



Cabinet Committee Background Information and Talking Points

Cabinet Committee: Cabinet Economic Development Committee (DEV)

Paper Title: Update on the review of the Public Transport Operating Model and feedback from public consultation (oral item)

Portfolio: Transport

Officials Attending:

- N/A

I am reporting back on the outcomes of consultation on the review of PTOM

- On 15 April 2021, the Cabinet Environment, Energy and Climate Committee agreed to publish a discussion document regarding the review of the Public Transport Operating Model (PTOM), the framework for how public transport is planned and contracted (ENV-21-MIN-0011 refers). Cabinet also invited me to report back on the outcomes of consultation in the second half of 2021.
- Consultation on the PTOM review occurred over six weeks, ending 18 June 2021. Officials received 65 written submissions and 314 online survey responses, from individuals and organisations. Officials also held in-person and online engagement sessions with members of the public and stakeholders.
- The discussion document sought views on:
 - new objectives, to recognise the Government's priorities for public transport, including mode-shift, a sustainable labour market for bus drivers, and supporting emissions reduction goals
 - the proposed design of the 2025 mandate for purchase of only zero-emission public transport buses
 - how PTOM can be improved to support the Government's 2035 decarbonisation target for the public transport bus fleet
 - whether improvements could be made to the roles of and relationships between regional councils, territorial authorities, operators, and Waka Kotahi
 - how best to improve and protect bus driver wages and conditions
 - the status of exempt services, such as the Waiheke ferry, and the process for bringing exempt services into PTOM

- treatment of on-demand services, including whether to bring these services under PTOM or classifying them as exempt services.
- Some of the key areas of feedback included:
 - broad support for the proposed new objectives, but also suggestions to improve their clarity
 - support for public ownership of assets from councils, unions and many individual submitters, and opposition to public ownership from operators
 - support for improving and protecting bus driver wages and conditions, but differing views as to the best way to achieve this
 - a range of views regarding the roles of, and relationships between, regional councils, territorial authorities, operators, and Waka Kotahi NZ Transport Agency (Waka Kotahi)
 - some suggestions for changing the process and requirements for bringing exempt services into PTOM
 - a mix of feedback on how on-demand public transport services should be treated – there was some support for these services being brought under PTOM, but also concerns that doing so could restrict innovation.

There are some aspects of the review that I intend to seek Cabinet consideration on in early 2022

- I anticipate receiving further advice from officials by the end of the year regarding options for improving and protecting wages and conditions and the final overarching objectives.
- I intend to update Cabinet in early 2022 on the advice I receive and signal my proposed direction for reforms to the framework for planning and procurement of public transport services. I will also seek agreement to change the name of the framework and establish new overarching objectives that align with the Government's priorities.

Improving and protecting bus driver wages and conditions will be critical for meeting our decarbonisation goals

- Officials are developing advice on options for improving and protecting wages and conditions. Officials are investigating whether to achieve this through Waka Kotahi's procurement requirements, or through legislative amendments to either the Land Transport Management Act or the Employment Relations Act.
- Improving and protecting driver wages and conditions is critical for supporting our decarbonisation efforts. Two of our main centres, Auckland and Wellington, have been facing both persistent and significant driver shortages that have had an ongoing impact on service delivery. We will need to stabilise and substantially build this workforce to support the growth in public transport services that we need to decarbonise the transport system.

I intend to progress implementation of the 2025 zero-emission bus mandate initially through Waka Kotahi's Requirements for Urban Buses, noting legislation to strengthen the Mandate will take some time

- In February 2021, Cabinet noted that the Government is committed to requiring only zero-emission buses to be purchased by 2025 (CBC-20-MIN-0118 refers). Following consultation, I have agreed the following design elements of the 2025 Mandate:

- the requirement will apply to public transport buses registered for the first time in New Zealand from 1 July 2025. This will include new and used buses imported to New Zealand and new buses manufactured or built in NZ. It will not cover buses that are already in the public transport bus feet prior to 1 July 2025, even if refurbished, or transferred between regions or operators.
- zero-emission buses are defined as buses that produce zero emissions at tailpipe, thereby including electric and hydrogen fuel sources, as well as other technologies that may emerge
- the requirement will apply to public transport buses and small passenger service vehicles used to deliver public transport services contracted by public transport authorities.
- the requirement will not apply to vehicles used to deliver Total Mobility services, because these vehicles are not dedicated for provision of public transport services. It will also not apply to buses used for services contracted by the Ministry of Education, but I expect the Ministry of Transport to engage with the Ministry of Education on the implications of the Mandate and opportunities for decarbonisation of school bus services
- To progress implementation of the 2025 Mandate, I intend to write to the Waka Kotahi Board, to seek inclusion of the Mandate in Waka Kotahi's Requirements for Urban Buses. Doing this will help give councils and operators more certainty around the design of the 2025 Mandate. In the longer term, I intend to strengthen the Mandate by including it in legislation.

Some more complex matters in the Review will require Cabinet consideration later in 2022

- There are some more complex matters that officials intend to further develop options to address. I anticipate seeking Cabinet's agreement to changes later in 2022 on these more complex matters, specifically:
 - changes to enable council ownership of assets and to enable the public provision of public transport services
 - improving the roles of, and relationships, between regional and local councils; regional councils and Waka Kotahi; regional councils and operators
 - improving the framework for exempt commercial services, including considering whether the process for contracting these services should be reformed
 - changes to the treatment of on-demand public transport services that ensure council oversight, while maintaining flexibility and enabling innovation.

Officials are engaging further with key stakeholders on next steps with the Review

- Officials are engaging further with key stakeholders on these more complex issues, on a confidential basis.
- To work through how to give effect to the reforms at an operational level, officials intend to establish a Working Group. The Group will be composed of representatives from Waka Kotahi, local government, unions, and bus operators.

- One of the key tasks for the Group will be to inform the development of procurement procedures and certain aspects of contracting and contracts to give effect to the Government's objectives and the direction of the reforms.

PROACTIVELY RELEASED BY
TE MANATŪ WAKA
MINISTRY OF TRANSPORT