

24 July 2023

File Ref: OIAPR-1274023063-3595

[REDACTED]

Tēnā koe [REDACTED]

Request for information 2023-171

I refer to your request for information dated 24 June 2023, which was received by Greater Wellington Regional Council (Greater Wellington) on 24 June 2023. You have requested the following:

"I'd like a response which details the contractual performance metrics which the vendor is held to and how the volume of cancellations in 2023 relates to those metrics. I'd further like you to provide a substantive response addressing why, in particular, the 24 route has experienced this level of service failure and plans to remediate performance.

I also request you provide any internal documentation and data in respect to the number of cancelled services on the 24 line, how that compares to other routes and commentary as to the reasons and issues behind them. I would also appreciate any correspondence between the vendor, metlinl, WCC and relevant Ministers offices in respect to the above and expect or anticipated performance improvement strategies."

Greater Wellington's response follows:

1. *I'd like a response which details the contractual performance metrics which the vendor is held to*

The contracts between Greater Wellington and our operators include mechanisms whereby our operators have abatements made to their monthly payment if they fail to meet set Key Performance Indicators. There is also a mechanism allowing for a bonus to be provided where the operator has exceeded certain Key Performance Indicators.

From 2019 until 30 June 2021, the Key Performance Indicator (KPI) regime in the Bus Partnering Contract allowed Greater Wellington to apply monthly financial abatements. Abatements were applied when a bus operator's performance results for Reliability (due to events such as cancellation of bus trips etc.) fall below the 95% threshold. In such cases, Greater Wellington could withhold a percentage of its monthly payment to operators for every 0.1% of trips below the 95% threshold.

Greater Wellington could also withhold a percentage for lateness under the Punctuality KPI. The contract also allows Greater Wellington to apply abatements should bus operators not use an appropriately sized bus for the anticipated demand of the service.

The KPI regime was amended with effect from 1 July 2021. The threshold for Monthly Reliability was changed to 98% and a Daily Reliability KPI measure was introduced with a threshold of 96%, to incentivise bus operators to better manage their daily operations. The Punctuality KPI threshold remained at 95%. Greater Wellington will either:

- Withhold a percentage of the Average Daily Base Service Fee* to operators when the performance is below 96% but higher than 80%; or
- Withhold a percentage of the Average Daily Base Service Fee when the performance is below 80%.

*Average Daily Base Service Fee means the Base Service Fee in respect of the Relevant Month divided by the number of days in that Relevant Month.

If you would like further information relating to the contractual agreement we have with our operators, our Public Transport Operating Model (PTOM) contracts are listed on our website and a generic version can be viewed here: <https://www.metlink.org.nz/about/legal/contracts-for-rail-and-buses/>.

2. How the volume of cancellations in 2023 relates to those metrics

The Reliability measure described above includes cancelled trips. Therefore, the volume of cancellations in 2023 are reflected in the Reliability performance results, and the performance regime is applied accordingly.

3. I'd further like you to provide a substantive response addressing why, in particular, the 24 route has experienced this level of service failure and plans to remediate performance

The current state does not reflect the service level we would ideally be providing and are actively working alongside our bus operators to improve the situation. However, there are a number of ongoing challenges that we face, of which the most pressing is the workforce shortage (which is industry-wide and does not just affect Metlink and Wellington bus operators).

In particular, the driver shortage makes it difficult to operate the public transport network to a level that we would consider to be efficient and effective. The driver workforce shortage had led to the deterioration of many routes on our network including the Route 24 service.

That said, in recent months the overall performance of the network has improved as more and more bus drivers are recruited. There are also a number of new recruits currently undergoing driver

training and we anticipate they will be delivering bus services in the coming weeks and months including on the Route 24 service.

Attachment 1 contains a report that was put before the Greater Wellington Regional Council in March 2023 which includes information about the bus driver shortage and our work to address the on-going issue and accordingly remediate performance.

4. Any internal documentation and data in respect to the number of cancelled services on the 24 line, how that compares to other routes and commentary as to the reasons and issues behind them.

The below tables present the cancellation rates for the route 24 bus services and the cancellation rates for all bus routes run by Tranzurban (the operator contracted to run the number 24 route) from 1 January 2023 to 17 July 2023 so that you can compare them.

Route 24 & all Tranurban Wellington services
Bus services - scheduled & cancelled
1 Jan to 17 Jul 2023

Route 24				
Month	Route	Scheduled Trips	Cancelled Trips	% of services cancelled
2023-Jan	24	1,059	59	5.6%
2023-Feb	24	1,639	223	13.6%
2023-Mar	24	1,907	433	22.7%
2023-Apr	24	1,625	343	21.1%
2023-May	24	1,907	422	22.1%
2023-Jun	24	1,785	301	16.9%
1-17/7/23	24	952	64	6.7%
Total		10,874	1,845	17.0%

Tranzurban - all Wellington routes			
Month	Scheduled Trips	Cancelled Trips	% of services cancelled
2023-Jan	14,923	866	5.8%
2023-Feb	18,245	2,193	12.0%
2023-Mar	20,984	3,472	16.5%
2023-Apr	18,233	3,093	17.0%
2023-May	20,982	4,019	19.2%
2023-Jun	19,785	2,556	12.9%
1-17/7/23	10,533	635	6.0%
Total	123,685	16,834	13.6%

Bus services - scheduled & cancelled
1 Jan to 17 Jul 2023

Route 24				
Month	Route	Scheduled Trips	Cancelled Trips	% of services cancelled
2023-Jan	24	1,059	59	5.6%
2023-Feb	24	1,639	223	13.6%
2023-Mar	24	1,907	433	22.7%
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2023-Jun	24	1,785	301	16.9%
1-17/7/23	24	952	64	6.7%
Total		10,874	1,845	17.0%

All bus routes			
Month	Scheduled Trips	Cancelled Trips	% of services cancelled
2023-Jan	76,779	2,310	3.0%
2023-Feb	87,129	6,781	7.8%
2023-Mar	100,511	7,481	7.4%
2023-Apr	85,517	5,908	6.9%
2023-May	100,492	6,404	6.4%
2023-Jun	94,600	3,736	3.9%
1-17/7/23	49,022	951	1.9%
Total	594,050	33,571	5.7%

Please note this does not relate to the Reliability measure as set out in the Partnering contract. This relates only to the services that were scheduled to run, that were subsequently cancelled.

As highlighted above, the most significant matter impacting our service levels currently is the driver shortage. For more information refer to **Attachment 1**.

We are not provided with specific information regarding reasons for cancellations by our operators. Therefore, we are refusing this part of your request under Section 17(g) of the Act on the basis that the information requested is not held by Greater Wellington and there are no grounds for believing that the information is either:

- (i) held by another local authority or a department or Minister of the Crown or organisation; or
- (ii) connected more closely with the functions of another local authority, or a department or Minister of the Crown or organisation.

5. Correspondence between Tranzurban, Metlink, WCC and relevant Ministers offices in respect to the above and expect or anticipated performance improvement strategies.

Content searches were completed on our internal system which search every email box in Greater Wellington for correspondence between Tranzurban, Metlink, Wellington City Council and relevant Ministers offices in respect to route 24. Just over 300 items were returned in the content searches. On a review of these items nothing was found specifically relating to the cancellations or improvement of the route 24 bus service between Tranzurban, Metlink, Wellington City Council, or any Ministers office.

This part of your request is therefore refused under Section 17(g) of the Act on the basis that the information requested is not held by Greater Wellington and there are no grounds for believing that the information is either:

- (i) held by another local authority or a department or Minister of the Crown or organisation; or
- (ii) connected more closely with the functions of another local authority, or a department or Minister of the Crown or organisation.

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā

A handwritten signature in blue ink, appearing to read "sugar".

Samantha Gain

Kaiwhakahaere Matua Waka-a-atea | Group Manager Metlink

PROACTIVE RELEASE

Council
30 March 2023
Report 23.94



For Decision

UPLIFT IN BUS DRIVER WAGES

Te take mō te pūrongo

Purpose

1. To seek Council approval to increase base rates paid to Metlink Public Transport Operating Model (PTOM) bus drivers from 1 April 2023 in accordance with a Government funding offer.

He tūtohu

Recommendations

That Council:

- 1 **Notes** that as part of Budget 2022, the Government funded through the Climate Emergency Response Fund (CERF) \$61 million nationally over four years to improve recruitment and retention of bus drivers.
- 2 **Notes** that CERF funding can be used to further increase wages up to \$30/hr in urban areas and up to \$28/hr in regional areas.
- 3 **Notes** that in order to access CERF funding, bus operators must agree to increase wages to at least match the future wage indexation, on an ongoing basis, and all parties (Greater Wellington/Metlink, bus operators, unions and Waka Kotahi) must agree to the changes and sign a Memorandum of Understanding to this effect.
- 4 **Agrees** that for the purposes of CERF funding, Wairarapa (operated by Tranzurban) and Kāpiti (operated by Uzabus) are to be considered 'regional', with all other areas in the Region are to be considered 'urban'.
- 5 **Agrees** to fully utilise the available funding by increasing bus driver pay rates to an average of \$30/hr for 'urban' and \$28/hr for 'regional'.
- 6 **Agrees** to implement the increased pay rates in the manner set out at paragraphs 21 and 22 of this report.
- 7 **Notes** that bus operators will be eligible to claim the additional funding from 1 April 2023 subject to the Memorandum of Understanding being agreed.
- 8 **Notes** that the funding required to support the additional payments to Public Transport Operating Model (PTOM) bus operators from 1 April 2023 to 30 June 2023 is \$688,000 and that Greater Wellington's share is able to be met from within existing budgets.

- 9 **Notes** that the estimated total funding required to support the additional payments to PTOM bus operators is \$2,227,000 for the 2023/24 financial year and that Greater Wellington's share is included in the 2023/24 Annual Plan budget, and will be included in the next LTP budget for subsequent years.

Te tāhū kōrero

Background

Bus Driver shortage, and employment conditions

2. There is a national worker shortage, including a shortage of bus drivers. In the Wellington region, we have a shortage of approximately 125 drivers out of a full complement of 650 (see report 23.11).
3. The national worker shortage highlighted the shortfall in wages and conditions for bus drivers, resulting in higher churn and lower recruitment rates. Recognising the importance of a wider range of issues, Metlink has undertaken the following key actions in an effort to alleviate the impacts of frontline staff workforce shortages:
 - a **Funded wage increases:** Metlink has played a key role in the discussions on Living Wage with our partners and stakeholders. All bus operators across the Metlink network now pay their drivers at a minimum an average of \$27 an hour.
 - b **Lobbied Government to change immigration rules:** Councillors and officers have actively lobbied for changes to immigration rules. Immigration rules have changed, now making it easier for our operators to bring in drivers from overseas.
 - c **Improved driver conditions:** Other Metlink initiatives support the continued improvement of driver conditions: Split shifts and part-time shifts have been reduced (by increasing interpeak frequencies); Driver facilities (toilets and rest areas) are being improved on a continual basis; Roll-out of free sanitary and incontinence products for bus and rail staff at key locations across the network.

Climate Emergency Response Fund

4. As part of Budget 2022, the Government funded, through the Climate Emergency Response Fund (CERF), \$61 million nationally over four years to improve recruitment and retention of bus drivers.
5. The CERF Fund is able to be used to contribute towards funding:
 - a Further wage increases up to \$30/hr in urban areas and up to \$28/hr in regional areas; and/or
 - b Shift allowances/penal rates (if necessary).
6. The CERF Fund is subject to the following terms being met:
 - a Public Transport Authorities (e.g. Greater Wellington/Metlink) must provide local share funding to match Crown funding
 - b Bus operators must agree to increase wages to at least match the future wage indexation, on an ongoing basis
 - c All parties (Greater Wellington/Metlink, bus operators, unions and Waka Kotahi) must agree to the changes and sign a Memorandum of Understanding.

7. The determination of what constitutes a 'regional' or 'urban' area rests with Public Transport Authorities (e.g. Greater Wellington/Metlink).

PTOM Bus Partnering Agreements

8. The PTOM Bus Partnering Agreements do not enable Greater Wellington to direct the base rates paid by PTOM bus operators to PTOM bus drivers.

Current bus driver minimum pay rates in the Wellington Region

9. During 2021/22 Metlink provided funding to bus operators to enable them to increase the minimum bus driver base or average rates to \$27 per hour.

Fair Pay Agreements Act 2022

10. The Fair Pay Agreements Act 2022 (the FPA Act) took effect on 1 December 2022.
11. The FPA Act is designed to ensure a basic set of minimum standards for all employees in low-wage occupations and industries. It does this by bringing together unions and employer associations within a sector to bargain for a number of minimum employment terms for all of the employees in that industry or occupation.
12. Industry parties are currently participating in a process to establish terms and conditions for all bus drivers in New Zealand under a Fair Pay Agreement.
13. The proposed driver wage increases in this report are independent of the Fair Pay Agreement process, which is expected to take into account this increase as well as address other terms and conditions for bus drivers.

Te tātaritanga Analysis

Utilisation of CERF funding – determination of what funding should be used for

14. Officers consider that the best use of CERF funding is for it to go towards further driver wage increases.
15. It is anticipated that shift allowances/penal rates will be addressed through any Fair Pay Agreements.

Utilisation of CERF funding – determination of regional/urban split

16. Officers have worked with operators to identify whether there are separate geographic areas in the Region which support separate rates.
17. As a result of discussions with operators, officers propose that two geographic areas be considered as 'regional' for the purposes of CERF funding; Wairarapa (Unit 13 - operated by Tranzurban) and Kāpiti (Unit 14 - operated by Uzabus). All other areas in the Region would be considered 'urban'.
18. If Council determines that bus services operated in Wairarapa and Kāpiti areas are 'regional', then they will be eligible for an increase under the CERF fund of up to \$28 per hour.
19. Both Tranzurban and Uzabus support their operations in the Wairarapa and Kāpiti being considered 'regional'.

Utilisation of CERF funding – determination of pay rates

20. Officers propose that Greater Wellington/Metlink fully utilises the available funding by increasing pay rates to an average of \$30/hr for 'urban' areas and \$28/hr for 'regional' areas.
21. For the three operators with flat wage rate agreements, the funding is proposed to be applied as an increase to their current flat wage rate.
22. One of our operators employs drivers under a collective agreement with penal rates and allowances. Funding for this operator will be applied as an equivalent average increase per hour.
23. All four operators and the respective unions support the approach to wage increases set out above.

Memorandum of Understanding

24. Following Council's decision on wage rates, Metlink will work with bus operators, unions and Waka Kotahi to agree to the changes and sign a Memorandum of Understanding as required by Waka Kotahi to access funding.
25. In addition, PTOM Bus Partnering Contracts will be varied to reflect the funding arrangements.

Ngā hua ahumoni

Financial implications

26. Total funding required for 1 April 2023 to 30 June 2023 is \$688,000 (with 51% of this cost funded by CERF). Greater Wellington's portion of funding required is able to be met from within existing budgets.
27. Total funding required for 2023/24 will be \$2,227,000 (with 51% of this cost funded by CERF). Greater Wellington's portion of funding required has been budgeted for in the 2023/24 draft Annual Plan.

Ngā Take e hāngai ana te iwi Māori

Implications for Māori

28. This initiative is intended to improve the recruitment and retention of bus drivers, which will, in turn, increase our ability to provide public transport services and meet regional and national emissions reduction targets.
29. Public Transport allows Māori to travel affordably to places such as employment, social services, education, and culturally significant events. Public Transport also aims to decrease the amount of greenhouse gas emissions in the environment which appeals to the protection of the environment which is important in te ao Māori given a special connection to the whenua (land).

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

30. This initiative has been funded through the CERF in Budget 2022 to support councils to provide a sustainable public transport system and improve public transport choices.
31. Improving the recruitment and retention of bus drivers through more attractive terms and conditions is integral to our ability to achieve Greater Wellington and the Government’s decarbonisation goals.

Ngā tikanga whakatau
Decision-making process

32. The matter requiring decision in this report was considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga
Significance

33. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matter, taking into account Council's Significance and Engagement Policy and Greater Wellington’s Decision-making Guidelines.
34. Officers consider that the matter is of low significance, on the basis that this decision implements a Government initiative and the financial impacts are low.

Te whakatūtakitaki
Engagement

35. Officers have engaged with bus operators, unions and Waka Kotahi on the matters covered in this report.

Ngā tūāoma e whai ake nei
Next steps

36. Subject to Council’s decision, officers will work with bus operators, unions and Waka Kotahi to agree the terms of the Memorandum of Understanding
37. Metlink will prepare and execute contract variations with each PTOM Bus operator.

Ngā kaiwaitohu
Signatories

Writer	Melissa Anderson – Manager, Operations & Partnerships, Metlink
Approver	Samantha Gain – General Manager, Metlink

He whakarāpopoto i ngā huritaonga Summary of considerations
<i>Fit with Council or Committee's Terms of Reference</i> The Council is required to make a decision on this matter as it relates to funding of public transport.
<i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i> The proposals in this report contribute to the delivery of Public Transport aspects of the 2021-31 Long Term Plan.
<i>Internal consultation</i> In preparing this report there has been consultation with officers in the Public Transport, Legal and Finance Departments.
<i>Risks and impacts - legal / health and safety etc.</i> There are no identified legal or health and safety risks arising from the matters in this report.