

Review of the Public Transport Operating Model – Q&As

What is the Public Transport Operating Model (PTOM)?

PTOM was established in 2013 and governs the way regional councils and Auckland Transport plan and contract public transport services. It requires councils to decide what bus and ferry services are integral to their public transport networks and sets out how those services are contracted from transport operators. PTOM also gave councils the power to set fares and timetables and develop integrated ticketing systems. Public transport services under PTOM are funded by a mixture of from a mix of fares, local share (predominantly rates), and the National Land Transport Fund.

Why was PTOM introduced?

During the 2000s there was rising concern that:

- the cost of subsidising public transport was increasing even though passenger numbers were falling
- road users and rate payers were not getting value for money from financially supporting urban bus and ferry services.
- a lack of cooperation between regional councils and public transport operators was limiting how well services could be coordinated to improve network efficiency.

In 2009, the then Minister of Transport called for a review of the Public Transport Management Act 2008. This led to the introduction of PTOM.

Why is the Government reviewing PTOM?

As part of good policy practice, the Ministry of Transport regularly reviews policies. It is now reviewing PTOM to consider whether it:

- has achieved the original objectives
- remains fit for purpose to support the Government's objectives for public transport and wider objectives.

Research suggests that the efficiency of the urban bus and ferry sector has improved since PTOM was first implemented. In particular, service levels have increased and public transport networks are more integrated. However, there is some concern that the introduction of PTOM has negatively impacted bus drivers' wages and conditions and contributed to difficulties recruiting and retaining bus drivers. In some instances, a shortage of drivers has also led to service disruption.

The Government wants to ensure drivers' wages and conditions are protected and that reliable services are maintained when councils contract transport services in the future.

The Government has also set targets to decarbonise the public transport bus fleet and it wants to ensure the PTOM framework effectively supports decarbonisation of the bus fleet.

The PTOM Review provides an opportunity to consider how PTOM can support these aims.

We are inviting submissions and feedback from local government, transport operators, industry bodies, Non-Government Organisations and the general public to help inform the PTOM Review.

What issues are you looking at in the PTOM Review?

Through the PTOM Review we will consider:

- **New objectives for PTOM** in line with the Government's objectives for the transport system.
- **Decarbonisation of the bus fleet** - whether PTOM creates barriers to decarbonisation and how it could be changed to reduce or remove any barriers.
- **Roles, responsibilities and relationships under PTOM** - how well existing roles and relationships work and how they might be improved.
- **The labour market** - different ways to ensure drivers' wages and conditions are protected when councils procure bus services.
- **Exempt services** - whether the reasons for the exemptions still hold and what processes should be used for removing exemptions.
- **On-demand services** - how on-demand services should be treated under PTOM.

What issues are not in scope of the PTOM Review?

The legislation that established PTOM is known as enabling legislation, which means it sets the overall framework for the planning and contracting of public transport services. Under PTOM, regional councils and Auckland Transport are responsible for providing public transport services and make their own decisions about how those services operate.

If you have any questions or views on issues with your local public transport services, please contact your local regional council or Auckland Transport. This would include any concerns you have about:

- Routes
- Timetables
- Fares
- Integrated ticketing
- Bus stops or train stations

What is the Government doing about bus driver wages?

In the short term, improvements to driver wages and conditions for existing contracts will be addressed through collective bargaining and collaboration between operators, unions and regional authorities. The proposed new Fair Pay Agreement system of collective bargaining may also be an avenue to improve driver wages and conditions.

In the longer term, the Government wants to ensure drivers' wages and conditions are better protected in the procurement process. The PTOM Review will consider how this can be best achieved.

Will the PTOM Review mean bus drivers get paid more?

The PTOM Review is looking at the best way to protect bus driver wages and conditions in future contracts. Improvements to driver wages and conditions for existing contracts will be addressed through collective bargaining and collaboration between operators, unions and regional authorities.

What does decarbonisation mean?

Decarbonisation refers to a transition from the current fossil fuel power sources (predominantly diesel) to zero-emission vehicles or vehicles using zero-emission power sources. For example, decarbonisation could be achieved through the deployment of buses powered by electricity, hydrogen or other power sources that result in an equivalent reduction in greenhouse gas emissions, such as bio-diesel or bio-methane. Zero-emission vehicles refers to vehicles that emit no emissions at their tailpipe.

How does decarbonising the public transport bus fleet contribute to cutting greenhouse gas emissions generated by the transport sector?

New Zealand's public transport bus fleet currently produces an estimated 155 thousand tonnes of carbon dioxide equivalent (CO₂-e) per year, and is projected to increase to between 167 thousand and 204 thousand tonnes of CO₂-e by 2035 without any additional measures. The projected annual emission reduction from a zero-emission bus fleet in 2035 is estimated to be between 150 thousand and 189 thousand tonnes of CO₂-e.

Without intervention the cumulative emissions from the public transport bus fleet between 2020 and 2050 is projected to be between 4.9 and 6.4 million tonnes CO₂-e. The cumulative impact of meeting the commitment to target decarbonisation of the public transport bus fleet by 2035 is estimated to be a 3.0 to 4.5 million tonnes CO₂-e reduction in emissions by 2050.

How is the Government and the PTOM Review going to help decarbonise the public transport bus fleet?

The Government has committed to:

- require only zero-emission public transport buses to be purchased by 2025
- target the decarbonisation of the public transport bus fleet by 2035, and
- support regional councils to achieve these outcomes through a \$50 million fund over four years.

The PTOM Review is looking at how the requirement to purchase only zero-emission buses by 2025 should be designed and established. It is also looking at whether PTOM presents barriers to achieving the 2035 target and how it could be changed to reduce or remove any barriers.

The Government has also committed to provide \$50 million funding over four years to support transition to zero-emission buses. The Government will engage with the sector about how this is spent and to understand what additional cost implications there may be.

How much will it cost to decarbonise the whole of the public transport bus fleet? How will it be paid for?

Cost is one barrier to decarbonisation but it is not the only one. The Government will consider what changes to PTOM are needed to make it easier and cheaper for services to be run using zero-emission buses.

It is important to remember that as technology advances, the price of zero-emission buses is expected to fall, and operating these buses can often be cheaper than running diesel buses.

The Government has committed \$50 million to supporting decarbonisation of the bus fleet. It will work with councils to consider what additional cost implications there may be. The Minister of Transport will report back to Cabinet in 2021 on whether additional funding is necessary to achieve our decarbonisation objectives, and potential sources of funding.

Will the PTOM Review mean the Fullers Waiheke ferry service comes under PTOM?

The PTOM Review is looking at exempt services at a framework level. It will consider whether the rationale for the exemptions still holds and whether the requirements around them are still appropriate. The status of individual services will still need to be considered on a case-by-case basis.

How do I make a submission on the PTOM Review?

Find the documents here:

We have published a Discussion Paper to support engagement with stakeholders and members of the public. The paper contains more information about the PTOM Review and sets out options under consideration. It is available on the Ministry of Transport website at <https://www.transport.govt.nz/area-of-interest/public-transport/public-transport-operating-model>.

Take part in the consultation:

You can make a quick submission using a short online survey on the Ministry of Transport website at: <https://www.transport.govt.nz/area-of-interest/public-transport/public-transport-operating-model>.

Sector stakeholders and those wishing to make a written submission are encouraged to email their submission to PTOMReview@transport.govt.nz. If you don't have access to email, you can post your submission to:

The PTOM Review team
Ministry of Transport
PO Box 3175
Wellington 6140

What will happen after consultation on the Discussion Paper?

We will prepare advice to the Government on the outcomes of public consultation and sector engagement. This advice will be provided in the second half of 2021. As part of this advice we will prepare a summary of consultation and engagement, which will be published once policy

decisions are made. We anticipate that further engagement with the sector, following the six-week consultation period, may be necessary to identify preferred options for any reforms.

When will the Government make reforms to PTOM?

Reforms to PTOM may be necessary as a result of the PTOM Review. For example, reforms to PTOM might be required to address issues and implement potential options set out in the Discussion Paper or identified through public consultation and engagement with the sector.

Some options for reform could be implemented through changes to policy and guidelines. These types of changes could be implemented relatively quickly – potentially within a matter of months from policy decisions.

More fundamental changes, for example to give effect to new overarching objectives, may require changes to the legislative framework in the Land Transport Management Act 2003. Legislative changes would likely take at least one year from policy decisions.