Hello Grant and Ian,

Thanks for meeting with us this morning and it was nice to meet you Ian. I am working away on informing the various players about the research, and will send an update later in the day once everybody has been informed.

In the meantime attached is the PT Contact list I provided you the hard copy of at the meeting.

Ngā mihi

Senior Adviser, Mobility and Safety
Ministry of Transport – Te Manatū Waka

Enabling New Zealanders to flourish
### NZTA's PT council contact list

<table>
<thead>
<tr>
<th>Council</th>
<th>Name</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Transport</td>
<td>Colin Homan</td>
<td><a href="mailto:colin.homan@at.govt.nz">colin.homan@at.govt.nz</a></td>
</tr>
<tr>
<td>Greater Wellington</td>
<td>Wayne Hastie</td>
<td><a href="mailto:wayne.hastie@gw.govt.nz">wayne.hastie@gw.govt.nz</a></td>
</tr>
<tr>
<td>Waikato</td>
<td>Andrew Wilson</td>
<td><a href="mailto:andrew.wilson@waikatoregion.govt.nz">andrew.wilson@waikatoregion.govt.nz</a></td>
</tr>
<tr>
<td>Bay of Plenty</td>
<td>Garry Maloney</td>
<td><a href="mailto:garry.maloney@boprc.govt.nz">garry.maloney@boprc.govt.nz</a></td>
</tr>
<tr>
<td>Northland Regional Council</td>
<td>Chris Powell</td>
<td><a href="mailto:chrisp@nrc.govt.nz">chrisp@nrc.govt.nz</a></td>
</tr>
<tr>
<td>Taranaki Regional Council</td>
<td>Chris Clarke</td>
<td><a href="mailto:chris.clarke@trc.govt.nz">chris.clarke@trc.govt.nz</a></td>
</tr>
<tr>
<td>Horizons (Manawatu/Wanganui)</td>
<td>Phillip Hindrup</td>
<td><a href="mailto:phillip.hindrup@horizons.govt.nz">phillip.hindrup@horizons.govt.nz</a></td>
</tr>
<tr>
<td>Hawkes Bay Regional Council</td>
<td>Anne Redgrave</td>
<td><a href="mailto:anne.redgrave@hbrc.govt.nz">anne.redgrave@hbrc.govt.nz</a></td>
</tr>
<tr>
<td>Gisborne Regional Council</td>
<td>David Wilson</td>
<td><a href="mailto:david.wilson@gdc.govt.nz">david.wilson@gdc.govt.nz</a></td>
</tr>
<tr>
<td>Nelson City Council</td>
<td>Margaret Parfitt</td>
<td><a href="mailto:margaret.parfitt@ncc.govt.nz">margaret.parfitt@ncc.govt.nz</a></td>
</tr>
<tr>
<td>Marlborough District Council</td>
<td>David Craig</td>
<td><a href="mailto:david.craig@marlborough.govt.nz">david.craig@marlborough.govt.nz</a></td>
</tr>
<tr>
<td>Environment Canterbury</td>
<td>Stewart Gibbon</td>
<td><a href="mailto:stewart.gibbon@ecan.govt.nz">stewart.gibbon@ecan.govt.nz</a></td>
</tr>
<tr>
<td>Otago Regional Council</td>
<td>Gerard Collings</td>
<td><a href="mailto:gerard.collings@orc.govt.nz">gerard.collings@orc.govt.nz</a></td>
</tr>
<tr>
<td>Invercargill City Council</td>
<td>Russell Pearson</td>
<td><a href="mailto:russell.pearson@icc.govt.nz">russell.pearson@icc.govt.nz</a></td>
</tr>
</tbody>
</table>

### Union Contacts:

- Richard Wagstaff – email: richardw@nzctu.org.nz
- Louisa Jones – email: Louisa.jones@firstunion.org.nz
- Kevin O’Sullivan – email: tramwaysunion@tradeshall.org.nz
- Wayne Butson – email: wbutson@rmtunion.org.nz

### Operators:

Bus and Coach Association facilitator – Barry Kidd, CE, barry.kidd@busandcoach.co.nz

---

Section 9(2)(a)

Released under the Official Information Act 1982
From: Ian Wallis <ian@ianwallis.org>
Sent: Wednesday, 23 May 2018 1:10 PM
To: 
Cc: Grant McLean
Subject: RE: Round up email from early engagement today

Hi [REDACTED]:

I am certainly sympathetic to what you say on this and am happy to proceed with BCA as you suggest.

I will keep liaising with them informally (phone etc) for now, and may suggest meeting with them rather later in the assignment, perhaps at the stage when we have done most of our analyses and are starting to draw conclusions.

I am advising BCA accordingly (cc you).

My regards.

Ian.

---

From: [REDACTED] 
Sent: Wednesday, 23 May 2018 11:55 AM
To: Ian Wallis <ian@ianwallis.org>
Cc: Grant McLean <gmclean@allenandclarke.co.nz>
Subject: RE: Round up email from early engagement today

Hi Ian,

and I discussed the matter of a submission from BCA this morning, and I just mentioned it to Grant on the phone as he was calling about a potential meeting with GWRC.

Thanks for explaining the submission issue further for me. After discussion, we don’t consider that a consultation/submission process is really within the ambit of the research, and agree that if we were to request a submission from BCA, then we’d have to open this up to anyone who wanted to make one, which would likely impact timeframes and workload. If BCA would like to provide you written information, or if you meet with them and have discussion, that would be fine, however MoT won’t be requesting that they make a submission.

Ngā mihi

---

From: Ian Wallis <ian@ianwallis.org>
Sent: Tuesday, 22 May 2018 5:08 PM
To: 
Subject: RE: Round up email from early engagement today

Hi [REDACTED],

I discussed this briefly with Grant and we agreed I should respond to your email, given that I have been (and probably will continue to be) our main point of contact with BCA.
thought that, if they were to make a written submission, it would be best to come in response to a MoT request, and I agree with him.

Points that occur to me in relation to this:
** If another party comes along that is also interested in putting in a submission, do you invite/allow that?
** If not, my concern would be that another party might claim that, while BCA was given the opportunity to make a submission, they were not given a similar opportunity.
** To avoid this problem, is it best to adopt a formal submission process, open to any party that might be interested? (In terms of overall timing, this could work if you were to advertise within the next few days and allow some 3-4 weeks before the closing date - see below.)

I am not sure how this aspect is best dealt with -- I'm only the consultant!

In response to your question on timing, I don’t think there is any great rush to receive a BCA submission from our perspective, given that my telephone discussion has probably already covered the key points. Apart from that, I think that BCA might have difficulty in putting a submission together in a hurry, given that they will almost certainly want to consult with some of their members on a draft version. So I think a submission date of around Friday 15 June would be sufficient for our purposes.

I hope this helps.

Ian.

---

From: Grant McLean <gmclean@allenandclarke.co.nz>
Sent: Tuesday, 22 May 2018 4:09 PM
To: Ian Wallis <ian@ianwallis.org>
Cc: Ian Wallis <ian@ianwallis.org>
Subject: RE: Round up email from early engagement today

Hi Grant

That does sound like a productive conversation. I note in your second paragraph that BCA is happy to provide a submission (if their members’ agree) but need a request from MoT.

Do you want me to email Barry and you requesting such a submission? And when would you need such a submission by to feed into your various stages of work?

Ngā mihi

---

From: Grant McLean <gmclean@allenandclarke.co.nz>
Sent: Tuesday, 22 May 2018 4:26 PM
To: Ian Wallis <ian@ianwallis.org>
Cc: Ian Wallis <ian@ianwallis.org>
Subject: RE: Round up email from early engagement today

Hi Grant

That does sound like a productive conversation. I note in your second paragraph that BCA is happy to provide a submission (if their members’ agree) but need a request from MoT.

Do you want me to email Barry and you requesting such a submission? And when would you need such a submission by to feed into your various stages of work?

Ngā mihi

---

From: Grant McLean <gmclean@allenandclarke.co.nz>
Sent: Tuesday, 22 May 2018 4:09 PM
To: Ian Wallis <ian@ianwallis.org>
Cc: Ian Wallis <ian@ianwallis.org>
Subject: RE: Round up email from early engagement today

That is great thanks. Sorry, don’t want to bombard you with emails, but we thought you would be interested in Ian’s productive conversation with the BCA (attached).

Cheers

Grant
Hi Grant,

This approach looks very thorough.

I have contacted our contact at GWRC and they are happy for you to contact them to set up a meeting. It is:

- deborah.hume@gw.govt.nz
- Programme Director, PT Transformation Programme

We are happy for you to have an informal discussion with Barry Kidd as soon as possible, noting he is away next week.

We would prefer if you could talk to all the bus operators from Wellington and Auckland, and as many as possible of others.

The proposed approach to talking to Unions (post GWRC engagement) sounds sensible.

We are comfortable with the ambit of the rest of the proposal.

Ngā mihi

[Redacted]

Hi

Please see below the list of key topics (questions/issues) that we propose canvassing with the various stakeholders to inform the feasibility assessment. Please let us know if there is anything else you would like included. We also suggest that the Ministry may want to facilitate the meeting between with GWRC and Allen + Clarke given the unique context (with the Ministry already having some contact around this specific work).

The list also identifies the proposed stakeholder communication approach for each stakeholder (i.e. starting with an email canvassing the issues we would like to gather information on for email response, and in many cases also following up with a telephone call. In the case of the bus operators we would also arrange a pre-arranged phone interview to talk through the more sensitive topics – working to an interview guide).

**Regional councils.**

Are the RCs able (willing) to provide?:

(i) **A list of operators** involved in tendering for contracts in their region, including: operator name/contact details, # pre-PTOM contracts operated; # negotiated PTOM contracts awarded; # PTOM competitive contracts tendered for; # PTOM competitive contracts won. To try and expedite the data collection process would could also ask if they are able to provide the information now and complete an XL spreadsheet for each region and ask if they could fill in the relevant information. Alternatively, we could
offer to input the information if they just want to supply it in its raw form (to make it easier for them – although they should have this information somewhere).

(ii) Information on the **number of bidders vs number of contracts** (ie how many contracts have had one bidder, two bidders etc.). Again, could they complete an XL spreadsheet with the information? This information could be useful to have as it may be able to be compared with the number of bidders in previous tender rounds.

(iii) **comments on the PTOM procurement/contracting process**, in particular relating to: tender evaluation criteria (including any regard for driver employment pay rates and conditions); any knowledge or evidence from tender bids or other sources on the effects of PTOM on driver rates and conditions; other points??

Topics (i) and (ii) can be requested by **email**. Item (iii) could also be flagged by email correspondence, but followed up by **phone** discussion in appropriate cases (likely to be the larger regions).

**GWRC**

High priority for an early meeting, to discuss:

(i) their work undertaken to date, and proposed in the near future;
(ii) method of working, including roles of the various parties (operators, unions, consultants, GW, other);
(iii) confidentiality arrangements, and the need/possibility of us being included in these arrangements;
(iv) feasibility of similar approach, maybe with identical data collection, being ‘rolled out’ to analyse the AKL situation.

With the Greater Wellington Regional Council we do suggest that the Ministry makes the initial call requesting an early meeting to discuss utilising their research within the context of this project.

**Bus operators (generally)**

We propose canvassing views of a selection of (most?) of the bus operators who have tendered (or negotiated) for PTOM contracts in the larger/more controversial regions. The list of operators would be compiled largely from the information provided for each region by the RCs (above). We would only focus on bus services (not ferrys).

This feasibility engagement would cover whether the bus operators can (are willing to) provide reflections/information on:

(i) **Primary topics:**
   a. has the advent of PTOM (with new style of contracts and increased contract competition than previously) had any effects on operator negotiations of driver pay rates and conditions over the last few years (ie relative to the continuing rollover of existing contracts)?
   b. if yes, summarise these effects on driver pay rates (in $ or % terms where possible) and other employment terms and conditions;
   c. has PTOM etc (with associated negotiations on driver pay/conditions) led to more industrial disputes (strikes etc) then would otherwise have been the case (ie with continuing rollover of contracts)?

(ii) **Associated topics:**
   a. extent of union membership of bus drivers, and which unions;
   b. has union membership been materially affected by the introduction of PTOM and associated re-tendering;
   c. have staff shortage/recruitment issues been affected (positively or negatively) by the advent of PTOM etc and any associated effects on employment pay rates and conditions?

Because the topics covered under items (i) and (ii) above seem likely to be quite sensitive, we would send out an **email/letter** to each selected operator, listing the points we would wish to discuss (as above), and then obtain operator responses through pre-arranged **phone/Zoom** interviews (and interview guide).

**Bus operators (detailed quantitative appraisal) - Phase 2.** We assume at this stage that:
(a) the detailed analysis of payroll records etc being undertaken by/for GWRC will prove ‘fit for purpose’ for this project and can be made available (subject to confidentiality arrangements etc);
(b) similar analysis work would be ‘rolled out’ for the main AKL bus operators (details to be decided), and we would work with them to provide the required data and to undertake the required analyses. A more detailed specification of this task will be provided following the initial meeting with GW.

**BCA.** We are still reflecting on what role the BCA has in the project (separately from the individual operator consultations as above). We suggest that, in the first instance, we have an informal discussion with Barry Kidd about this, then confer further with you before determining the BCA role. We are happy to call Barry for this informal discussion – or you may prefer to do so (noting that Barry is away next week).

**Unions.** We suggest holding off on contacting the unions in the immediate term, before (i) meeting with GWRC, and discussing the role of the unions in their work; and/or (ii) getting a response/feedback from the Minister’s office relating to the email sent out by the office.

**NZTA.** We will call Michelle McCormick, to see whether they have any information that might be helpful to the project (e.g., re contract prices and bidders per contract) and to what extent they want to be involved/kept informed (maybe just informally) about progress of the project.

**Ministry of Education.** We will call Delaney Myers. We think the main issues to be addressed here are access to information on:
- current school bus driver employment pay rates, terms and conditions;
- basis on which these rates etc are set; and,
- changes in these rates etc over the last (say) five years.

We would then use in particular the changes in pay rates etc as a baseline against which changes in rates in the urban bus sector could be compared.

If you have any comments very happy to discuss. Otherwise, we will get on with making calls.

I will incorporate our proposed approach into the Project Plan.

Regards

Grant

From: Grant McLean <gmLean@allenandclarke.co.nz>; Ian Wallis <ian@ianwallis.org>
Sent: Monday, 21 May 2018 1:38 PM
To: Grant McLean <gmLean@allenandclarke.co.nz>; Ian Wallis <ian@ianwallis.org>
Cc: James Campbell <J.Campbell@transport.govt.nz>
Subject: Round up email from early engagement today

Hi Grant and Ian,

I have now contacted the relevant parties below regarding the PTOM Research:

- **Councils** – I emailed the 14 council contacts to let them know that we had contracted Allen + Clarke to undertake research into the effect of the Public Transport Operating Model (PTOM) on worker’s conditions and wage rates.
- **BCA** – I followed up my earlier conversation with Barry Kidd, BCA, just letting him know that we had now chosen Allen + Clarke as the consultancy for the research.
- **Unions** – I provided Minister Twyford’s office a similar template email to the one I sent to the council contacts and the Private Secretary sent out those four emails.
- **NZTA** – I provided a heads up to Michelle McCormick that we had now found a consultant for this work and that it was underway. If you need a contact at the NZTA I suggest Michelle McCormick, Practice Manager
Policy – Regulatory and Transport Policy on 04 894 6442 or , or
michelle.mccormick@nzta.govt.nz.

- Ministry of Education – I provided a heads ups to Delaney Myers, Group Manager School Transport that you
  would be enquiring whether they had information they could provide on school bus drivers’ wages to
  compare to bus drivers under PTOM. I will let you know if Delaney is not the right contact. Her contact
  information is 04 439 5352 or  or delaney.myers@education.govt.nz.

Let me know if there is anything else you need in the short term. I hope the initial data gathering is successful and
we look forward to hearing how you get on with scoping up a project plan.

Ngā mihi

Senior Adviser, Mobility and Safety
Ministry of Transport – Te Manatū Waka

www.transport.govt.nz

Enabling New Zealanders to flourish
PTOM Impacts on Employment Conditions: IPW phone discussion with BCA-Jacob McElwee (220518)

1. BCA has advised urban operators about the project, and that they are likely to be contacted by the consultants.

2. **On request from MoT**, BCA likely to be happy (subject to their members’ views) to provide a submission covering their interpretation of changes in the relevant operator and employment market over the last few years and the impacts of PTOM/competitive tendering on this market. (I think this could be very useful, as BCA seemed to have a pretty good handle on the issues and their operators’ experience with PTOM.)

3. Factors influencing operator wage rates over recent years:
   - Movement towards flat rates for those operators who have previously had more complex arrangements (length of service payments etc – principally NZ Bus): operators see this movement as highly desirable in terms of gaining better control over their financial situation, given that contract payments are for fixed amounts, plus industry-wide cost inflation (not cost plus).
   - High growth in driver wage rates over the last 2-3 years, in AKL in particular, reflecting driver shortages and difficulties in recruitment.
   - Tendency for gross wage rates of different operators to converge, largely reflecting the need for competitive pricing in order to win CT contracts. This has meant in particular that [redacted] has been offering very modest pay increases over the last few years, whereas private operator increases have generally been more generous (particularly in AKL, as above).

4. Predominant effects of PTOM introduction (with CT etc) on the operator market have been that NZ Bus has lost substantial market share (AKL, WLG) to other operators. This has been the main contributor to the significant cost savings (?) in the two main centres. It seems highly probable that the changes in market share and the reductions in costs would have been greater if all contracts had been open to CT, rather than a significant proportion being negotiated (either as like-for-like contracts or as high cost recovery contracts) with incumbent operators.

5. BCA may be able to provide the consultants with operator contact details if required (but may need operator approval) — IPW to request if needed.
Hi 

Apologies for the slight delay.

Here is the draft project plan for your review.

Regards

Grant

Grant McLean
Senior Associate

+64 4 282 1257
gmclean@allenandclarke.co.nz
www.allenandclarke.co.nz
PO Box 10730, Wellington 6143
Level 2, The Woolstore, 262 Thorndon Quay, Pipitea, Wellington 6130
New Zealand
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APPENDIX A 16
1. BACKGROUND AND CONTEXT

1.1. Research Purpose

Allen + Clarke understands that the project objective is to examine what impact/s PTOM has had on (bus operator) employment conditions and wage rates. The Ministry of Transport (the Ministry) requires a two-phase research project that firstly provides a feasibility assessment of data availability, and subject to this, a research project will be completed.

1.2. Scope

The Ministry will work with the contracted provider to finalise the details of the research approach. The Ministry is unclear about whether the data that will be needed to undertake this research is accessible and requires support to develop a research plan including feasibility assessment, prior to confirming the second phase of the work.

After discussion with the Ministry would like the research to include the following aspects:

- A regional breakdown of the effects of PTOM on employment conditions and wage rates (with the primary focus being Auckland and Wellington)
- Exploring an analysis comparing wage rates of public transport drivers with a similar cohort (school bus drivers)
- How the impacts of PTOM may differ across different workforces (e.g. highly unionised vs non-unionised)

Subject to the outcomes of the feasibility assessment in Phase 1, the Ministry will agree with the supplier to proceed to Phase 2.

1.3. Project governance, management and project reporting.

Senior Adviser at the Ministry of Transport will be the key contact for the project. Principal Advisor will oversee the project.

The project team is outlined in the table below.

Allen + Clarke will provide weekly email updates on project progress, and inform the key contact of any issues or concerns as required.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Role in project team</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Houliston</td>
<td>Director, Allen + Clarke</td>
<td>Project sponsor</td>
<td>Paul will be responsible for overall project oversight, peer review and quality control.</td>
</tr>
<tr>
<td>Grant McLean</td>
<td>Senior Associate, Evaluation +</td>
<td>Project Manager,</td>
<td>He will be responsible for overall project management and lead stakeholder engagement and relationship management,</td>
</tr>
</tbody>
</table>

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Official Information Act 1982

PTOM impacts on employment conditions research project plan
2. RESEARCH APPROACH

Our proposed approach, process and techniques are outlined in the methodology and milestone schedule diagram below.

Table 2: methodology (work plan) and milestone schedule

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Role in project team</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, Allen + Clarke</td>
<td>Lead researcher</td>
<td>the qualitative research and the report writing.</td>
<td></td>
</tr>
<tr>
<td>Ian Wallis</td>
<td>Director, Ian Wallis Associates</td>
<td>Public Transport Specialist</td>
<td>Ian will contribute to the stakeholder engagement and lead the development of the minimum dataset in Phase 1 and the quantitative analysis in Phase 2.</td>
</tr>
<tr>
<td>Adam Lawrence</td>
<td>Transport Analyst, Ian Wallis Associates</td>
<td>Analyst</td>
<td>Adam will undertake much of the quantitative analysis in Phase 2.</td>
</tr>
<tr>
<td>Alasdair MacLeod</td>
<td>Associate, Allen + Clarke</td>
<td>Analyst</td>
<td>Alasdair will assist with the document review in Phase 1.</td>
</tr>
</tbody>
</table>
2.1 Phase 1: Research Plan – feasibility plan

Inception meeting (21 May)

The project team met with the Ministry on 21 May to confirm the purpose and scope of this two-phase project (feasibility assessment and research project). The meeting covered:

- **Stakeholder engagement**: confirmation of stakeholders to be approached (Regional Councils, bus operators, BCA, unions and relevant government agencies) and the Ministry provided key contact details.

- **Priority regions and staff categories for analysis**: discussion on the main regions for the analysis and confirmation of staff categories to be included (drivers only; not ‘back-office’ staff) and a comparison industry (school bus services).

- **Other relevant research (Greater Wellington Regional Council)**: the recent GWRC research, which we understand covers similar ground and so likely to be highly relevant to this project.

Document Review (25 May – 29 May)

A brief document review will be completed to inform the development of a minimum dataset checklist. The document review will draw on the Briefing to the Minister (dated 27 November 2017) and canvas what relevant background documentation (and data) is currently available (and being collected) by the regional councils and any other parties (such as the Bus and Coach Association). This includes information on employment conditions (e.g. standard and non-standard collective and individual employment conditions across relevant bus operators (and unions).

It is expected that the minimum dataset checklist will include base salary (by tenure and experience), penal rates, overtime rates, hours of work, split shifts/shift allowances, special rates, rostering, allowances, annual and sickness leave, health & safety and wellbeing conditions.

Stakeholder engagement approach (22 May – 29 May)

A brief communications plan has been developed below to support the stakeholder engagement approach, which will provide information on the purpose of the research, what data is being requested, why the data is being asked for, and how it is intended to be used.

The following list of key stakeholders has been identified through discussion with the Ministry. Regional Council contacts contained in Appendix A.

**Regional Councils**

- Auckland Transport
- **Greater Wellington Regional Council**
- Waikato
- Bay of Plenty
- Northland Regional Council
- Taranaki Regional Council
- Horizons (Manawatu/Whanganui)
<table>
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<th>Stakeholders</th>
</tr>
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<tbody>
<tr>
<td>Hawkes Bay Regional Council</td>
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<td>Gisborne Regional Council</td>
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<td>Nelson City Council</td>
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<td>Marlborough District Council</td>
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<td>Environment Canterbury</td>
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<td>Otago Regional Council</td>
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<td>Invercargill City Council</td>
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**Bus operators**

<table>
<thead>
<tr>
<th>Bus and Coach NZ (BCA)</th>
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<tbody>
<tr>
<td>Auckland</td>
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<tr>
<td>Wellington</td>
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<td>NZ Bus</td>
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<tr>
<td>Ritchies</td>
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<tr>
<td>Go Bus</td>
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<tr>
<td>Howick and Eastern</td>
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<tr>
<td>RMTS</td>
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<td>Pavlovich</td>
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<td>Birkenhead</td>
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<td>Tranzit</td>
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<tr>
<td>Bayes/Waiheke Bus/Party Bus</td>
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<tr>
<td>Tranzit</td>
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<td>NZ Bus</td>
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<tr>
<td>Mana</td>
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<tr>
<td>Uzabus</td>
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<td>(Madge/Classic Coaches)</td>
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**Other regions**

<table>
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<td>Madge Uzabus</td>
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<td>Pickering</td>
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<td>Weir Brothers</td>
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**Unions**

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</thead>
<tbody>
<tr>
<td>Tramways</td>
</tr>
<tr>
<td>First Union (Auckland/Wellington)</td>
</tr>
</tbody>
</table>

**Government agencies**

<table>
<thead>
<tr>
<th>NZ Transport Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Education (school bus service)</td>
</tr>
<tr>
<td>MBIE (Phase 2)</td>
</tr>
</tbody>
</table>

We will engage with the key stakeholders (as appropriate) to gauge their willingness to provide the data identified in the minimum dataset checklist.

Stakeholders will also be asked about the possibility of the research team conducting some interviews as part of a Phase 2 qualitative element of the proposed research.
A three-stage engagement approach is proposed

(1) Ministry of Transport provides an initial email heads-up to regional councils, NZ Bus Association, NZ Transport Agency, Ministry of Education and the Minister’s Office will advise the relevant unions.

(2) Allen + Clarke sends a request for information via email (providing the background and including spreadsheet templates to be completed)

(3) Allen + Clarke will follow-up with a phone call to answer any questions and either gather additional information over the phone at the time, or arrange phone interviews to cover broader and/or more sensitive issues around the effects of PTOM).

Engagement approach and key questions for specific stakeholders

Regional councils

Email

The Regional Councils will be asked are they able (willing) to provide?

1. **A list of operators** involved in tendering for contracts in their region, including:
   - operator name/contact details
   - pre-PTOM contracts operated
   - negotiated PTOM contracts awarded
   - PTOM competitive contracts tendered for; and,
   - PTOM competitive contracts won.

   To try and expedite the data collection process would could also ask if they are able to provide the information now and complete an Excel spreadsheet for each region and ask if they could fill in the relevant information. Alternatively, we could offer to input the information if they just want to supply it in its raw form (to make it easier for them – although they should have this information somewhere).

2. **Information on the number of bidders vs number of contracts** (i.e., how many contracts have had one bidder, two bidders etc.). Again, could they would be asked to complete an Excel spreadsheet with the information This information could be useful to have as it may be able to be compared with the number of bidders in previous tender rounds.

Email then phone calls (at least for larger regions)

3. **comments on the PTOM procurement/contracting process**, in particular relating to: tender evaluation criteria (including any regard for driver employment pay rates and conditions); any knowledge or evidence from tender bids or other sources on the effects of PTOM on driver rates and conditions; other points?
Topics (1) and (2) above can be addressed by email. Topic (3) will also be initially flagged by email correspondence, followed up by phone discussion in appropriate cases (likely to be the larger regions).

**Note:** the proposal did include budget for face to face stakeholder engagement in Auckland if required. Email and phone/Zoom contact may be sufficient for Phase 1 (we will review by 25 May).

**Greater Wellington Regional Council**

**Face to face meeting**

High priority for an early meeting, to discuss:

(i) their work undertaken to date, and proposed in the near future;
(ii) method of working, including roles of the various parties (operators, unions, consultants, GW, other);
(iii) confidentiality arrangements, and the need/possibility of us being included in these arrangements;
(iv) feasibility of similar approach, maybe with identical data collection, being ‘rolled out’ to analyse the AKL situation.

**Bus operators (generally)**

We propose canvassing views of all the bus operators who have been awarded PTOM contracts in the larger/more controversial regions. The list of operators would be compiled largely from the information provided for each region by the Regional Councils (above). We would only focus on bus services (not ferrys).

This feasibility engagement would cover whether the bus operators can (are willing to) provide reflections/information on:

(i) **Primary topics:**
   a. has the advent of PTOM (with new style of contracts and increased contract competition than previously) had any effects on operator negotiations of driver pay rates and conditions over the last few years (ie relative to the continuing rollover of existing contracts)?
   b. if yes, summarise these effects on driver pay rates (in $ or % terms where possible) and other employment terms and conditions;
   c. has PTOM etc (with associated negotiations on driver pay/conditions) led to more industrial disputes (strikes etc) then would otherwise have been the case (ie with continuing rollover of contracts)?

(ii) **Associated topics:**
   a. extent of union membership of bus drivers, and which unions;
   b. has union membership been materially affected by the introduction of PTOM and associated re-tendering;
c. have staff shortage/recruitment issues been affected (positively or negatively) by the advent of PTOM etc and any associated effects on employment pay rates and conditions?

Because the topics covered under items (i) and (ii) above seem likely to be quite sensitive, we would send out an email/letter to each selected operator, listing the points we want to discuss (as above), and then obtain operator responses through pre-arranged phone/Zoom interviews (based on an interview guide).

**Bus operators (detailed quantitative appraisal) - Phase 2**

We have assumed at this stage that:

(a) the detailed analysis of payroll records etc being undertaken by/for GWRC will prove ‘fit for purpose’ for this project and can be made available (subject to confidentiality arrangements etc);

(b) similar analysis work would be ‘rolled out’ for the main Auckland bus operators (details to be decided), and we would work with them to provide the required data and to undertake the required analyses. A more detailed specification of this task will be provided following the initial meeting with GWRC.

**Bus and Coach Association (BCA)**

We are still reflecting on what role the BCA has in the project (separately from the individual operator consultations as above and helping encourage operators to participate in the research). We have had an informal discussion with [redacted] and they have offered to provide a submission on PTOM effects if it were formally request by the Ministry. This offer could be utilised in Phase 2 as a form of stakeholder engagement, on the understanding that a similar opportunity is provided to the unions and any other parties with a direct interest in the topic. It is important to ensure that gathering such information is understood as part of a research-based process, and not a form of public consultation (which is not the purpose of the project).

**Unions**

We suggest holding off on contacting the unions until after (i) meeting with GWRC, and discussing the role of the unions in their work; and/or (ii) getting a response/feedback from the Minister’s office relating to the email sent out by the office.

**NZTA**

We will call Michelle McCormick, to see whether they have any information that might be helpful to the project (e.g., re contract prices and bidders per contract) and to what extent they want to be involved/kept informed (maybe just informally) about progress of the project.
Ministry of Education

We will call Delaney Myers. We think the main issues to be addressed here are access to information on:

(a) current school bus driver employment pay rates, terms and conditions;
(b) basis on which these rates etc are set; and,
(c) changes in these rates etc over the last (say) five years.

We would then use the changes in pay rates etc as a baseline against which changes in rates in the urban bus sector could be compared.

Feasibility Assessment Framework

Once the results of the stakeholder engagement and document review have been collected the project team will assess the responses against the following feasibility assessment framework, to inform the feasibility report and potential research design:

1. **Availability and quality** of information to be used in the evaluation (is the data likely to be available in a usable format and is it of sufficient quality for robust analysis).
2. **Adequacy** of the research design (will it provide a sufficiently robust picture of any PTOM-related changes in employment conditions and wage rates, within the project’s time and budget constraints).
3. **Conduciveness** of the broader institutional context behind the PTOM tendering process to support the research (i.e. commercial and political context).

It is noted that confirming availability and access to confidential data with the multiple parties involved could take significant time. While the methodology and timeline is based on an assumption of timely access, this is identified as a major project risk. To help mitigate this risk the project team will work closely with Ministry staff to identify all available data necessary for the project and identify key people who can help facilitate timely access to data. Further, the project team will work to build a good rapport and relationships with key stakeholders. Stakeholders will be provided with a clear explanation of the project and how their contribution affects the project’s outcomes.

Research design and feasibility report

Assuming that a judgement is made by the team that an adequate level of quality data is likely to be made available to conduct the research, a research design will be developed. The design will specify the research process and parameters, quantitative and qualitative components, and how the data will be analysed and reported.

We will submit a feasibility report detailing the data availability, stakeholder engagement process, and the research design (if applicable) by 31 May 2018. We assume the Ministry will make a quick decision on whether or not to proceed with the research project (i.e. on 1 June).
2.2 Phase 2: Research project [to be revisited once Phase 1 is complete]

Quantitative analysis

We propose a regional breakdown of the effects of PTOM on employment conditions and wage rates that primarily focuses on Auckland and Wellington. These two regions employ the majority of all public bus drivers and are the two areas where PTOM is known to have had a recent and direct impact on operator wages and employment conditions. This focused approach is also consistent with the indicative budget and tight turnaround for this project.

To the extent possible, the analysis will aim to assess if/how the impacts of PTOM differ across different groups in the workforce, e.g. those that have remained in position with their pre-PTOM operator, and those that have had to transfer to a different operator (with, apparently, in at least some cases, less generous employment rates and conditions). We also understand that as part of the transition to PTOM, a number of unit contracts have been awarded to incumbent operators by direct appointment following negotiation, while the majority were subject to competitive tendering. We will seek to identify any differences in employment conditions between employees of these subgroups.

Qualitative analysis

To add depth and a ‘human face’ to the analysis a focused qualitative component to the research could also be included. Subject to review in Phase 1, we propose conducting interviews with a small selection of key informants (councils, bus operators, union representatives) and a small cross-section of bus drivers (by type: e.g. length of tenure and unionised/non-unionised, and possibly migrant workers) to gather information on both the perceptions and experience of the processes, role and impact of PTOM on employment and wage conditions.

Data synthesis and analysis

We will analyse the quantitative and qualitative data and synthesise it to identify key findings and themes. The quantitative data will be presented in tabular and graphical format and presented in a way that is easy to digest. The qualitative data will be analysed for key themes and verbatim statements that add ‘voice’ to the different perspectives. Small vignettes/case studies will complement the quantitative analyses.

Emerging findings workshop

As part of the analysis and interpretation of data, we will facilitate an ‘emerging findings’ session with the Ministry (and other relevant stakeholders; e.g. NZTA, MBIE) to share and explain the initial findings and determine the accuracy, significance and implications of the findings.

Reporting

A plain English report will be submitted, initially for feedback from the Ministry. It will be written to meet the needs of a variety of audiences, including the Minister, the Ministry and also other key stakeholders as required: detailed material is likely to be provided in appendices. The report will then be finalised and submitted by 30 June.
3. PROJECT RISKS

Risks and mitigation strategies are outlined in the table below.

It is noted that confirming availability and access to confidential data with the multiple parties involved could take significant time. While the methodology and timeline is based on an assumption of timely access, this is identified as the major project risk. To help mitigate this risk the project team will work closely with Ministry staff to identify all available data necessary for the project and identify key people who can help facilitate timely access to data. Further, the project team will work to build a good rapport and relationships with key stakeholders. Stakeholders will be provided with a clear explanation of the project and how their contribution affects the project’s outcomes.

Table 3. Risk management matrix

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood</th>
<th>Potential Impact (unmitigated)</th>
<th>How this risk will be managed to minimise the impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulties or barriers associated with data availability or access</td>
<td>High</td>
<td>High</td>
<td>The project team will work closely with Ministry staff to identify all available data necessary for the project and identify key people who can help facilitate timely access to data.</td>
</tr>
<tr>
<td>Lack of engagement with key stakeholders</td>
<td>Medium</td>
<td>High</td>
<td>Engagement will be initiated early in the project. The project team will work to build a good rapport and relationships with key stakeholders. Stakeholders will be provided with a clear explanation of the project and how their contribution affects the project’s outcomes.</td>
</tr>
<tr>
<td>Time delays in the project due to unforeseen circumstances</td>
<td>Medium</td>
<td>High</td>
<td>The project team has additional capacity and research and policy expertise to assist the project if required. The Project Manager will liaise regularly with the Ministry to ensure that any issues are raised and addressed promptly.</td>
</tr>
<tr>
<td>Poor quantitative data quality and/or incomplete quantitative data</td>
<td>Medium</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>The feasibility assessment phase will be a vital component in ensuring a comprehensive understanding of what data are/are not available and the quality of available data. All limitations with these data will be transparently presented in the feasibility report. Risks with poor data quality will also be managed using a variety of analytical methods depending on the characteristics and quality of the data available.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Any negative findings related to the performance of PTOM may cause some stakeholders to disengage from the research and the findings</th>
<th>Low</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen + Clarke has considerable experience engaging with government organisations and other stakeholders on sensitive issues. Proposed team members have also worked within/with the New Zealand public service, which gives us a strong understanding of the political and relationship sensitivities surrounding initiatives.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 4. BUDGET

### Table 4: Pricing for fees

<table>
<thead>
<tr>
<th>Budget for Fees</th>
<th>Daily Rate</th>
<th>Quantity (Days)</th>
<th>Sub total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase 1: Feasibility Assessment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Houliston</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant McLean</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ian Wallis</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adam Lawrence</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alasdair MacLeod</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Days</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total Phase 1</strong></td>
<td></td>
<td></td>
<td>$14,400</td>
</tr>
<tr>
<td><strong>Phase 2: Research Project</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Houliston</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant McLean</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ian Wallis</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adam Lawrence</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Days</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total Phase 2</strong></td>
<td></td>
<td></td>
<td>$31,920</td>
</tr>
<tr>
<td><strong>Total Fees (excluding GST)</strong></td>
<td></td>
<td></td>
<td>$46,320*</td>
</tr>
</tbody>
</table>

### Assumptions

- The fees pricing assumes that the project team will be able to gain ready access to the required minimum dataset for Phase 2 in a timely manner.

- It may be found, through the Phase 1 investigations, that there would be advantages, in terms of efficiencies and value for money, for the project to make use of the analyses recently undertaken for GWRC (by consultants TDM). Should this be the case, we note that our team already has a working relationship with the TDM team leader (Bill McDonald) and that he would be available (on an exclusive basis) to join our team if required - with appropriate adjustments to the time inputs of other team members. We suggest that this possibility be discussed further with the Ministry towards the end of phase 1, in the light of the investigations in that phase.
<table>
<thead>
<tr>
<th>Description/Comments</th>
<th>Unit Cost (GST Exclusive)</th>
<th>Total Cost (GST exclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phase 1: Feasibility Phase</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return flights to Auckland for two team members</td>
<td>$500</td>
<td>$1000</td>
</tr>
<tr>
<td>(Grant and Ian) for initial stakeholder engagement – if required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation: 2 team members @ 1 night</td>
<td>$200</td>
<td>$400</td>
</tr>
<tr>
<td>Taxis</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Per diem for 2 team members @ 1 night</td>
<td>$75</td>
<td>$150</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td>$1,650</td>
</tr>
<tr>
<td><strong>Phase 2: Research project</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return flights to Auckland for two team members</td>
<td>$500</td>
<td>$1000</td>
</tr>
<tr>
<td>(Grant and Ian) for quantitative and qualitative stakeholder engagement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation: 2 team members @ 1 night</td>
<td>$200</td>
<td>$400</td>
</tr>
<tr>
<td>Taxis</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td>Per diem for two team members @ 1 night</td>
<td>$75</td>
<td>$150</td>
</tr>
<tr>
<td>Catering/food for staff for interviews</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td>$1,750</td>
</tr>
<tr>
<td><strong>Total disbursements</strong></td>
<td></td>
<td>$3,400</td>
</tr>
</tbody>
</table>
## APPENDIX A

### NZTA’s PT council contact list

<table>
<thead>
<tr>
<th>Council</th>
<th>Name</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Transport</td>
<td>Colin Homan</td>
<td><a href="mailto:colin.homan@at.govt.nz">colin.homan@at.govt.nz</a></td>
</tr>
<tr>
<td>Greater Wellington</td>
<td>Wayne Hastie</td>
<td><a href="mailto:wayne.hastie@gw.govt.nz">wayne.hastie@gw.govt.nz</a></td>
</tr>
<tr>
<td>Waikato</td>
<td>Andrew Wilson</td>
<td><a href="mailto:andrew.wilson@waikatoregion.govt.nz">andrew.wilson@waikatoregion.govt.nz</a></td>
</tr>
<tr>
<td>Bay of Plenty</td>
<td>Garry Maloney</td>
<td><a href="mailto:garry.maloney@boprc.govt.nz">garry.maloney@boprc.govt.nz</a></td>
</tr>
<tr>
<td>Northland Regional Council</td>
<td>Chris Powell</td>
<td><a href="mailto:chrisp@nrc.govt.nz">chrisp@nrc.govt.nz</a></td>
</tr>
<tr>
<td>Taranaki Regional Council</td>
<td>Chris Clarke</td>
<td><a href="mailto:chris.clarke@trc.govt.nz">chris.clarke@trc.govt.nz</a></td>
</tr>
<tr>
<td>Horizons (Manawatu/Wanganui)</td>
<td>Phillip Hindrup</td>
<td><a href="mailto:phillip.hindrup@horizons.govt.nz">phillip.hindrup@horizons.govt.nz</a></td>
</tr>
<tr>
<td>Hawkes Bay Regional Council</td>
<td>Anne Redgrave</td>
<td><a href="mailto:anne.redgrave@hbrc.govt.nz">anne.redgrave@hbrc.govt.nz</a></td>
</tr>
<tr>
<td>Gisborne Regional Council</td>
<td>David Wilson</td>
<td><a href="mailto:david.wilson@gdc.govt.nz">david.wilson@gdc.govt.nz</a></td>
</tr>
<tr>
<td>Nelson City Council</td>
<td>Margaret Parfitt</td>
<td><a href="mailto:margaret.parfitt@ncc.govt.nz">margaret.parfitt@ncc.govt.nz</a></td>
</tr>
<tr>
<td>Marlborough District Council</td>
<td>David Craig</td>
<td><a href="mailto:david.craig@marlborough.govt.nz">david.craig@marlborough.govt.nz</a></td>
</tr>
<tr>
<td>Environment Canterbury</td>
<td>Stewart Gibbon</td>
<td><a href="mailto:stewart.gibbon@ecan.govt.nz">stewart.gibbon@ecan.govt.nz</a></td>
</tr>
<tr>
<td>Otago Regional Council</td>
<td>Gerard Collings</td>
<td><a href="mailto:gerard.collings@orc.govt.nz">gerard.collings@orc.govt.nz</a></td>
</tr>
<tr>
<td>Invercargill City Council</td>
<td>Russell Pearson</td>
<td><a href="mailto:russell.pearson@icc.govt.nz">russell.pearson@icc.govt.nz</a></td>
</tr>
</tbody>
</table>

### Union Contacts:  

**Section 9(2)(a)**

- Richard Wagstaff – email: richardw@nzctu.org.nz
- Louisa Jones – email: Louisa.jones@firstunion.org.nz
- Kevin O’Sullivan – email: tramwaysunion@tradeshall.org.nz
- Wayne Butson – email: wbutson@rmtunion.org.nz

### Operators:

Bus and Coach Association facilitator – Barry Kidd, CE, barry.kidd@busandcoach.co.nz

---

Released under the Official Information Act 1982
Hi Grant,

Yes I can confirm that we are comfortable with your proposed approach to work with Bill McDonald. I am very glad to hear that Bill thinks the required analysis is doable.

Ngā mihi

Good afternoon.

Ian and I met with Bill McDonald this morning. As you know Bill conducted the Wellington region analysis. Speaking to GWRC on Wednesday it appears that the methodology and analysis Bill developed (and the way he worked with the stakeholders) overall was acceptable to the various parties.

The early good news is Bill thinks that the required analysis is doable in the current timeframe and budget (focused primarily on Auckland).

So, as indicated in our proposal and project plan and us discussed in the Inception meeting with James (i.e. “not reinventing the wheel”) we believe it would be very efficient and appropriate for the project to engage Bill to assist with the Phase 2 research project.

Further, there seems to be some merit in including him on the team now to both:

a) access the (non-confidential but useful) information he holds to date, and;

b) to help facilitate accelerated access to regional data given his existing relationship with BCA and the operators. This could considerably speed-up the analytical task for Phase 2.

So, if you are agreeable to this approach, Allen + Clarke would like to engage Bill on a sub-contract for Phase 1 and 2. This should not negatively impact on the budget at all, as we are likely to just swap out some of our personnel hours and mostly those of Adam Lawrence (who was doing work for Ian Wallis for the project) – Ian appears happy to do this..

Would you be able to confirm that you are comfortable with the proposed approach as soon as possible, so I can inform Ian and Bill?

Regards
Grant

Grant McLean
Senior Associate

d +64 4 282 1257
m
e gmclean@allenandclarke.co.nz
w www.allenandclarke.co.nz

PO Box 10730, Wellington 6143
Level 2, The Woolstore, 262 Thorndon Quay,
Pipitea, Wellington 6130
New Zealand

Released under the Official Information Act 1982
That is great. We are going to be talking directly to Barry Kidd next week when he is back on 6 June (even though we have already had positive engagement with his 2IC Jacob), but think this will help accelerate direct access to the information.

Cheers

Grant

---

Hi Grant,

Thanks for the detailed update of your ongoing work. I am happy to extend the deadline for the feasibility report to mid next week, allowing that is does not affect the overall end of June timeframe for the research. I appreciate that this will allow you to add more substantive information into the report which will make it much more useful.

Ngā mihi

---

Hi

I just thought I would check in around timing and submitting the feasibility report, and whether there is some flexibility in the submission date to maximise stakeholder responses.

We are gradually making contact with the key stakeholders (RCs, BCA and unions) and so far people we have contacted have been positive (in principle) about being involved. As we had anticipated though, it is going to take a while to connect and get substantive responses from all the key stakeholders. We are going to have to allow the RCs and bus operators a few days to respond to our email requests for information (especially with Queen’s Birthday weekend coming up. It will probably take them a little bit of time to address the questions they need to address in our spreadsheet on the accessibility/availability of the information we require.

With regards to the unions, we think it is essential we talk to the NZCTU (ideally first) to help engage the other relevant unions, and to help facilitate access to the GWRC report. Richard Wagstaff is keen to meet but is not available till next week, so we won’t be able to input their perspective (and possible approval to access the GWRC report) till then.
As noted briefly the other day Bill McDonald has suggested that he thought the extension of his methodology to Auckland/beyond should be feasible, and still doable within the overall end of June timeframe (he is designing the methodology now).

So if the Ministry is willing to give us to mid-week to complete the feasibility report this should allow us to provide more substantive information from key stakeholders on the extent of the accessibility and availability of information to complete the research (utilising Bills’ methodology).

Of course happy to discuss.

Regards

Grant

Grant McLean
Senior Associate

+64 4 282 1257
gmclean@allenandclarke.co.nz
www.allenandclarke.co.nz
PO Box 10730, Wellington 6143
Level 2, The Woolstore, 262 Thorndon Quay,
Pipeite, Wellington 6130
New Zealand

From: Grant McLean
Sent: Friday, 25 May 2018 5:59 PM
To: 
Cc: 'Ian Wallis' <ian@ianwallis.org>
Subject: WEEKLY PROJECT UPDATE 1: PTOM RESEARCH
Importance: High

Hi

Here is the weekly project update for 25 May:

Main activities last period:
- Contract signed (18 May)
- Project Inception meeting held (21 May)
- Document review underway
- Project plan (including stakeholder engagement plan) agreed (23 May)
- Stakeholder engagement:
  - Ministry/Minister’s Office contacted key stakeholders to inform them of the research (21 May)
  - Greater Wellington Regional Council meeting held to discuss GRWC research/integration (23 May)
  - Initial discussion with BCA (22 May)
  - Reach-outs to NZ Transport Agency and the Ministry of Education (21 – 24 May)
- Meeting with Bill McDonald (consultant who produced the GWRC research) (25 May). Bill to be included in the research team to integrate approach used for GWRC work (approved by the Ministry) (25 May).
Work progress status

- ON TRACK
- Budget tracking: On track

Main activities next period

- Contact key stakeholders (RCs, bus operators, unions as appropriate) to assess feasibility of accessing data
- Contact NZCTU/Wellington unions and other research partners to ask if able to access the GWRC report in confidence prior to public release (advise that looking to integrate approach and Wellington analysis for national research for consistency/comparability)
- Meeting with GWRC Public Transport GM on PTOM tendering process more generally
- Complete feasibility assessment and design method (as appropriate)
- Submit feasibility assessment report (31 May)

Requests for client input

- 

Areas of concern

- None

Regards

Grant McLean
Senior Associate

d +64 4 282 1257
m
e gmclean@allenandclarke.co.nz
w www.allenandclarke.co.nz
a PO Box 10730, Wellington 6143
   Level 2, The Woolstore, 262 Thorndon Quay,
   Pipitea, Wellington 6130
   New Zealand

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Wellington (Head Office) | 318 Lambton Quay, Wellington Central | PO Box 3175 | Wellington 6011 | NEW ZEALAND | Tel: +64 4 439 9000 |

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Hi Ian and Grant,

I just wanted to forward you the below email re Louisa Jones being very keen to be involved in the research.

Ngā mihi

--

From: Louisa Jones [mailto:Louisa.Jones@firstunion.org.nz]
Sent: Monday, 28 May 2018 12:37 PM
To: [REDACTED]
Subject: RE: Research into the effect of the Public Transport Operating Model (PTOM)

Hi [REDACTED],

I am very keen to be involved in this.

Thank you.

Louisa Jones
Assistant General Secretary

--

From: [REDACTED]
Sent: Monday, 21 May 2018 12:51 PM
To: Louisa Jones <Louisa.Jones@firstunion.org.nz>
Subject: Research into the effect of the Public Transport Operating Model (PTOM)

Dear Louisa,
I am emailing you to let you know that the Ministry of Transport has contracted Allen + Clarke to undertake research into the effect of the Public Transport Operating Model (PTOM) on worker’s conditions and wage rates.

Early evidence of operations under PTOM suggests that it has resulted in some improvements in the quality of public transport services without a significant increase in cost. At this stage however, we do not have good evidence of what impact PTOM has had on wages and salaries, or other employment conditions of public transport workers.

As part of this research, Allen + Clarke will be contacting you in the next week to discuss what information you can provide on the impact of PTOM on worker’s conditions and wage rates to your members. Both the Ministry of Transport and Hon Phil Twyford, Minister of Transport, would appreciate any assistance you could provide in this research; as a union, your organisation has valuable insight into the experience of your members.

Ngā mihi,

Private Secretary – Transport
Office of Hon Phil Twyford MP
Minister of Transport | Minister of Housing and Urban Development

Private Bag 18041 | Parliament Buildings | Wellington 6160 | New Zealand
Hi [Name]

I just wanted to check-in on broader comms messaging around the research.

Clearly the respective key stakeholders contacted by the Ministry and the Minister’s Office (and now us) are aware that we have been commissioned to undertake the research. However, if we are asked by these stakeholders about what can be shared beyond them/to their members, we assume there is no concern with our reiterating the same key messages, which may then be circulated more broadly through their networks, which ultimately could make it into the more public realm.

We will not provide any further statement around the rationale for the research than what is contained in the original formal comms on the purpose of the research; i.e.:

- the Ministry of Transport has contracted Allen + Clarke to undertake research into the effect of the Public Transport Operating Model (PTOM) on worker’s conditions and wage rates.

- Early evidence of operations under PTOM suggests that it has resulted in some improvements in the quality of public transport services without a significant increase in cost. At this stage however, the Ministry does not have good evidence of what impact PTOM has had on wages and salaries, or other employment conditions of public transport workers.

- Therefore, as part of this research, Allen + Clarke (an independent research consultancy) is contacting key stakeholders (regional councils, bus operators and unions) to discuss what information they can provide on the impact of PTOM on worker’s conditions and wage rates.

If you have any concerns with this approach, please let me know.

Cheers

Grant

Grant McLean
Senior Associate

+64 4 282 1257
gmclean@allenandclarke.co.nz
www.allenandclarke.co.nz
PO Box 10730, Wellington 6143
Level 2, The Woolstore, 262 Thorndon Quay,
Pipitea, Wellington 6130
New Zealand
Hi Grant,

It is good to hear the update on how things are progressing. I like the approach of you assuring NZ Bus, and other concerned parties, that the data will only be used for the research. We are obliged to publicly release the research online, however if there is commercially sensitive information in it this could be withheld.

Happy for 8 June deadline.

Ngā mihi

Grant McLean <gmclean@allenandclarke.co.nz>

Sent: Thursday, 7 June 2018 12:24 PM
To: [redacted]
Subject: FW: WEEKLY PROJECT UPDATE 2: PTOM RESEARCH

Hi [redacted]

We are making good progress with drafting the feasibility report and the stakeholder engagement this week. You will be pleased to know that Auckland Transport have already supplied a response to our PTOM questionnaire, and First Union in Auckland have provided their perspective and data on the Auckland situation.. and we have now heard back from NZ Transport Agency (providing some data)..

We are however, still trying to iron out how we can get access to the Wellington research (the unions are happy and GWRC), as we understand that currently NZ Bus do not want the report released. We are thinking about whether Bill can anonymise the report data and/or get a waiver to the confidentiality agreement with the Wellington parties so NZ Bus will be okay with our accessing the analysis/data. We also understand that there is a meeting with GWRC and the parties to discuss the report release today (although NZ Bus is not going to attend), so also waiting to hear the outcome of that meeting.

Another possible strategy to appease NZ Bus we would be interested in the Ministry’s view on is whether we could assure NZ Bus (and the other Wellington parties if need be) that the Wellington data would be only used for our research and for the Ministry/Minister only (i.e. not for public release of the entire report).

Given the need to try and clarify this for the report, and to allow a bit more time to get internal input and peer review on the report (and to allow the regional councils to come back to us on Ian’s 8 June deadline), would it be possible to forward the draft report to you tomorrow? Happy to discuss.

Regards

Grant
Hi [Name],

Latest weekly project update:

Main activities last period
- Extension for completion of feasibility study report to 7 June agreed with the Ministry (to allow for advancement of sufficient stakeholder engagement on availability/accessibility of data)
- Bill McDonald (JMG) included in project team (agreed with the Ministry)
- Stakeholder engagement:
  - Met with Wayne Hastie from GWRC for further discussion of PTOM tender experience (31 May)
  - BCA advised that they have contacted all the Auckland bus operators and gained their agreement to be involved, and provided contact details
  - Arranged a series of union meetings for week of 5 – 8 June (NZCTU, Tramways, First Union and Rail & Maritime)
  - All Regional Councils emailed and asked to complete a short survey on urban bus services (covering contracts and the contracting process under PTOM as related to employment conditions/wages, by 8 June)
  - NZ Transport Agency has responded to initial reach-out and following up on what information they can provide.
  - Ministry of Education yet to respond (will follow-up).
- Document review. There is relatively little direct documentation to draw upon for Phase 1. It is anticipated that there will be some ongoing document review - as access to employment agreements, and potentially other documentation shared by stakeholders, which could be fed into Phase 2.

Work progress status
- ON TRACK
- Budget tracking: On track

Main activities next period
- Contact/follow-up with all key stakeholders already contacted (RCs, unions) and bus operators to discuss/advance accessing data
- Complete feasibility assessment and design method
- Submit draft feasibility assessment report (7 June)

Requests for client input
- 

Areas of concern
- Keeping an eye on turnaround timeframe for information from regional councils and bus operators.

Regards

Grant McLean
Senior Associate

+64 4 282 1257
Hi Grant,

I really like your idea of putting the identifiable data in an annex, only for MoT. That will make it much easier later on which the making the document ready for public release.

Ngā mihi

Grant McLean
Senior Associate

---

From: Grant McLean <gmclean@allenandclarke.co.nz>
Sent: Friday, 8 June 2018 7:56 AM
To:  
Subject: CONFIDENTIALITY OF DATA APPROACH
Importance: High

Good morning

We have had another query about the confidentiality of data supplied to us for the research report. This time Auckland Transport.

We have advised AT that the report itself we need to be made public. However, we would like to reassure them that sensitive/commercial data can be kept confidential. One way we could do this would be to provide the sensitive data in a separate Annex to the main published report and so treated as strictly in confidence and available within the Ministry of Transport only. Would this be acceptable to the Ministry? Another alternative could be to just advise AT (and others concerned about confidentiality) that where possible data would be anonymised, or redacted from the published report where it is considered as confidential/commercially sensitive. Or are there other approaches you would suggest that could satisfy the various parties?

We are keen to get back to AT today if possible to keep the momentum/goodwill going with them. Further, if we can confirm an arrangement that will meet both Ministry and AT requirements, we can use this approach as a basis for requests of confidential data with other parties.

Happy to discuss.

Grant

Grant McLean
Senior Associate
Thank you for the prompt and positive response.

We note your query about the selection of regions. Yes, in terms of other potential regions other than AKL and WLG we had been responding to a combination of the size of regions and early indications of PTOM issues. However, we will see what comes back from the South Island regions in response to the questionnaire. We would then be able to make a call on whether to potentially include a SI region (e.g. Otago with 3.8% of national service provision), or to just ensure we b ) clearly explain our rationale for the NI selections.

Regards

Grant

---

Good morning Grant,

Thanks very much for sending through the Feasibility Report. I have now had the chance to read through it and find it very thorough. We are very happy for you to proceed through to Phase 2.

I just had one very minor query/question. I note that none of the regions that will be looked at are in the South Island. Obviously this is not possible for Christchurch, but I was just wondering if the team considered the geographic spread as part of this? I can understand that you have chosen to focus on the regions with the most changes post PTOM, which make sense, so I am not really suggesting you change regions. Maybe explaining clearly in the final report why you focused on the regions you did (and why that didn’t happen to include any in the South Island) would cover it.

Ngā mihi

---

Good morning Grant,

Thanks very much for sending through the Feasibility Report. I have now had the chance to read through it and find it very thorough. We are very happy for you to proceed through to Phase 2.

I just had one very minor query/question. I note that none of the regions that will be looked at are in the South Island. Obviously this is not possible for Christchurch, but I was just wondering if the team considered the geographic spread as part of this? I can understand that you have chosen to focus on the regions with the most changes post PTOM, which make sense, so I am not really suggesting you change regions. Maybe explaining clearly in the final report why you focused on the regions you did (and why that didn’t happen to include any in the South Island) would cover it.

Ngā mihi
Subject: PTOM research feasibility report  
Importance: High

Dear [NAME],

Please find attached the feasibility report for submission 8 June as agreed.

We look forward to your feedback on the report next week.

Have a great weekend.

Regards

Grant

Grant McLean  
Senior Associate

+64 4 282 1257  
gmclean@allenandclarke.co.nz  
www.allenandclarke.co.nz

PO Box 10730, Wellington 6143  
Level 2, The Woolstore, 262 Thorndon Quay, Pipitea, Wellington 6130  
New Zealand

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APPENDIX B 28
1. PURPOSE, SCOPE, BACKGROUND AND APPROACH (FEASIBILITY ASSESSMENT)

1.1 Purpose

The project objective is to examine what impact/s the Public Transport Operating Model (PTOM) has had on bus operator employment conditions and wage rates. The Ministry of Transport (the Ministry) requires a two-phase research project that firstly provides a feasibility assessment of data availability (Phase 1 - reported here), and subject to this, a research project (Phase 2) will be completed.

The Ministry has commissioned Allen + Clarke (including a specialist public transport team of Ian Wallis of Ian Wallis Associates and Bill McDonald of JMG) to undertake the feasibility assessment (Phase 1: research plan). This because the Ministry is unclear about whether the data that will be needed to undertake this research is accessible and requires support to develop a research plan, which includes a feasibility assessment, prior to confirming the second phase of the work.

1.2 Research brief

Research objective

The research is intended to clarify whether PTOM has any impacts on employment conditions and wages. Early evidence of operations under PTOM suggests that it has resulted in some improvements in the quality of public transport services without a significant increase in cost. However, currently the Ministry does not have clear evidence whether or not PTOM has had negative impacts on wages and salaries, or other employment conditions of public transport workers.

The core areas of research exploration are:

- a **regional breakdown** of the effects of PTOM on employment conditions and wage rates (with the primary focus being Auckland and Wellington)
- an analysis **comparing** wage rates of public transport drivers with a **similar cohort** (school bus drivers)
- how the impacts of PTOM may differ across **different workforces** (e.g. highly unionised vs non-unionised)

Subject to the outcomes of the feasibility assessment in Phase 1 reported below, the Ministry will agree with the supplier to proceed to Phase 2.

Scope

This research project addresses the Ministry’s commitment to “undertake research to explore the effects of PTOM on wages, salaries and employment conditions in the first half of 2018” (with the NZ Transport Agency and the Ministry of Business, Innovation, and Employment (MBIE)). The timing of the research is considered appropriate as there

---

1 Early indications from initial stakeholder engagement would provide further support for this perspective.

are no major PTOM tenders due to take place in this period and it is well before a full evaluation of PTOM scheduled for 2019.

The project is part of a broader suite of work the Ministry (and NZ Transport Agency) is engaged with to explore how the PTOM procurement provisions could be strengthened to improve employment protections and other outcomes. MBIE is also investigating a range of areas around employment conditions and procurement, including Fair Pay Agreements.3

While the terms and conditions and payoff all workers in the transport industry may be affected by the changes arising from PTOM, it is agreed that for the purposes of this research the focus is on bus drivers due to:

- drivers being the largest group affected by the change of bus operations
- concerns expressed by unions highlighting bus drivers as the most affected group, facing the most significant reduction in employment conditions.

Research questions

The key research questions are:

1. Does PTOM impact on the employment conditions and wages of public bus drivers?

2. If yes, what are those impacts?

3. If yes, do the impacts differ by:
   - region?
   - different bus driver workforces? (i.e. highly unionised, not highly unionised),
   - other bus driver characteristics?

4. Are there other factors impacting on employment conditions and wages of public bus drivers?

1.3 Background

PTOM sits within a broader context of government procurement. Competitive tendering, the approach used for most PTOM contracts, is associated with delivering best value for money and facilitating innovation. However, the impact that it can have on employment conditions is less well known and it is not clear whether procurement processes have had an adverse impact on employee terms and conditions on PTOM contracts.

3 Noting that on 5 June the Government announced it is setting up a working group to develop a plan to introduce Fair Pay Agreements (FPAs) across industries and occupations.
PTOM was developed collaboratively by a core working group comprising the Ministry, the NZ Transport Agency, Auckland Transport, GWRC, and the Bus and Coach Association (representing most existing New Zealand public transport bus operators. PTOM modified the regime that had operated under the Transport Service Licensing Act 1989 (TSLA). This was as a result of the previous government having concerns that investment in public transport had grown rapidly without an equivalent increase in patronage. PTOM commenced in 2013.

Under PTOM, there is a recognition that central planning of public transport networks is key. Contracts under PTOM can be tendered or directly negotiated with operators. Contract lengths vary from nine years for tendered contracts and six years for directly negotiated ones. PTOM also permits directly appointed contracts for incumbent operators who held commercial registrations under the TSLA; these contracts run for 12 years. In Auckland and Wellington, directly appointed contracts cover approximately one third of the market.

PTOM provides incentives for operators through financial mechanisms, such as revenue sharing between regional councils and operators. Another key part of PTOM involves monitoring of performance. Regional councils are obliged to monitor a range of performance indicators, including patronage growth, subsidy levels and customer satisfaction.

Is PTOM able to include employment safeguards?

Under PTOM, the relevant regional council can consider employee safeguards when designing its tender documentation. This can include requiring a successful supplier to engage staff on existing terms and conditions, or measures to address staff retention issues in their contracts. Regional councils use the price quality evaluation methodology under PTOM, as set out in the NZ Transport Agency's Procurement Manual. The price quality method enables regional councils to determine how much emphasis to place on quality relative to price, such that the regional councils are prepared to pay a premium for a higher quality supplier. This provides a way for councils to signal to potential suppliers what the council values, such as a good employment record or ongoing staff training.

Implementation of PTOM to date

PTOM is operating in five of the six largest regions (Auckland, Wellington, Bay of Plenty, Waikato and Otago, providing over 80 percent of public transport services in New Zealand (excluding Canterbury, which does not currently operate under PTOM and provides 14 percent of urban public transport services).

In Auckland and Wellington there has been major turnover of incumbent operators in Wellington and Auckland, however the effects of PTOM on operator turnover in the rest of the country appears to have been comparably minor. Recently Bay of Plenty District

4 NZ Bus is a notable exception

5 The Public Transport Management Act 2008 (the PTMA) was to replace the TSLA but it was never brought into force. PTOM was a government-mandated collaborative response to modify the system operating under the TSLA and replace the PTMA.
Council awarded a tender to a new operator (NZ Bus), which included specification of the inclusion of the Living Wage.

The delay to Christchurch transitioning to PTOM is due to the Christchurch earthquakes and the resulting changes in demography. Timeframes for tendering in Christchurch will be better understood once the Greater Metro Christchurch Joint Public Transport Committee has determined the strategic direction for services in Christchurch.

**Impacts on wage and employment conditions?**

Indications from recent PTOM tenders in Wellington, Auckland, Waikato, the Bay of Plenty and the Hawkes Bay is that employees and unions are concerned about eroding wages and employment conditions with the tendering processes seeing several incumbent operators lose units and market share to other operators.

**Wage trends for public transport workers**

Statistics New Zealand's Labour Cost Index is the recommended indicator of wage increases and can be used by employers, employees, and trade unions in pay negotiations. Overall, it shows that wage rates for road and rail drivers have increased at a greater rate than wage rates for all occupations combined. However, the most specific data available is for all rail and road drivers, including taxi and delivery drivers in addition to bus and train drivers.

![Diagram 1: All salary and wage rates (source: Statistics NZ Labour Cost Index)](image)

**1.4 Research plan**

Our original approach to the research and particularly Phase 1: Research Plan (feasibility assessment) confirmed in the approved Project Plan (22 May 2018) is summarised in the methodology and milestone schedule diagram below.
The methodology for the research plan phase (Phase 1) involved four key tasks:

- **Stakeholder engagement** to assess the availability and accessibility of the necessary data. This was the majority of the focus of this phase (see below)

- **Document review** of key documents. In practice there were few key documents to review in this phase. The Ministry of Transport briefing was the core background document. We have reviewed relevant sections of tender and contract documents in the main regions. A brief media scan of print media coverage of PTOM-related issues in the regions was also briefly reviewed.

- **Conducting a feasibility assessment of the accessibility/availability of the data** (contained in this report)

- **Development of a research design to complete the research project** (which we believe is feasible – see Findings below).

### 1.5 Stakeholder engagement (21 May – 8 June and ongoing)

A brief communications plan was developed to support the stakeholder engagement approach. A three-stage engagement approach was implemented including initial contact by the Ministry and the Minister’s Office (to the unions) and followed up with email, phone contact and face to face meetings (as appropriate) by the research team.

A table listing the key stakeholders to be contacted as agreed with the Ministry is provided on page 10, along with the key information discussed/requested of the respective stakeholders.

The respective stakeholders’ detailed responses (where provided to date) are presented under Section 3: Findings.

**Greater Wellington research as a model for national research**

There is a unique opportunity to utilise and extend the model and research approach on the impact of changes to driver terms, conditions and pay of Wellington bus drivers...
completed by TDM Consulting presented in the *PTOM Impact on Staff Independent Assurance Review Final Report (30 April 2018)*.

This report was commissioned by GWRC on behalf of the Parties to the Interim Agreement⁶, as set out in a Facilitated Meeting held on Friday 15 September 2017. The report was specifically aimed at answering questions similar to those raised by the Minister as to whether public transport staff would be detrimentally affected by the new PTOM agreements.

The research approach that forms the basis of the report was to:

a. Meet with key stakeholders to understand their respective positions

b. Undertake a stocktake of available information, data and artefacts that would be made available to inform this review

c. Consult each identified stakeholder to discuss:
   ▪ the stakeholder’s perspective
   ▪ the intended approach and methodology for the analysis (which was adjusted as necessary after feedback)
   ▪ data, information, contracts and other artefacts that each might offer to assist with the review, and
   ▪ any particular concern of the stakeholder

d. Establish a baseline through modelling driver remuneration scenarios, using actual rosters of drivers matched to shifts. Specifically:
   ▪ monetise the non-financial terms and conditions as far as practicable
   ▪ model these alongside known pay rates to reach a range of normalised, gross hourly rates

e. Prepare a presentation and draft report of key findings

f. Present preliminary analysis and feedback received at the meeting of 8 November 2017, attended by GWRC, NZ Bus, Tranzit, Mana, Uzabus and unions

h. Prepared an updated presentation as an addendum to the 8 November presentation of the results of the additional analysis

i. Prepared the final report.

⁶ Comprising of the regional council, bus operators and unions (in confidence)
j. Prepared a supplementary report to deal with matters identified during the final round of consultation and new information that required some additional analysis.

A request has been made to the Parties to the Interim Agreement asking to have the report released and the underlying research and models made available. This would add value to the report to the Minister. Initial indications are that all parties with the exception of NZ Bus are happy for that to occur. An approach has been made to NZ Bus to determine which information specifically they were seeking to protect and agreeing an appropriate protocol to allow this piece of work to access this information without compromising NZ Bus’ position.

The Wellington report allowed a more granular analysis of the impact of changes on individuals and groups providing a richer story than can be obtained from assessing averages. Given the time available it will not be possible to do the same for other regions. However, this research project can draw more generally on the Wellington insights relating to the impact on individuals, enhancing the analysis.

Table 1. Stakeholder engagement contact table

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Information requested</th>
<th>Contacted</th>
<th>Responded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Councils</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Greater Wellington | The research team met with Greater Wellington Regional Council (twice) to discuss the research commissioned (outlined above) to understand the impact of PTOM on bus drivers’ employment conditions and wages in Wellington. The aim was to understand:  
1. the work they had commissioned to date, and what was proposed in the near future;  
2. the method of working, including roles of the various parties (operators, unions, consultants, GW, other);  
3. confidentiality arrangements, and the need/possibility of us being included in these arrangements;  
4. feasibility of using a similar approach, maybe with identical data collection, being ‘rolled out’ to analyse the Auckland situation. | ✓         | ✓         |
| Auckland Transport |                                                                                        | ✓         | ✓         |

7 The Wellington analysis went a step further than what can be done in this research project. It involved building a model of NZ Bus’s existing operation and allocation of staff that allowed me to compare hourly rates by shift. We do not have sufficient time to do the same type of modelling and analysis for the other regions.
<table>
<thead>
<tr>
<th>Regional Council</th>
<th>Questionnaire Details</th>
<th>Acknowledgment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waikato Regional</td>
<td>The Regional Councils were contacted by email and asked to complete a brief questionnaire (see the Excel spreadsheet) covering:</td>
<td>✓</td>
</tr>
<tr>
<td>Bay of Plenty</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Northland</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Taranaki</td>
<td>• A list of operators involved in tendering for contracts in their region</td>
<td>✓</td>
</tr>
<tr>
<td>Horizons (Manawatu-Whanganui)</td>
<td>• The number of bidders vs number of contracts (i.e., how many contracts have had one bidder, two bidders etc.).</td>
<td>✓</td>
</tr>
<tr>
<td>Hawkes Bay</td>
<td>• Comments on the PTOM procurement/contracting process, in particular relating to: tender evaluation criteria (including any regard for driver employment pay rates and conditions); any knowledge or evidence from tender bids or other sources on the effects of PTOM on driver rates and conditions; other points?</td>
<td>✓</td>
</tr>
<tr>
<td>Gisborne</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Nelson City Council</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Marlborough</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Environment Canterbury</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Otago</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Invercargill City Council</td>
<td></td>
<td>✓</td>
</tr>
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<table>
<thead>
<tr>
<th>Operators</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus and Coach Association (BCA)</td>
<td>BCA were contacted to ask what assistance they could provide in helping gain access to relevant information from the bus operators (primarily in Auckland).</td>
<td>✓</td>
</tr>
<tr>
<td>Auckland operators</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Go Bus</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>

Offered to provide input and support for the project. They provided contact details for all the key bus operators in the Auckland region, and agreed to provide information on the main contract conditions related to employment. They also offered to provide a written statement on their perspective on PTOM effects.
This feasibility engagement covered whether the bus operators can (and are willing to) provide reflections/information on:

**Primary topics:**

a. has the advent of PTOM (with new style of contracts and increased contract competition than previously) had any effects on operator negotiations of driver pay rates and conditions over the last few years (ie relative to the continuing rollover of existing contracts)?

b. if yes, summarise these effects on driver pay rates (in $ or % terms where possible) and other employment terms and conditions;

c. has PTOM etc (with associated negotiations on driver pay/conditions) led to more industrial disputes (strikes etc) than would otherwise have been the case (ie with continuing rollover of contracts)?

**Associated topics:**

d. extent of union membership of bus drivers, and which unions;

e. has union membership been materially affected by the introduction of PTOM and associated re-tendering;

f. have staff shortage/recruitment issues been affected (positively or negatively) by the advent of PTOM etc and any associated effects on employment pay rates and conditions?

<p>| Unions                        | Contacted for meetings to discuss what information the respective unions could provide on the impact of PTOM on worker’s conditions and wage rates of members. The Wellington-based unions also asked whether they would agree to the research team gaining access to the Greater Wellington Regional Council research. |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|=|=|=|</p>
<table>
<thead>
<tr>
<th>Government agencies</th>
<th>NZ Transport Agency</th>
<th>Ministry of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ Transport Agency</td>
<td>NZ Transport Agency was contacted to see whether they have any information that might be helpful to the project (e.g., re contract prices and bidders per contract) and to what extent they want to be involved/kept informed (maybe just informally) about progress of the project.</td>
<td>The Ministry of Education was contacted to assess whether comparative information on the school bus services could be accessed with a view to allowing changes in pay rates from baseline to changes in rates in the urban bus sector. The main issues to be addressed are access to information on: (a) current school bus driver employment pay rates, terms and conditions; (b) basis on which these rates etc are set; and, (c) changes in these rates etc over the last (say) five years.</td>
</tr>
<tr>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

### 1.6 Document Review

**Ministerial briefing and analysis**

As noted above, in practice there were few key documents to review in this phase. It is anticipated that further review of key documentation will occur during Phase 2, as access to information on employment agreements and analysis conducted by stakeholders is made available.

The Ministry of Transport briefing was the core background document. In addition, we have reviewed relevant sections of PTOM tendering and contract documents for the main regions.

These documents and discussions with the Ministry and key stakeholders helped inform the development of a minimum dataset checklist (which formed the basis of a brief questionnaire sent to the regional councils, and bus operators).

The minimum dataset checklist includes base salary (by tenure and experience), penal rates, overtime rates, hours of work, split shifts/shift allowances, special rates, rostering, allowances, annual and sickness leave, health and safety and wellbeing conditions.

**Media scan**

A brief media scan was conducted of print media coverage (between July 2017 and May 2018) of reported regional issues with PTOM tendering and wages and employment conditions of bus drivers. Media coverage in Auckland, Wellington, Waikato, Bay of Plenty and Hawkes Bay reported significant concerns about reductions in bus driver wages and
employment conditions as a result of PTOM tendering processes and outcomes. The media coverage also included: strike action/threats of strike action, public safety concerns with fatigued drivers, and also shortages of bus drivers.\(^8\) However, there was also reporting of positive outcomes for bus drivers’ wages and employment conditions.\(^9\)

2. FEASIBILITY ASSESSMENT - FINDINGS

2.1 Feasibility Assessment Framework

The results of the stakeholder engagement have been collated and analysed using the following feasibility assessment framework:

- **Availability and quality** of information to be used in the evaluation (is the data likely to be available in a usable format and is it of sufficient quality for robust analysis).

- **Adequacy** of the research design (will it provide a sufficiently robust picture of any PTOM-related changes in employment conditions and wage rates, within the project’s time and budget constraints).

- **Conduciveness** of the broader public policy context behind the PTOM tendering process to support the research (i.e. commercial and political context).

The **four key criteria** for assessing feasibility and the supporting assessibility standards are outlined below. The responses from the respective stakeholders in relation to the research team’s request for relevant information (depending on the stakeholder) were analysed using the feasibility criteria.

Diagram 3: Feasibility assessment criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Highly likely available</td>
</tr>
<tr>
<td>Availability in the timeframe</td>
<td>Highly likely that the information will be made available in the timeframe</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Criteria</th>
<th>High quality</th>
<th>Sufficient quality</th>
<th>Unlikely</th>
<th>Not available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality (if available)</td>
<td>High likely the information will</td>
<td>Likely that the information will</td>
<td>Unlikely to be of sufficient</td>
<td>N/A</td>
</tr>
</tbody>
</table>

\(^8\)See Appendix B for a selection of news items.

\(^9\)See Appendix B for a selection of news items.
2.2 Assessment of overall feasibility of completing the research project

Our overall conclusion is that it should be feasible for the research project to address the research objectives of the Ministry. The research should be largely completed within the original timeframe, provided that all the key data is made available from all the key stakeholders within the agreed timeframe required.

The research team believes that overall the quality of the data, and adequacy of the research design will be sufficient to complete the analysis. Further, it is believed that the current broader public and political context overall will support completion of the research (commercial sensitivities not withstanding). To date, the majority of stakeholders have responded positively to the research team’s initial engagement and requests for information (e.g. Greater Wellington Regional Council, Auckland Transport, BCA (on behalf of Auckland bus operators), and the unions).

There is still some negotiation required with Wellington bus operators (primarily NZ Bus) to address confidentiality issues to ensure the Wellington analysis can be utilised (possibly in a non-identifiable form).

Our assessment is summarised in the table below across the key assessment criteria of availability, quality, adequacy and conduciveness (see table 2 over the page).
### Table 2: Overall research feasibility assessment

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Overall summary of research feasibility assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability</td>
<td>Responses from the majority of key stakeholders (to date) indicate that sufficient data will be made available to complete the research project to a level that meets the Ministry’s research objective and assuming that the research team is able to gain access to the Wellington regional analysis. The Greater Wellington Regional Council, the main unions and possibly Tranzit are comfortable with the Wellington analysis being accessed. However, currently ultimate availability of the Wellington data is subject to navigating confidentiality agreements to ensure that one party to the Wellington research (NZ Bus) agrees to allow access to the Wellington data (possibly on the basis that the relevant data is anonymised and only made available to the research team and the Ministry for the purposes of this project). Auckland data has already been made available by Auckland Transport and First Union (the major union representing bus drivers in the region), and the BCA has indicated that the local bus operators are also prepared to provide data for the project.</td>
</tr>
<tr>
<td>Quality</td>
<td>The research team is confident that subject to the availability of key data (i.e. Wellington) and the responses to date from Auckland stakeholders that the data will be of sufficient quality to complete a sufficiently robust analysis to meet the needs of the Ministry within the timeframe. The research team now includes the analyst who produced the Wellington analysis, which overall appears acceptable to the majority of the Wellington research stakeholders.</td>
</tr>
<tr>
<td>Adequacy</td>
<td>The adequacy of the research design will be sufficient to provide a robust picture of the effects of PTOM on wages rates and employment conditions within the project timeframe. The research team now includes Bill McDonald, the researcher who produced the Wellington regional analysis of the impacts of PTOM on wages and employment conditions of bus drivers and has refined and extended the methodology to incorporate Auckland (and potentially other key regions), and to allow comparison across regions (see Section 4). This approach will allow analysis of comparable data across the majority of the country’s largest urban bus services including Auckland (49.3%); Wellington (17.5%); and potentially Bay of Plenty (5.7%), Waikato (4.9%) and Hawkes Bay (0.9%). These five regions also appear to have had the most changes in operators, and disputes over wages and employment conditions.</td>
</tr>
</tbody>
</table>
Overall, given the high public and political interest in the issue of bus driver wages and employment conditions and taking into account commercial sensitivity (and the broader national context of high interest in wages and employment conditions – in both the public and private sectors) it is likely that the context is conducive to completing the research with the support of the majority of the stakeholders.

There are likely to be different interpretations of the findings – ‘whether the cup is half full, or half empty’ (as there is likely to be for the Wellington analysis), but providing the analysis is robust and feedback is sought from the key stakeholders on the draft analysis before finalisation, the broader context should support the core analysis.

Table 3: Overall research feasibility assessment findings summary by key stakeholder type (to date)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Regional Councils</th>
<th>Bus operators</th>
<th>Unions</th>
<th>Govt agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability</td>
<td>Likely available</td>
<td>Likely available</td>
<td>Highly likely available</td>
<td>Highly likely available</td>
</tr>
<tr>
<td>Quality</td>
<td>High quality</td>
<td>Sufficient quality</td>
<td>Sufficient quality</td>
<td>Sufficient quality</td>
</tr>
<tr>
<td>Adequacy</td>
<td>Highly likely</td>
<td>Likely</td>
<td>Highly likely</td>
<td>Highly likely</td>
</tr>
<tr>
<td>Conduciveness</td>
<td>Highly conducive</td>
<td>Conducive</td>
<td>Highly conducive</td>
<td>Highly conducive</td>
</tr>
</tbody>
</table>

Weighting the ratings

Three ratings results weights the finding in favour of the majority rating (e.g. a ‘Highly likely’ rating for Adequacy). A two/two split of ratings results in a finding for the more conservative of the ratings (e.g. Availability as ‘Likely available’).

Stakeholder engagement responses (detail)

The individual stakeholder responses to date are provided below, which support the overall feasibility assessment ratings above.

Table 4: Summary of stakeholder responses (to date)

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Information provided/PTOM issues identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Councils</td>
<td></td>
</tr>
<tr>
<td>Greater Wellington</td>
<td>Met with the research team (twice) and provided a perspective on the impacts of PTOM. Supportive of releasing the Wellington research report,</td>
</tr>
</tbody>
</table>

16
subject to the agreement of all parties within the confidentiality agreement that formed the basis of the research being conducted.

<table>
<thead>
<tr>
<th>Auckland Transport</th>
<th>Auckland Transport have already completed the questionnaire provided by the research team and prepared to release further information subject to reassurance around confidentiality of the information (for the Ministry only).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waikato</td>
<td>Waikato agreed to pilot the draft questionnaire to regional councils and provided substantive feedback on the design and also additional contextual information and reflections of the impacts of PTOM on employment conditions and wages.</td>
</tr>
<tr>
<td>Bay of Plenty</td>
<td></td>
</tr>
<tr>
<td>Northland</td>
<td></td>
</tr>
<tr>
<td>Taranaki</td>
<td>Questionnaire completed</td>
</tr>
<tr>
<td>Horizons (Manawatu-Whanganui)</td>
<td>Questionnaire completed</td>
</tr>
<tr>
<td>Hawkes Bay</td>
<td>Questionnaire completed</td>
</tr>
<tr>
<td>Gisborne</td>
<td></td>
</tr>
<tr>
<td>Nelson City Council</td>
<td></td>
</tr>
<tr>
<td>Marlborough</td>
<td>Questionnaire completed</td>
</tr>
<tr>
<td>Environment Canterbury</td>
<td></td>
</tr>
<tr>
<td>Otago</td>
<td></td>
</tr>
<tr>
<td>Invercargill</td>
<td></td>
</tr>
<tr>
<td><strong>Operators</strong></td>
<td></td>
</tr>
<tr>
<td>Bus and Coach Association</td>
<td>Offered to provide input and support for the project. Provided contact details for all the key bus operators in the Auckland region and advised that the operators were comfortable with being contacted by the research team. BCA also agreed to provide information on the main contract conditions related to employment. Note that they also offered to provide a written statement on their perspective on PTOM effects.</td>
</tr>
<tr>
<td>Auckland operators</td>
<td></td>
</tr>
<tr>
<td>Go Bus</td>
<td></td>
</tr>
<tr>
<td>Howick and Eastern</td>
<td></td>
</tr>
<tr>
<td>RMTS</td>
<td></td>
</tr>
<tr>
<td>Pavlovich</td>
<td></td>
</tr>
<tr>
<td>Birkenhead</td>
<td></td>
</tr>
<tr>
<td>Tranzit</td>
<td></td>
</tr>
<tr>
<td>Bayes/Waiheke</td>
<td></td>
</tr>
<tr>
<td>Bus/Party Bus</td>
<td></td>
</tr>
</tbody>
</table>
First Union provided a document summarising their analysis of the impact of PTOM on wages and employment conditions.

2.3 Assumptions, risks and mitigation

Availability of sufficient data in the project timeframe

As anticipated in the project plan, confirming availability and access to confidential data with the multiple parties (particularly in relation to the Wellington research) is taking some time.

The methodology and timeline outlined in section 4 therefore is still based on the fundamental assumption of timely access to the required data from all key stakeholders (i.e. regional councils, bus operators – particularly in Auckland, unions), and this remains the major project risk. To help mitigate this risk the research team continues to work closely with Ministry staff and key stakeholders (e.g. Greater Wellington Regional Council and NZ Bus in relation to the Wellington research) to identify and access all available data necessary for the project and identify key people who can help facilitate timely access to data. The research team continues to focus on building a good rapport and relationships with key stakeholders. Stakeholders are being provided with a clear explanation of the project and how their contribution affects the project’s outcomes.

Note that the risk and mitigation matrix over the page has been updated to reflect progress through Phase 1 of the project to date. For example, as stakeholder engagement so far with a number of key stakeholders has been positive the ratings have been altered accordingly.
### Table 5. Risk management matrix

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood</th>
<th>Potential Impact (unmitigated)</th>
<th>How this risk will be managed to minimise the impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulties or barriers associated with data availability or access</td>
<td>Medium</td>
<td>High</td>
<td>The research team will work closely with Ministry staff to identify all available data necessary for the project and identify key people who can help facilitate timely access to data.</td>
</tr>
<tr>
<td>Lack of engagement with key stakeholders</td>
<td>Low</td>
<td>High</td>
<td>Engagement will be initiated early in the project. The research team will work to build a good rapport and relationships with key stakeholders. Stakeholders have been provided with a clear explanation of the project and how their contribution affects the project’s outcomes.</td>
</tr>
<tr>
<td>Time delays in the project due to unforeseen circumstances</td>
<td>Medium</td>
<td>High</td>
<td>The research team has additional capacity and research and policy expertise to assist the project if required. The Project Manager is liaising regularly with the Ministry to ensure that any issues are raised and addressed promptly.</td>
</tr>
<tr>
<td>Poor quantitative data quality and/or incomplete quantitative data</td>
<td>Medium</td>
<td>High</td>
<td>The feasibility assessment phase has provided a good understanding of what data are available and its quality, which overall appears sufficient for successful completion of the research. All data limitations and caveats will be transparently presented in the feasibility report. Risks with poor data quality will also be managed using a variety of analytical methods depending on the characteristics and quality of the data available.</td>
</tr>
<tr>
<td>Any negative findings related to the performance of PTOM may cause some stakeholders to disengage</td>
<td>Low</td>
<td>Medium</td>
<td><em>Allen + Clarke</em> has considerable experience engaging with government organisations and other stakeholders on sensitive issues. Proposed team</td>
</tr>
</tbody>
</table>
3. PROPOSED METHODOLOGY

3.1 Research project design (work plan)

Subject to the Ministry’s approval the methodology for the Phase 2: Research Project is summarised in the methodology and milestone schedule diagram below. The detailed explanation for the key components of the research project are provided below.

Diagram 4: Methodology (high-level work plan) and milestone schedule PHASE 2

3.2 Data collection

The availability and quality of information to be used in the research project is of the utmost importance for a robust analysis to be conducted.

Our approach to data collection, which has already effectively begun through initial stakeholder engagement in Phase 1, is to obtain sufficient evidence to enable an assessment of the impact that PTOM has had on wages and salaries, or other employment conditions of bus drivers. We intend to follow a similar approach to that we adopted in order to conduct an independent quality assurance of the PTOM impact on bus drivers in the Wellington Region.

To reiterate our approach in completing the data collection phase in Phase 2 the research project the research team intends to:

k. contact key stakeholders to understand their respective positions

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l. undertake a stocktake of available information, data and artefacts that would be made available to inform this research project

m. consult each identified stakeholder to discuss:
   ▪ the stakeholder’s perspective
   ▪ our intended approach and methodology for the analysis (which was adjusted as necessary after feedback)
   ▪ data, information, contracts and other artefacts that each might offer to assist with the research, and
   ▪ any particular concerns of the stakeholder.

n. Establish a baseline of pay rates terms and conditions to enable before and after comparisons and to identify similarities and difference between regions, operators and staff groups.

o. The PTOM Impact on Staff Independent Assurance Review Final Report dated 30 April 2018 required the development of a model that could evaluate driver remuneration scenarios using actual rosters matched to shifts. This was specifically designed to allow a comparison of existing effective driver hourly rates of the incumbent operator compared with rates proposed by a new operator. It is not envisaged that this will be necessary for this piece of analysis.

Quantitative analysis – establishing a baseline

The research team confirms it can conduct a quantitative analysis as proposed in the original project plan for Phase 2.

To determine the impact on bus staff with the move to new contracts, artefacts providing evidence of the employment conditions pre-PTOM need to be reviewed and compared to those in place post-PTOM. This is to establish the baseline against which the extent of change may be compared (comparator).

Table 6. Key terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>This establishes an objective starting position or set of conditions at a given point in time. This may include modelling actual roster patterns were modelled to calculate expected driver earnings. Any proposed or implemented alternatives (including approaches to pay and rates) can be compared to the baseline to determine the degree of change.</td>
</tr>
<tr>
<td>Normal pattern of work</td>
<td>This is a scenario that identifies combinations of shifts that occur frequently enough that they can be distinguished as a typical pattern for a cohort of drivers. Outliers or unusual patterns of work are excluded from the analysis.</td>
</tr>
</tbody>
</table>
| Pay rates                 | **Base hourly rate** – ordinary time hourly rate as referred to in the employment agreement.  
                           **Effective hourly rate** - a calculated rate derived from total pay for the period divided by the number of hours worked in that period.  
                           Inclusions:  
                           • hourly rate adjusted for service and overtime where applicable  
                           • shift allowances |
**All up hourly rate** – a fully costed rate and monetised representation of the terms and conditions that have a financial benefit or value to the driver

Inclusions:
- annual leave
- sick leave
- other allowances

Exclusions:
- terms and conditions that require an activity to trigger entitlement e.g. redundancy, parental leave, bereavement leave
- terms and conditions that are difficult to quantify in value e.g. disciplinary procedures

**Determinants (Factors)**

The research team have identified that there are three determinants of terms and conditions for full time, part time and casual workers, and will look for evidence of how these may be applied in a particular workplace (see Diagram 4 over the page).

**Diagram 4. Determinants of employment conditions**

This is a bottom up approach to determine the impact of terms and conditions on an individual worker based on their employment status, the interpretation of their employment agreement combined with the business rules and how they are applied in practice. Table 7 further explains the determinants.

**Table 7. Determinants of employment conditions**

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Evidence</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms and conditions of staff employment contracts</td>
<td>• Collective Employment Agreements (CEAs)</td>
<td>Sets out the formal terms and conditions of each worker’s employment with their employer.</td>
</tr>
</tbody>
</table>
• Individual Employment Agreements (IEAs)

**Business rules and processes**
- Bus timetables
- Bus schedules
- Shifts
- Work rosters

These govern business operation, and rostered shift information provides a clear breakdown of patterns of work between incumbent and incoming bus operators.

**Custom and practice**
- Interviews with operators and drivers to determine how the above two operated in practice

Unofficial aspects of business operation are ingrained in company culture, and are the norm. Direct evidence of such aspects generally does not exist. If necessary, validation is possible using payroll information, noting that such data is commercially sensitive.

**Terms and Conditions**

The first step in the process is to compare key terms and conditions from CEAs and IEAs negotiated between operators and their staff (see table 8). The following table outlines the type of information to be compared:

Table 8. Terms and conditions to be compared

<table>
<thead>
<tr>
<th>Terms &amp; Conditions</th>
<th>Operator A</th>
<th>Operator B</th>
<th>Operator C</th>
<th>Operator D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowances</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agreements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disciplinary</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overtime/Penals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay Rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redundancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This aims to provide an objective view of the employment terms and conditions at a particular point in time. The intention is to analyse source documents (e.g. collective employment agreements) where these are available. In order to compare changes pre and post PTOM it will be necessary to undertake two snapshots.

Where source documents are not available then we would give the operator at the time the opportunity to fill out the tables. In order to ensure that the information in the tables represent the understanding of both employers and employees we would ask representatives of both to review and confirm the information provided.

It is important to note that the definitions are usually clear and well understood their application can be subject to interpretation and often carry different values depending on whether viewed from an employee or employer perspective. This initial data collection exercise simply attempts to record terms and conditions on a similar basis to enable comparisons between operators and at different dates (e.g. pre and post PTOM).

Business Rules and Processes

Business rules and processes are a major factor in determining how the terms and conditions in the employment agreement will be applied in theory to an individual employee and their expected pay.

Operators are required to match driver shifts with bus schedules in order to deliver contracted services and timetables. The result is a work roster that applies to an individual that when applied against the terms and conditions in the employment agreement will ultimately determine the pay for a particular period.

Custom and Practice

While the terms and conditions and business rules and processes largely determine what an individual is paid, this may be impacted by organisational practice. For example, whether an operator runs a tight staffing regime which may result in staff shortages then current drivers are likely to be called in on days off which under some agreements results in extra payments. There are sound commercial reasons to operate in this manner as the cost of hiring and maintaining a workforce larger than need incurs additional costs which the operator may choose to avoid.
Other customary practices around who for example is called forward or back (e.g. first in first served or seniority) which is not formally documented will result in different actual pays for different employees.

**Staffing Levels**

The outcome of PTOM bus contract tenders has resulted in changes to staff numbers for each operator. In order to assess where the changes have occurred we intend that each bus operator be asked to provide the following in Table 9.

**Table 9. Staffing levels**

<table>
<thead>
<tr>
<th>Operator</th>
<th>Driver Positions 2017</th>
<th>Driver positions 2018</th>
<th>Change in driver positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator A</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator C</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator D</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operator E</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Staff Profiles**

In the Wellington case the impact of PTOM has been a change to the workforce with many of the old hands retiring (e.g. choosing to take redundancy) and new people being attracted to the industry (e.g. bus driving being attractive compared to other semi-skilled jobs) even if the terms and conditions are not as lucrative as previously.

This raises a second point which is the demographic and length of service profiles of workforces pre and post PTOM.

**Operator Finances**

There are significant challenges in obtaining commercially sensitive financial information as it potentially exposes an operators underlying business model. Detailed financials for each operator could enable a comparison of total wages costs against total costs and provide evidence of how the proportion and totals have changed over time. Consequently, we do intend to seek this information.
Qualitative Analysis

During the course of stakeholder engagement to date and through the main data collection phase it is expected that respondents will provide additional information that is of a more qualitative nature. We will record these as well, to add depth and a ‘human face’ to the analysis.

**Note** the research team is proposing here a change in emphasis in the original proposal and project plan where potentially up to 10 interviews with bus drivers were proposed. Our view after stakeholder engagement to date is that some of these perspectives are being captured (e.g. through discussion with the unions), and that increasing the focus of project time and resources on the quantitative data collection and analysis will be improve the delivery of the final report for the Ministry of Transport.

**Probity**
The research team is mindful that all PTOM participants are committed to achieving the highest standard of probity in relation to the PTOM tender process. To maintain the integrity of the process, we will, to the best of our knowledge and ability, ensure that commercially sensitive information is not disclosed without the full knowledge and authority of the party providing the information.

### 3.3 Data analysis (and synthesis)

We will analyse the quantitative and qualitative data and synthesise it to identify key findings and themes. The quantitative data will be presented in tabular and graphical format and presented in a way that is easy to digest. The qualitative data will be analysed for key themes and verbatim statements that add ‘voice’ to the different perspectives. Small vignettes/case studies will complement the quantitative analyses.

### 3.4 Emerging findings workshop

As part of the analysis and interpretation of data, we will facilitate an ‘emerging findings’ session with the Ministry (and other relevant stakeholders; e.g. NZTA, MBIE) to share and explain the initial findings and determine the accuracy, significance and implications of the findings.

### 3.5 Reporting

A plain English report will be submitted, initially for feedback from the Ministry. It will be written to meet the needs of a variety of audiences, including the Minister, the Ministry and also other key stakeholders as required: detailed material is likely to be provided in appendices. The report will then be finalised and submitted by 30 June.
APPENDIX A

NZTA's PT council contact list

<table>
<thead>
<tr>
<th>Council</th>
<th>Name</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Transport</td>
<td>Colin Homan</td>
<td><a href="mailto:colin.homan@at.govt.nz">colin.homan@at.govt.nz</a></td>
</tr>
<tr>
<td>Greater Wellington</td>
<td>Wayne Hastie</td>
<td><a href="mailto:wayne.hastie@gw.govt.nz">wayne.hastie@gw.govt.nz</a></td>
</tr>
<tr>
<td>Waikato</td>
<td>Andrew Wilson</td>
<td><a href="mailto:andrew.wilson@waikatoregion.govt.nz">andrew.wilson@waikatoregion.govt.nz</a></td>
</tr>
<tr>
<td>Bay of Plenty</td>
<td>Garry Maloney</td>
<td><a href="mailto:garry.maloney@boprc.govt.nz">garry.maloney@boprc.govt.nz</a></td>
</tr>
<tr>
<td>Northland Regional Council</td>
<td>Chris Powell</td>
<td><a href="mailto:chrisp@nrc.govt.nz">chrisp@nrc.govt.nz</a></td>
</tr>
<tr>
<td>Taranaki Regional Council</td>
<td>Chris Clarke</td>
<td><a href="mailto:chris.clarke@ttc.govt.nz">chris.clarke@ttc.govt.nz</a></td>
</tr>
<tr>
<td>Horizons (Manawatu/Wanganui)</td>
<td>Phillip Hindrup</td>
<td><a href="mailto:phillip.hindrup@horizons.govt.nz">phillip.hindrup@horizons.govt.nz</a></td>
</tr>
<tr>
<td>Hawkes Bay Regional Council</td>
<td>Anne Redgrave</td>
<td><a href="mailto:anne.redgrave@hbrc.govt.nz">anne.redgrave@hbrc.govt.nz</a></td>
</tr>
<tr>
<td>Gisborne Regional Council</td>
<td>David Wilson</td>
<td><a href="mailto:david.wilson@gdc.govt.nz">david.wilson@gdc.govt.nz</a></td>
</tr>
<tr>
<td>Nelson City Council</td>
<td>Margaret Parfitt</td>
<td><a href="mailto:margaret.parfitt@ncc.govt.nz">margaret.parfitt@ncc.govt.nz</a></td>
</tr>
<tr>
<td>Marlborough District Council</td>
<td>David Craig</td>
<td><a href="mailto:david.craig@marlborough.govt.nz">david.craig@marlborough.govt.nz</a></td>
</tr>
<tr>
<td>Environment Canterbury</td>
<td>Stewart Gibbon</td>
<td><a href="mailto:stewart.gibbon@ecan.govt.nz">stewart.gibbon@ecan.govt.nz</a></td>
</tr>
<tr>
<td>Otago Regional Council</td>
<td>Gerard Collings</td>
<td><a href="mailto:gerard.collings@orc.govt.nz">gerard.collings@orc.govt.nz</a></td>
</tr>
<tr>
<td>Invercargill City Council</td>
<td>Russell Pearson</td>
<td><a href="mailto:russell.pearson@icc.govt.nz">russell.pearson@icc.govt.nz</a></td>
</tr>
</tbody>
</table>

Union Contacts:

Richard Wagstaff – email: richardw@nzctu.org.nz
Louisa Jones – email: Louisa.jones@firstunion.org.nz
Kevin O’Sullivan – email: tramwaysunion@tradeshall.org.nz
Wayne Butson – email: wbutson@rmtunion.org.nz

Operators:

Bus and Coach Association facilitator – Barry Kidd, CE, barry.kidd@busandcoach.co.nz
APPENDIX B

Selection of media articles on bus driver employment conditions and wages

https://i.stuff.co.nz/auckland/101879559/bus-driver-strike-looms-in-auckland
https://i.stuff.co.nz/national/99270925/Further-commuter-disruption-as-bus-drivers-hold-stopwork-meeting-on-Wednesday
https://i.stuff.co.nz/waikato-times/news/103857689/hamilton-bus-drivers-to-strike-over-living-wage-on-monday-morning

Hi

The latest weekly update:

Main activities last period

- Feasibility assessment report submitted to the Ministry as agreed on Friday 8 June.
- Stakeholder engagement:
  - Completed four meetings with unions (NZCTU, Tramways, First Union and Rail & Maritime).
  - Some information starting to be provided (e.g., five regional councils, including Auckland Transport, First Union, NZ Transport Agency, Ministry of Education).

Work progress status

- ON TRACK
- Budget tracking: On track (will do a mid-project review of overall budget tracking – to take account of the alteration/extension of the Phase 1 timeframe - the week of 11 – 15 June).

Main activities next period

- Subject to Ministry approval: implement the proposed methodology and advance data collection (11 – 15 June), including further engagement with key stakeholders as required.
- Finalise write-up of stakeholder meeting notes.

Requests for client input

- Ministry of Transport feedback and decision point on feasibility assessment report.

Areas of concern

Continue to focus on turnaround timeframe for information from regional councils and bus operators, and ensuring particular stakeholders that confidentiality will be effectively managed for research reporting and publication.

Regards

Grant

Grant McLean
Senior Associate

d +64 4 282 1257
m
E gmclean@allenandclarke.co.nz
Good morning

I trust you had a good weekend.

Please find the first invoice for the PTOM research project attached, as the first two outputs for Phase 1 have been submitted.

Any questions please let me know.

Regards

Grant

Grant McLean
Senior Associate

+64 4 282 1257
gmclean@allenandclarke.co.nz
www.allenandclarke.co.nz
PO Box 10730, Wellington 6143
Level 2, The Woolstore, 262 Thorndon Quay,
Pipitea, Wellington 6130
New Zealand
Ministry of Transport
Attn: Brent Johnston, Manager,
Mobility and Safety
PO Box 3175
WELLINGTON 6140

DATE
31/05/2018

A+C REF: AOG-MOT005PTM-E
17/18-123
Purchase order Reference SRAF/6415
PTOM Research
Activities - Phase 1:
- Project Inception
- Stakeholder engagement plan/project plan
- Stakeholder engagement
- Document review

Total hours: ______ hours (____ days)
Total Fees: $14,400.00 (excl GST)
Plus 1% AOG admin fee: $144.00 (excl GST)
Total Invoice: $14,544.00 (excl GST)

Payment may be made directly to our bank account as follows:
ANZ Bank
Commercial Banking Branch
Account #: [redacted]
Swift code: [redacted]

Subtotal: $14,400.00
GST 15%: $2,160.00
Total Amount: $16,560.00

Terms: Payment of this invoice within 7 days would be appreciated

Released under the Official Information Act 1982
From: Grant McLean <gmclean@allenandclarke.co.nz>
Sent: Tuesday, 12 June 2018 2:23 PM
To: 
Subject: RE: Budget fees versus expenses with total fixed budget

Hi No the first invoice is fine. This is more to show you how the hours was moving around across the phases and more for our internal budget management (including of our sub-contractors Bill and Ian).

We will just incorporate the reallocation of the expenses to the fees into the second invoice (including the balance of Phase 1 and Phase 2 – and we would identify in the invoice the balance of Phase 1 as separate from the new Phase 2 balance). This final invoice, should therefore be a total of just under $35,000 (i.e. the balance of Phase 1 = $6,070 and new Phase 2 budget allocation of $28,880) + expenses (taxis).

Sound okay?

Cheers

Grant
Hi

Here is an updated breakdown of the budget by Phase 1 and Phase 2 as discussed.

Let me know if you want to clarify anything.

Regards

Grant

---

From: [Redacted]
Sent: Monday, 11 June 2018 4:47 PM
To: Grant McLean <gmc Lean@allenandclarke.co.nz>
Subject: RE: Budget fees versus expenses with total fixed budget

Hi Grant,

That seems like a reasonable way to reallocate the money and get the most value out of it. I am happy with this approach. Could you please give us some specific figures around the new proposed spend for the money?

Ngā mihi

---

From: Grant McLean <gmclean@allenandclarke.co.nz>
Sent: Monday, 11 June 2018 4:07 PM
To: [Redacted]
Subject: Budget fees versus expenses with total fixed budget

Hi [Redacted],

Just something I wanted to check in with you as we formally move into Phase 2.

We had put forward an expenses budget of $3,400 to support stakeholder engagement meetings and qualitative work in Auckland. As outlined in the feasibility report we don’t think as much qual work is required/should be a significant focus, nor two visits to Auckland for stakeholder engagement/qual work required and that the resourcing and analytical effort should be weighted more strongly to the quantitative work that Ian and Bill particularly will be doing.

Therefore, I wanted to check whether there would be scope to shift some (even most) of the expenses towards the fees to allow Bill and Ian to do their quan work (this will give us another couple of days of Bill’s time)?

Happy to discuss as always.

Regards

Grant

Regards

Grant McLean
Senior Associate
ADJUSTED BUDGET TO PROJECT PLAN –

INCLUSION OF BILL MCDONALD AND EXTENDED TIMEFRAME FOR
PHASE 1 STAKEHOLDER ENGAGEMENT (AND INCLUSION OF SOME
PHASE 2 DATA COLLECTION TASKS IN PHASE 1)

1. BUDGET

Table 4: Pricing for fees

<table>
<thead>
<tr>
<th>Budget for Fees</th>
<th>Daily Rate</th>
<th>Quantity (Days)</th>
<th>Sub total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1: Feasibility Assessment* (21 May – 8 June)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Houliston</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant McLean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ian Wallis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill McDonald</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alasdair MacLeod</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total Phase 1</td>
<td></td>
<td></td>
<td>$20,470</td>
</tr>
<tr>
<td>Phase 2: Research Project (11 June – 30 June)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paul Houliston</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant McLean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ian Wallis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill McDonald</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total Phase 2</td>
<td></td>
<td></td>
<td>$28,880</td>
</tr>
<tr>
<td>Total Fees (excluding GST)</td>
<td></td>
<td></td>
<td><strong>$49,350</strong></td>
</tr>
</tbody>
</table>

Notes

* Phase 1 extended as took longer to engage stakeholders (requiring more of GM, IW and BM days/hours, although noting AM and PH time reduced). This phase also included some key *data collection*, reducing the total amount of data collection required in Phase 2 (hence the reduction of days/hours in this Phase).

** The majority of the expenses budget has been reallocated to fees (primarily for GM for Phase 1 report writing, stakeholder engagement and project management) and BM for Phase 2 quantitative data collection and analysis), retaining up to $370 for taxis for stakeholder engagement in Wellington.
<table>
<thead>
<tr>
<th>Description/Comments</th>
<th>Total Cost (GST exclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxis</td>
<td>$370</td>
</tr>
<tr>
<td>Sub-total</td>
<td>$370</td>
</tr>
<tr>
<td>Total disbursements</td>
<td>$370</td>
</tr>
</tbody>
</table>
Hi [Name]  

Thanks for the head’s-up on your briefing deadline. I will get back to you as soon as possible on a likely date for the finalised report.

 Regards

Grant

Hi Grant,

We understand the timeframes and constraints you are dealing with, and as I wrote in the previous email, we are happy to receive reports into early July, to allow for all data to be sought and assessed for the report. Could you give us a likely date for a finalised report, however, obviously relying on us getting back to you within a day or two on the draft?

We have a deadline at our end of getting a briefing to the Minister with the research attached, by the end of July, so will realistically need at least the last couple of weeks in July to make this deadline.

Ngā mihi

[Name]

Good morning [Name]  

Thank you for this.

With regards to submitting the report we are very mindful that we need to ensure that all the key stakeholders (i.e. the bus operators, RCs and unions) we are engaging with are comfortable with the way we use/refer to the data they provide (the confidentiality and the accuracy of it across the different data sources; e.g. unions vs bus operators).
As was found with the Greater Wellington research, in practice it has taken some time to ensure everyone is happy (and one party still being worked with). So, we suggest submitting our draft report to you by 5 July and in parallel seeking feedback from the relevant key stakeholders to ensure we keep the whole process moving along as quick as possible. This may mean that it might take a bit more time to get their all their feedback and to completely finalise the report. However, you should at least have a draft which indicates the overall direction of the findings.

Again happy to discuss.

Regards

Grant

Grant McLean
Senior Associate

Hi Grant,

Thanks for sending through the update. I understand the possible slight shift in timeframes and the Ministry would be willing to receive the final report in the week of July 6 and move the workshop if required.

Ngā mihi

Hi

The latest weekly update:

Main activities last period

- Feasibility assessment report accepted Monday 11 June.
Stakeholder engagement:

*Bus operators*
- Have been contacting bus operators this week (Auckland/main national operators – some may not be available to respond until late next week at the earliest – which has some implications for the timeframes)

*Regional Councils*
- The majority of RC’s have now responded to the research team contact/questionnaire as appropriate (including: Auckland, Wellington, Waikato, Hawkes Bay, Marlborough, Taranaki, Manawatu-Whanganui).
- Meeting held on the Wellington research hosted by Greater Wellington Regional Council:
  - All parties present agreed that the report could be shared wider (including councillors on the Transport Committee) and that it should be available to the research team.
  - The only dissenting party (not present at the meeting) was who are opposed to their information being released.
  - Other parties not present agreed to be bound by the decision of the group.
- Following up with to find out what information they insist needs to be withheld, and options of anonymisation of data.

Work progress status
- OVERALL PROGRESSING WELL – ALTHOUGH SOME TIMELINE PRESSURE (DUE TO BUS OPERATOR AVAILABILITY – see below).
- Budget tracking: On track

Main activities next period
- Finalising data collection and undertaking data analysis.
- As data collection is still continuing and initial analysis will not be completed till the following week (W/B 25 June), we suggest that the emergent findings workshop be shifted to that week.

Requests for client input

Areas of concern
As noted above, the provision of timely data from the bus operators is the main issue that impacts on the timeframe for completion of the research (as identified in the feasibility report). The research team has built good relationships with the bus operators, so we remain positive about receiving sufficient data to complete a robust analysis of wages/employment conditions. There is likely to be some impact on the overall project completion timeframe if the bus operators take much longer to provide the data (i.e. past Friday 22 June). This could potentially impact on the timeframe for completion of the analysis and reporting by at least one week (to 6 July).

Jemima, happy to discuss this update, and particularly the timeframe implications.

Regards

Grant McLean  
Senior Associate

+64 4 282 1257
MINISTRY OF TRANSPORT

Wellington (Head Office) | 318 Lambton Quay, Wellington Central | PO Box 3175 | Wellington 6011 | NEW ZEALAND | Tel: +64 4 439 9000 |

Auckland | NZ Government Auckland Policy Office | 45 Queen Street | PO Box 106238 | Auckland City | Auckland 1143 | NEW ZEALAND | Tel: +64 4 439 9000 |

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