson@nzta.govt.nz).

## Appendix 1: Key differences between the PT-PPM and the NZTA Procurement Manual

Topic	Procurement Manual	PT-PPM and associated resources	Rationale
Procurement procedures	<p>Pre-approved by NZTA for bus services.</p> <p>Requires customised procurement procedures for ferry and rail services.</p>	<p>To be defined by PTAs within procurement strategies.</p> <p>Must demonstrate value for money within the context of the PTA's strategic environment.</p> <p>Endorsement of Procurement Strategies represents approval by NZTA of the PTA's proposed procurement procedure.</p>	<p>To enable PTAs to tailor procurement approaches to different contexts to enable better value for money.</p>
Increased standardisation	<p>Defines requirements as 'rules'.</p>	<p>PT-PMM uses a 'must,' 'should' and 'may' framework and works in concert with suite of integrated procurement resources for sector practitioners.</p> <p>Under development:</p> <ul style="list-style-type: none"> <li>• Contract Development – for developing public transport operating contracts</li> <li>• Supplier Selection – tailored to public transport procurement .</li> <li>• Pricing Workbooks – improves transparency and consistency in tender pricing.</li> <li>• Contract Variations – for managing changes to operating contracts.</li> <li>• Monitoring &amp; Reporting – For consistent performance tracking associated with service delivery and operating contracts.</li> </ul> <p>Published:</p>	<p>Facilitates enhanced cost efficiency through more national consistency of core requirements and subsequent procurement approaches.</p>

Topic	Procurement Manual	PT-PPM and associated resources	Rationale
		<ul style="list-style-type: none"> <li>• Contract price indexation</li> <li>• Requirements for Urban buses</li> </ul>	
<b>Procurement strategies</b>	Approved Organisations must review and seek endorsement renewal of its procurement strategy at least every three years.	PTAs are only expected to update their strategies as circumstances evolve, guided by a significance policy included within their procurement strategy.	To streamline and reduce administrative effort required.
<b>Delivery models</b>	For PT services: <ul style="list-style-type: none"> <li>• Partnering</li> <li>• Staged</li> <li>• Supplier panel (advanced)</li> </ul> <p>The PM is silent in relation to the asset control and delivery models.</p>	For PT services: <ul style="list-style-type: none"> <li>• Relational</li> <li>• Short term</li> <li>• Supplier pool</li> <li>• Alliance (lite) (advanced)</li> <li>• Alliance (advanced)</li> <li>• In-house (advanced)</li> </ul> <p>The PT-PPM also includes requirements and guidance on asset delivery models.</p>	To embed nationally consistent PT-specific service delivery models and provide clearer guidance for treatment of enabling assets.
<b>Workforce</b>	PM is silent on requirements in relation to the PT workforce	The PT-PPM provides requirements and guidance related to workforce considerations through different stages of the procurement and contracting lifecycle.	Decisions made during different stages of the procurement and contracting lifecycle directly affect the sector's ability to attract, retain, and develop the personnel needed to meet current and future transport needs.
<b>Form of contracting</b>	Partnering contract	Relational contracting	Shifting the relationship between PTAs and PTOs to one that follows the principles of relational delivery (rather than the transactional effect of the PTOM partnering contract) is intended to improve outcomes through better alignment of objectives and

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			more appropriate allocation of risks to build trust and enable greater adaptability.
<b>Contract term</b>	<p>For PT bus units, fixed terms of:</p> <ul style="list-style-type: none"> <li>• Nine years for tendered contracts</li> <li>• Six years for direct appointed units</li> </ul>	<p>PTA discretion up to 11 years – must describe value for money rationale for contract term selected.</p> <p>Must obtain NZTA approval for contract terms greater than 11 years prior to submitting their procurement strategy.</p>	To enable PTAs to tailor procurement approaches to different contexts to enable better value for money.
<b>Direct appointment</b>	<p>Permits direct appointment without going through a competitive process for:</p> <ul style="list-style-type: none"> <li>• Commercial units.</li> <li>• Units in larger bus markets that have a high commerciality ratio and a high ranking on an approved organisation's league table.</li> </ul>	<p>Direct sourcing remains a permitted supplier sourcing method but for different circumstances and only when it can be demonstrated that direct sourcing can offer better value for money than an open source process for the particular circumstance.</p> <p>The PT-PPM provides further guidance for PTAs to ensure that they have a 'bottom line' and fallback strategy when undertaking a direct source procurement.</p> <p>The PT-PPM does not specifically consider commercial units and does not require PTAs to calculate commerciality ratios or maintain commerciality league tables.</p>	<p>Due to the integrated nature of PT service networks, ranking units and direct appointing on the basis of a unit's commerciality ratio is not a relevant consideration.</p> <p>The PT-PPM provides guidance on other valid circumstances where direct sourcing may offer better value for money.</p>
<b>Indexation</b>	Requires contract price adjustment using the NZTA indexation methodology for bus and ferry services but otherwise non-specific on requirements.	Works in concert with updated indexation requirements and guidance.	The changes in indexation approach and new requirements are in response to a review of the indexation approach for public transport operating contracts that identified key improvements to the indexation approach for PT contracts.

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<b>Gross cost resets</b>	Requires gross cost resets at year six of a nine year contract.	Gross cost resets are no longer mandated.	Due to increased market maturity and guidance (under development) on more balanced risk allocation between PTAs and PTOs, gross cost resets are no longer considered a fit for purpose risk adjustment mechanism.
<b>Financial Incentive Mechanism (FIM)</b>	Requires all PT partnering contracts to include a patronage FIM.	Patronage FIMs are no longer mandated.	Due to the majority of patronage levers in the hands of PTAs, patronage FIMs are no longer considered a fit for purpose or effective incentive mechanism. Guidance on a nationally consistent performance framework is in development.
<b>Risk allocation</b>	PM is silent on risk allocation in relation to PT services.	Provides recommendations on how risk treatment and allocation should be considered for managing key public transport risks under the relational service delivery model.	Improve cost and relationship outcomes through optimal risk allocation.