

PUBLIC TRANSPORT OPERATING MODEL [PTOM] REVIEW

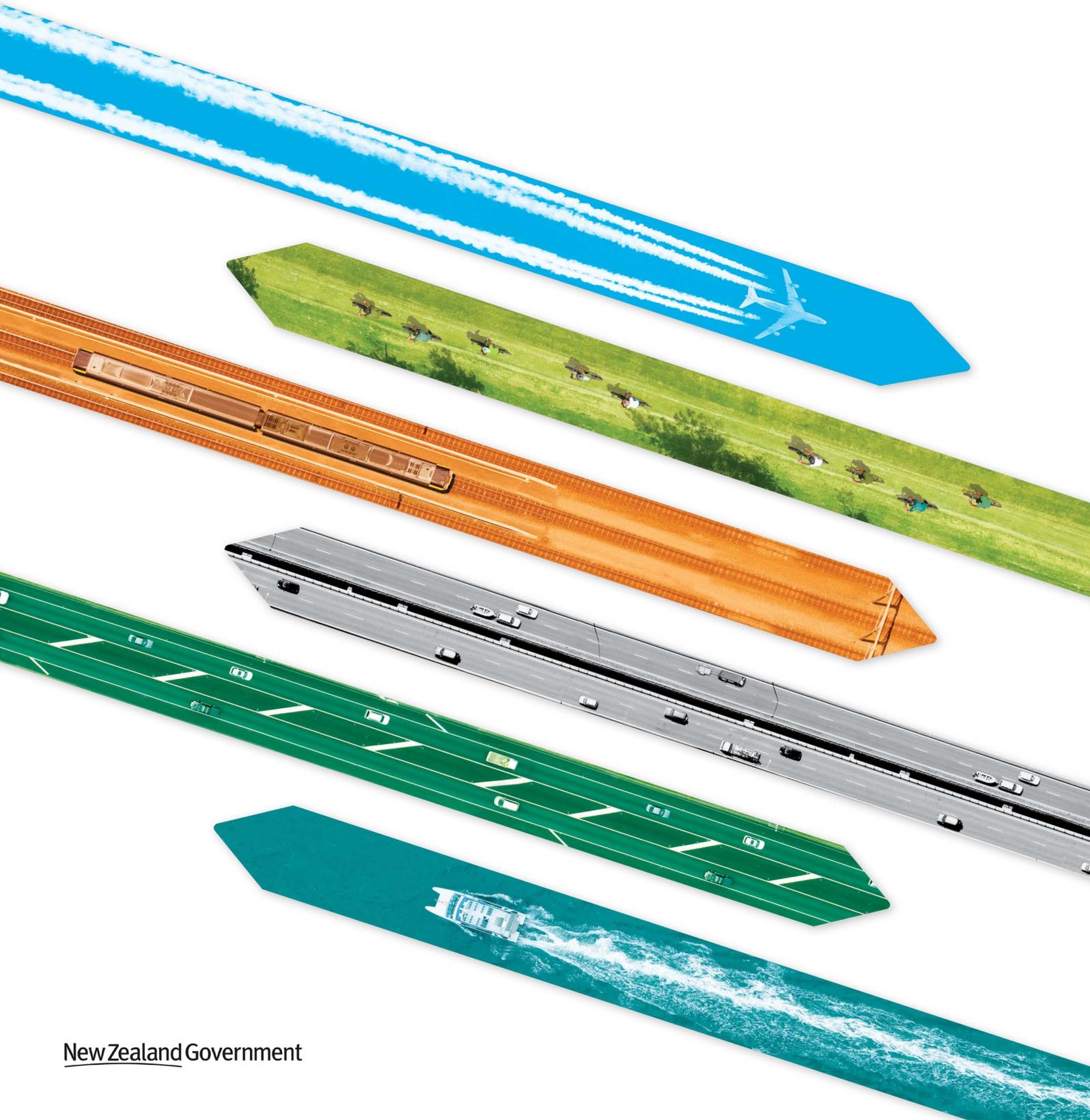
Summary of Discussion Document

5 May 2021



Ministry of **Transport**
TE MANATŪ WAKA

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PTOM Review: Overview of key issues and questions

We are reviewing the PTOM framework to understand how it is working and whether it can be improved. We are interested in hearing your views to help inform any changes.

This overview duplicates the information and questions in our online survey (available at www.transport.govt.nz/area-of-interest/public-transport/public-transport-operating-model). If you do not want to complete the online survey, you can use this overview to inform your written submission and submit a completed version of this document as your written submission.

We have also released a discussion document, which provides detailed information about the review and options under consideration. If you would like more information about the PTOM Review and the issues raised by the questions below, please see the Discussion Paper www.transport.govt.nz/area-of-interest/public-transport/public-transport-operating-model/.

Please send written submissions by email to PTOMReview@transport.govt.nz or post them to us at:

PTOM Review team
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About PTOM

The Public Transport Operating Model (PTOM) governs that way that regional councils and Auckland Transport plan and contract public transport services.

PTOM was introduced in 2013. It requires councils to decide what bus and ferry services are integral to their public transport network and to procure those services from operators. PTOM also gave councils the power to set fares and timetables and develop integrated ticketing systems.

Issues outside the scope of the PTOM Review

Under PTOM, regional councils and Auckland Transport (AT) are responsible for providing public transport services and make their own decisions about how those services operate.

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

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

Privacy and Information statement

This privacy and information notice applies to all information collected through the PTOM Review consultation on www.transport.govt.nz/area-of-interest/public-transport/public-transport-operating-model.

Your submission is public information and we will publish a summary of submissions. However, we are not collecting the names and contact details of those making submissions on their own behalf and do not intend to publish the names of individual submitters. If you are submitting on behalf of an organisation and do not want us to use the organisation's name or include any identifying information in anything we publish (including because you believe your comments are commercially sensitive) please indicate this clearly in your submission.

Please note your submission is also subject to the Official Information Act 1982 (OIA). This means that other people will be able to obtain copies of submissions by making a request under the OIA. If you think there are grounds for your information to be withheld under the OIA, please note this in your submission. We will take your reasons into account and may consult with you when responding to requests under the OIA if you have provided us with your contact details.

New overarching objectives for PTOM

We are proposing new overarching objectives for PTOM. These are:

- Competitors have access to public transport markets
- Public transport is an attractive mode of transport
- There is sustainable provision of services, including through a sustainable labour market
- Public transport services reduce the environmental and health impact of land transport

These would replace the current objectives of PTOM. These are:

- to grow the commerciality of public transport services (as measured by the proportion of costs covered by fare revenue) and create incentives for services to become fully commercial
- to grow confidence that services are priced efficiently and there is access to public transport markets for competitors.

1. How much do you agree or disagree with the new objectives?

Strongly
Disagree

Disagree

Agree

Strongly
Agree

I don't
know

What was the reason for your rating? Do you have any other comments?

Implementing the 2025 Zero Emission Bus Mandate

Design of the mandate

The Government has announced that it will require only zero-emission public transport buses to be purchased by 2025.

Our proposed design of the mandate is:

- Start date – we propose the requirement will start from 1 July 2025.
- Definition of zero-emission – buses that produce zero emissions at tailpipe. We expect this would include fuel sources such as electric and hydrogen, but there may be other technologies available.
- Scope of vehicles included – the requirement will apply to public transport buses used for services contracted to regional councils.
- Meaning of “purchase” – we propose the requirement applies to public transport buses registered for the first time in New Zealand from 1 July 2025.

2. How much do you agree or disagree with the proposed design of the Mandate?

Strongly
Disagree

Disagree

Agree

Strongly
Agree

I don't
know

What was the reason for your rating? Do you have any other comments?

Enabling councils to achieve the decarbonisation targets

The Government has announced it will target the decarbonisation of the public transport bus fleet by 2035. This will require the use of different vehicles or different fuels, such as buses operated using electricity, hydrogen or synthetic diesel. We are interested in whether changes to ownership of assets and funding and financing could enable this to happen faster.

Bus fleet ownership

3. Which of the following options for bus fleet ownership do you think would best support accelerated decarbonisation of the bus fleet?
 - Operators own vehicles – this is the status quo for most operators and most regions
 - Local or central government – local or central government could own public transport bus fleets and lease them to operators or councils
 - Manufacturers/third parties – vehicles could be leased to operators by manufacturers or other third party investors.

Do you have any comments on these alternatives?

Depot ownership

4. Which of the following options for depot and infrastructure do you think would best support accelerated decarbonisation of the bus fleet?
 - Private (operator or a third party) – this is the status quo - most depots are either owned by operators or leased from other private sector owners.
 - Local or central government – local or central government could own depots and lease them to operators or councils.

Do you have any comments on these alternatives?

Funding and financing

5. Which of the following options for funding and financing do you think would best support accelerated decarbonisation of the bus fleet?
 - Operators finance their own vehicles and depots – this is the status quo. Operators seek to recoup their costs from contract payments.

- Central or local government provides grants or loans for vehicles and depots – government would seek to recoup the capital investment through reduced operating costs.
- Central or local government finances an asset-owning organisation – the organisation would lease vehicles and depots to councils or operators and recoup costs through lease payments.

Do you have any comments on these alternatives?

Roles, responsibilities and relationships in the public transport system

PTOM requires different players in the system to work together to create good public transport services, from Waka Kotahi and regional councils to road controlling authorities and bus operators. The relationships between these players are important to provide public transport services.

Regional councils and local councils

For public transport networks to be effective it is important there is alignment between infrastructure (such as bus stops) and service networks. However, in most cases responsibility for network design and infrastructure are split between regional councils and local councils.

6. How much do you agree or disagree that changes are needed to improve/strengthen cooperation between regional and local councils in the planning and delivery of public transport services and infrastructure?

Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know
<input type="checkbox"/>				

What is the reason for your rating? If you think changes are necessary, what changes should be made?

Regional councils and bus/ferry operators

One of the founding ideas behind PTOM was that councils and operators should work in partnership to deliver the public transport system. Some stakeholders have suggested this partnership could be improved.

7. How much do you agree or disagree that changes are necessary to strengthen or improve the relationship between councils and bus/ferry operators?

Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know
<input type="checkbox"/>				

What is the reason for your rating? If you think changes are necessary, what changes should be made?

Waka Kotahi and regional councils

Some stakeholders have suggested Waka Kotahi NZ Transport Agency could have a stronger role to encourage greater national consistency around things like vehicle standards, operating contracts, and contracting processes.

8. How much do you agree or disagree that changes are necessary to strengthen Waka Kotahi's role to encourage greater national consistency?

Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know
<input type="checkbox"/>				

What is the reason for your rating? If you think changes are necessary, what changes should be made?

Labour market in the public transport bus sector

The Government wants to ensure that drivers' wages and conditions are protected when councils contract services, and that operators cannot win contracts by paying their drivers less. (Please note that other work will continue in the short term to improve driver wages and conditions for existing contracts. This includes collective bargaining processes and tripartite collaboration between operators, unions and regional authorities).

9. Which of the following three options do you think would best protect bus driver wages and conditions in future contracting?
- Procurement approach – Waka Kotahi could require councils to implement measures that protect and/or improve bus driver terms and conditions when contracting public transport services.
 - Amending the Land Transport Management Act 2003 (LTMA) – for example to require that the wages and conditions of those employed to provide public transport services are protected.
 - Through the Employment Relations Act 2000 (ERA) – Adding public transport bus drivers to Schedule 1A of the ERA. This would mean that when councils contract bus services, the employees of existing operators would have the right to transfer to any new operator under their existing terms and conditions.

Do you have any comments on these alternatives?

Public transport services operated outside of PTOM

When PTOM was introduced, some public transport services were exempted. These include some services that were not receiving any subsidy and inter-regional services. Operators of exempt services, such as the Auckland SkyBus and InterCity bus services, can set their own fares and timetables.

Currently an exempt service can only be brought under PTOM if the Minister of Transport is satisfied that the service is integral to the network and the fares need to be regulated.

10. How much do you agree or disagree with the current criteria to bring an exempt service under PTOM?

Strongly Disagree	Disagree	Agree	Strongly Agree	I don't know
<input type="checkbox"/>				

What is the reason for your rating? If you disagree with the criteria, what should the criteria be?

On-demand services

Currently on-demand public transport services, such as the My Way service in Timaru, are not subject to PTOM or the requirements for exempt services. This means operators can freely set up unsubsidised on-demand public transport services that might compete with or complement public transport services provided by councils. We have identified three options for the treatment of on-demand services in future:

11. Which of the following three options do you prefer for the treatment of on-demand public transport services?

- Status quo - On-demand services would remain unregulated under PTOM.
- Classify as exempt services - All on-demand services would be exempt from PTOM, but operators would still need to register the services with regional councils.
- Bring into PTOM - This would treat on-demand public transport services the same as timetabled public transport services. Subsidised on-demand services would be planned and contracted under PTOM and commercial on-demand services would be registered with councils.

Do you have any comments on these alternatives?