



The Chartered  
Institute of Logistics  
and Transport

\$15.00

# Logistics & Transport NZ

THE OFFICIAL PUBLICATION OF CILT NEW ZEALAND

Volume 20 Issue 1

September 2021



**Rail Network Investment Programme**

**New Zealand's changing demographic hints at the urban future**

**National Forum Decarbonising Transport – the 2050 Challenge**





The Chartered  
Institute of Logistics  
and Transport

LOGISTICS & TRANSPORT NZ  
IS THE OFFICIAL JOURNAL OF  
THE CHARTERED INSTITUTE OF  
LOGISTICS & TRANSPORT NZ

## ON THE COVER

PrimePort, in Timaru, is well positioned for the future and is following a strategy of asset upgrade and renewal that will ensure capacity and levels of service meet future requirements. *Photo: PrimePort*

# Contents

Results of OAG 2019/20 audits of port companies .....	3
Managing vehicle-related risks from supply chain pressures .....	4
Rail Network Investment Programme .....	6
Meet Young Achiever of the Year Josh Bates .....	9
New Zealand's changing demographic hints at the urban future .....	10
PrimePort – connecting our region to the world .....	12
Transport services: Communicating 'User Centricity' in a post-COVID World .....	14
National Forum: Decarbonising Transport – the 2050 Challenge .....	16
PTOM: networks expand, access increased, services more affordable .....	18

### In the next edition

The editorial team welcomes expressions of interest for submitting an article for the December 2021 edition of this journal, especially from young professionals (those under the age of 35). Contributors should in the first instance contact the editorial convenor, Murray King (email [murray.king@xtra.co.nz](mailto:murray.king@xtra.co.nz)) to discuss their article.

**Deadline for the December 2021 edition: November 10.**



6



8



12



18

**SPREAD THE WORD ABOUT CILT ...** If you enjoy reading this magazine and think others would too, please share it with others – leave it on the coffee table at work, or out at reception

CILT NZ National Office:  
PO Box 1281,  
Shortland Street,  
Auckland  
Tel: 09 368 4970  
Fax: 09 368 4971

Advertising Contact:  
CILT national office  
Tel: 09 368 4970, Email: [info@cilt.co.nz](mailto:info@cilt.co.nz)  
Editorial Contact:  
Daniel Paul, The PR Company  
Tel: 021 400 993  
Email: [daniel@theprcompany.co.nz](mailto:daniel@theprcompany.co.nz)

Published under  
contract (print) by:  
Excel Digital  
21 Jamaica Drive,  
Wellington 5028  
Tel: 04 499 0912  
Email: [studio@exceldp.co.nz](mailto:studio@exceldp.co.nz)

Also published under  
contract (web) by:  
Webstruxure  
29 Tory St, Wellington  
Tel: 04 801 7053  
Email: [hello@webstruxure.co.nz](mailto:hello@webstruxure.co.nz)  
Web: [webstruxure.co.nz](http://webstruxure.co.nz)

**Disclaimer:** This publication is the official magazine of the Chartered Institute of Logistics and Transport New Zealand Inc (CILT NZ). It is published quarterly. All material appearing in this publication is copyright and may not be reproduced without the permission of CILT NZ. The views expressed in this publication are not those of the editorial committee, CILT NZ, its council, officers or The PR Company, unless expressly stated as such.

# Results of our 2019/20 audits of port companies

In June, the Office of the Auditor-General published a report on the main findings and reflections from our 2019/20 audits of port companies. This is our first formal report about port companies.

BY HUGH JORY

**THIS REPORT COVERS** the 12 port companies incorporated under the Port Companies Act 1988. Section 19 of the Act defines all port companies as “public entities”. As public organisations, they are audited by the Auditor-General.

We are all well aware of the port sector's challenges, starting with COVID-19. Fewer exports and imports during the 2020 lockdown meant less revenue. COVID-19 has also exposed the vulnerabilities in the freight supply chain both here and overseas.

Other challenges our report highlights include the need for port companies to:

- make major capital investments when the financial returns from those investments are uncertain;
- continue to respond to international trends in freight and logistics; and
- balance the potentially conflicting objectives of shareholders and other stakeholders.

Ultimately, our report raises three key messages we want port companies to consider.

## 1. We would like to see consistency in how port companies record the value of their property, plant, and equipment

In 2018, we expressed concerns about the variability in how port companies report their returns, and how this makes port companies' performance less transparent to stakeholders. We urged them to review how they measure the value of their property, plant, and equipment.

In looking at the 2019/20 financial statements, 10 of the 12 port companies measure at least some asset classes at fair value. However, these 10 do not consistently measure the same asset classes at fair value.

Following a change last year, Lyttelton Port Company now measures its property, plant, and equipment at fair value, based on the expected cash flows the assets will generate. We believe it is more appropriate to use fair value in operational asset valuations and to assess the fair value based on the

expected cash flows to be generated. This will provide up-to-date financial information to stakeholders and make the port sector's performance more transparent and comparable.

## 2. We expect port companies to have robust and realistic business cases

In 2018, we also identified that it is difficult to form a view about whether capital expenditure by port companies is a good use of shareholders' funds.

Port companies have invested about \$2 billion in their assets in the past five years. Looking forward, we expect asset investment to remain significant. There is considerable risk in these investments and the nature of that risk can change quickly.

Port companies need robust and realistic business cases to ensure that these investments deliver the benefits expected of them. The business cases also need to consider relevant risks and uncertainty, such as the impact of COVID-19 on the wider logistics sector.

We encourage boards and shareholders to robustly assess the merits of significant capital investments before approving those investments. This is to ensure that the assumptions these investments are based on are realistic and are the best use of shareholder capital.

## 3. A New Zealand freight and supply chain strategy is needed

Ports are public assets. There is a significant risk that, without a level of national co-ordination, the collective investment of the port sector will not generate the returns anticipated and lead to a loss in value of public assets.

In our view, the lack of a comprehensive supply chain strategy for the wider freight logistics sector heightens the risk of excess investment by port companies. They might anticipate growth that competing port companies might have also factored to receive. Stranded assets, underperforming capital, and low returns or further asset write-downs are a likely consequence of this.

We deliberately refer to a strategy for the freight logistics sector, not just the port sector. Port companies are one part of the freight logistics sector. It cannot be considered in isolation from roads and rail.

The Ministry of Transport recently received approval from the Minister of Transport to initiate a freight and supply chain strategy in the second half of 2021, with the intention of delivering the strategy in the next 12-18 months. We support this initiative.

Our port sector report is available on our website ([www.oag.parliament.nz](http://www.oag.parliament.nz)). There we also have an interactive map where you can view data for each port company we audit.

We hope our report will prompt Parliament, port companies, shareholders, and others with a stake in the port sector to further discuss these findings. We are happy to talk to anyone who has any feedback on our report.



**HUGH JORY**

Hugh joined the Office of the Auditor-General in 2016 and is currently Sector Manager, Local Government. He is responsible for Councils and their associated entities in the Canterbury and West Coast regions. He also has responsibility for port companies. Before joining the Office, Hugh was an Audit Manager at Audit New Zealand.



# Managing vehicle-related risks from supply chain pressures

BY CLARE TEDESTEDT GEORGE

## Vehicle-related harm and a typical response

A truck driver arrives at a distribution centre and walks around the back of the trailer as the truck is being unloaded. Unaware that a second forklift is operating the driver and the forklift collide leaving him severely injured and unable to return to work for eight months.

Unfortunately, a common response to such an incident is to look at the individuals involved, and then with a focus on human error, attempt to correct behaviour through training efforts, increased written safety procedures and the enforcement of tighter rules. I write unfortunately because it is rare that incidents – serious and minor – occur because of individual error alone. There is consensus in areas of contemporary occupational health and safety literature to suggest that harm is not simply the result of individual, aberrant behaviour but is rather the symptom of a host of interconnected factors. Individually focused interventions alone ignore these wider contextual factors and consequently workers are burdened with blame and are often expected to continue operating in the same ill-functioning environment that resulted in harm in the first place.

## Appetite for a different way of thinking

Acknowledging the interconnected factors that determine wellbeing are particularly complex in a supply chain setting, WorkSafe commissioned an evidentially based investigation of solutions to minimise vehicle-related risks that emanate from supply chain pressures in Transport, Postal, Warehousing and Manufacturing (TPWM). A supply chain focus also lends itself to interventions that focus on 'upstream'<sup>1</sup> issues, those that promote safety across various company and contractor boundaries.

A considerable number of people from within TPWM supply chains, as well as relevant government agencies, unions, associations, community groups, data providers and other connected parties, were actively involved in the research. We have called this group 'the system'.

## System focussed research

In the 11 months between April 2020 and March 2021, a consortium led by Mackie Research carried out a participatory research project, beginning with the formation of and meeting with a key stakeholder group of 40 supply chain representatives, to help guide the main engagement activities. A document review was carried out and identified contemporary supply chain health and safety solutions from around the world. Case studies were developed to showcase some of the supply chain health and safety solutions and approaches that are already being adopted in New Zealand. But the key sector engagement activities involved a 'whole-of-system' Future Inquiry Workshop<sup>2</sup> followed by a series of smaller focus groups with a select few stakeholders to refine the findings.

## Getting 'the system' in one room

Our goal from the start, with help from our stakeholder group, was to get representatives from the whole supply chain system in one room. The Future Inquiry Workshop method is for this reason noteworthy because we knew trying to reach agreement among a group who may come with competing opinions, all held dearly, was no small task. The method has been used in the past to reach solutions in highly conflicted arenas for example to improve safety and health in the South African and Australian mining industries<sup>3</sup>. Accordingly, the format of our workshop was highly structured with a focused agenda that examined the past, the present, and the future. The participants worked to identify their common ground and then were encouraged to agree on a way forward. The solutions outlined in the report are the result of all the research activities mentioned above, but considerable credit must go to the 67 participants who bravely aired their challenges and collectively found key themes for managing vehicle-related risks in supply chain settings.

## The Recommendations

The cumulative effort of all the research activities resulted in some key themes and 13 recommendations, each with a focus

on addressing identified systemic issues. Consistently throughout the research, participants spoke of the need for more collaboration and less siloed-thinking, increased PCBU leadership, and legislation that ensures more responsibility across the supply chain. The solutions focused on addressing these needs but also extended to setting out a logic for a 'good work' program, clarification of government roles, data sharing and management, leadership in procurement, and a systematic view of fatigue, among others. There is more detail in the report than what is possible to write about here, and the executive summary has a self-contained version of all the recommendations but here are some of them.

## Collaboration

Improved collaboration between supply chain members and across the wider system is needed. Many of the supply chain issues that interact to create high-risk environments for workers sit across industries and across sectors. Factors such as customer pressure, pay structures, and high levels of competition are not unique to one sector or industry, nor are the resulting symptoms of fatigue, unsafe work habits, or low operating margins. It is therefore of benefit that efforts to reduce harm to workers in and around vehicles include all those with a part to play in the change. This is a key recommendation – a system-representative group created to inform industry-led initiatives, but also to see that constraints to progress be overcome in real-time with clear feedback loops from those who are most at risk.

WorkSafe has wasted no time in implementing this recommendation. Building on the momentum from the Future Inquiry Workshop, individuals ranging from industry leaders to business owners to truck drivers and government representatives have met to plan how to tackle vehicle-related harm together. Collaboration or leadership groups may seem like a tried or overly simplistic recommendation but whole-of-system conversations have not happened frequently enough.

<sup>1</sup> Upstream is a notion depicting decisions and events occurring elsewhere in the supply chain which consequently impact those further down, it is a component of a systems approach which underpinned this project.

<sup>2</sup> see Blewett, V., & Shaw, A. (2008). Future Inquiry: Participatory ergonomics at work. Paper for the Nordic Ergonomics Society Conference. Reykjavik, Iceland.

<sup>3</sup> Shaw et al (2010). Changing Minds, Changing Mines. Final Report to the Mine Health and Safety Council. Report no. 231110, commissioned by the Mine Health and Safety Council of South Africa.



The Future Inquiry Workshop, made up of 67 representatives from the whole supply chain system, aired their challenges and collectively found key themes for managing vehicle-related risks in supply chain settings. *Photo: Clare Tedestedt George*

### Increased PCBU leadership

Strong leadership at senior management/director level within PCBU was found to improve occupational health and safety across the supply chain. This is perhaps not a huge revelation given its coverage in the Independent Taskforce on Workplace Health and Safety report (2013) however, ensuring managers are informed and involved is important because leadership at these levels is a key contributor to harm reduction, particularly from a systems perspective. The recommendation centres on supporting leaders at all levels to encourage worker input, engage with other supply chain members, increase senior and board level support and visibility, and ownership of supply chain responsibilities including overlapping duties. The research highlighted a strong need for leadership training and support in this domain.

### Responsibility across the supply chain

Participants called for a further development of New Zealand's health and safety legislation and enforcement of it with a specific focus on PCBU responsibility throughout the supply chain. The research highlighted that those organisations who endeavoured to adopt and prioritise chain of responsibility principles found themselves at a commercial disadvantage, which highlights a gap in the New Zealand system. The recommendation posits that further investigation is required to build on existing frameworks present in other countries.

### A return to the scenario above

A series of factors came together to result in this devastating incident. The truck driver was the employee of a sub-contractor and did not have complete safety information about the site. The safety zones for the drivers were inadequately marked. An individual decision was made by the second forklift driver to help with loading because the time slot was tight and the truck was late, they were all working under pressure. There were varying levels of rule enforcement on the site depending on the shift. The organisation's safety culture was reactive and lacked consistency in leadership. Prioritising safety was not supported or rewarded.

An analysis of this incident under the lens of a systems approach paints the picture of a system under pressure. It shows the dangers of broken communication channels between complex networks of contractors. It highlights that workers are operating under pressure resulting from tight scheduling and narrow delivery windows and fatigue is often a problem. Safety culture at an organisational and national level are difficult to address without consistent leadership and supply chain collaboration. Previous research also adds that payment structures and reward systems can necessitate unsafe behaviour, as do certain procurement practices, tight margins, and industry competition. Based on this knowledge it is a wonder that more does not go wrong, and often the fact more doesn't go wrong is due to proactive individuals rather than a 'safe system'.

If we are to see a reduction in harm, then we must see risks collectively and overcome constraints and explore possibilities together otherwise we run the risk of reverting back to siloed interventions which target the symptoms rather than addressing the causes. This is not an easy task. Changes across the system must therefore start with collaboration, strong leadership, and adequate enforcement of responsibility.



**CLARE TEDESTEDT GEORGE**

In 2018, Clare completed her PhD examining the contextual factors impacting the occupational health, safety, and well-being of New Zealand truck drivers. She is currently working for Mackie Research on transport and supply chain related projects.





The RNIP is KiwiRail's response to deliver on the Government's strategic direction for rail, informed through the New Zealand Rail Plan and Government Policy Statement on Land Transport. The primary direction has been to invest in a resilient, reliable, and safe railway network. *Photos: KiwiRail*

# Rail Network Investment Programme

BY BEN JOHNSTON

## Introduction

The inaugural Rail Network Investment Programme (RNIP) is a watershed document that represents a monumental shift for KiwiRail in how the renewal, maintenance, operation, and improvements of the rail network are funded and planned. The foundation of this is a firm commitment from the Government to invest in a resilient and reliable national rail network. Now KiwiRail has longer term funding certainty and a 10-year forecasted programme of investment.

KiwiRail will be preparing a new RNIP every three years to cover all rail activities that will be partially or fully funded through the National Land Transport Fund (NLTF) in either the Rail Network activity class (freight and tourism network) or Public Transport Infrastructure (metro networks) activity class. The Rail Network activity class is funded by Crown appropriation, NLTF revenue and Track User Charges (TUC).

## Government strategic direction

The RNIP is one deliverable from the Future of Rail review established in late 2017 and led by the Ministry of Transport alongside KiwiRail, Waka Kotahi NZ Transport Agency (Waka Kotahi) and The Treasury. The review identified how rail can contribute to New Zealand's transport system, and identified the investment needed for rail to play a successful role in the system.

Prior to the release of the RNIP, other deliverables have included:

- The New Zealand Rail Plan
- An updated Value of Rail Report.
- The Land Transport (Rail) Legislation Act 2020 (the Rail Act). The Rail Act amends the Land Transport Management Act 2003 (the LTMA).

The RNIP is KiwiRail's response to deliver on the Government's strategic direction for rail, informed through the New Zealand Rail Plan and Government Policy Statement on Land Transport. The primary direction has been to invest in a resilient, reliable and safe railway network. This is a step change from historic investment levels that have left a large backlog of asset renewals.

The focus of the first RNIP, in line with the priorities set out in the New Zealand Rail Plan, is:

- Investing in the national rail network to restore rail freight and provide a platform or future investments for growth, meaning:
  - a primary focus (and majority of spend) on the continuous programmes of maintenance, management, and renewal
  - a modest allowance for improvement projects to support resilience and reliability
- Investing in metropolitan rail to support productivity and growth in New Zealand's largest cities, meaning:
  - a focus on completing the programmes which align with Auckland Transport Alignment Project and the Regional LTPs
  - enhanced regional services (embedding the Hamilton to Auckland and Palmerston North to Wellington services)

### Developing and delivering the RNIP

Developing the three-year programme of work for the RNIP has been a significant exercise for KiwiRail as we move to longer term planning and investment. Historically KiwiRail has operated on a year-by-year basis, as a result of the shorter-term funding model in place. Throughout the development of the RNIP, KiwiRail's Asset Management team has focused on establishing a robust evidence-based bottom-up renewals programme that supports a shift toward a resilient and reliable rail network. Asset management maturity is a large focus for KiwiRail over the next three years and beyond. KiwiRail is completing an asset maturity assessment and will develop those findings into an improvement roadmap.

To deliver the RNIP programme, KiwiRail has signalled the need for a significant increase in our workforce, with most of the new roles being for track infrastructure staff. The capital investment programme also provides employment opportunities in other areas of KiwiRail. KiwiRail has committed to providing a number of apprenticeships as well as a Future You rail-school training programme to assist in bringing new talent on board.

In addition to internal recruitment, KiwiRail generally outsources some renewals work to contractors, for example civil and structures work. The RNIP provides a pipeline of work that will enable these contractors to increase resources, further benefiting the rail industry.

### What the RNIP includes

In the first RNIP triennium, KiwiRail is focusing on the following in the freight and tourism network:



The RNIP provides a pipeline of work that will enable contractors - for example civil and structures work - to increase resources, further benefiting the rail industry.



To deliver the RNIP programme, KiwiRail has signalled the need for a significant increase in our workforce, with most of the new roles being for track infrastructure staff.

- Improving the network performance of priority routes
- Stabilising the network performance of secondary routes and the wider network
- Progressively increasing resource capacity to deliver a larger investment programme
- Delivering more efficient and effective asset treatments with lower whole-of-life cost
- Asset management improvements to better understand the network and to further optimise investments.

For the Rail Network activity class approximately \$1.2b will be invested in maintenance, renewals, and improvements to the rail network in the next three years.

For the renewals programme this includes:

- Fully replacing approximately 20 bridges around the country and improving 25 more
- Replacing more than 200km of sleepers
- Replacing more than 130km of track
- Renewing the track through 25 level crossings
- Replacing heavy track machinery plant such as tampers and regulators.





Now that the RNIP has been approved and KiwiRail has begun to deliver the programme, there are a number of benefits that will come to fruition. A reduction in the backlog of asset renewals means there will be an improvement to the reliability and resilience of the rail network, while maintaining high safety levels.

Improvements represent a modest proportion of the Rail network activity class with approximately \$50m planned to be spent over the first three years. These improvement projects are predominantly programme business cases with some construction over the period.

KiwiRail is also planning to deliver eight public transport infrastructure projects in metro areas – six in Auckland and two in Wellington. These projects have been through the Regional Land Transport Plan (RLTP) process in each area. The projects included are consistent with RLTPs and ranked highly through the RLTP processes.

### Assessment

Under the Rail Act, Waka Kotahi is responsible for providing advice to the Minister of Transport over the RNIP including whether the RNIP:

- contributes to the purpose of the Act, and
- is consistent with the GPS on land transport, and
- takes into account any relevant regional land transport plan.

Waka Kotahi has been engaged throughout the development of the RNIP and undertook a formal RNIP assessment assisted by an

independent rail expert to provide additional assurance.

The result of the assessment was Waka Kotahi recommending the RNIP programme to be approved. The Minister of Transport approved the RNIP programme in June 2021 after consulting with shareholding Ministers.

### Benefits

Now that the RNIP has been approved and KiwiRail has begun to deliver the programme, there are a number of benefits that will come to fruition. A reduction in the backlog of asset renewals means there will be an improvement to the reliability and resilience of the rail network, while maintaining high safety levels. KiwiRail has outlined a number of network measures within the RNIP that will be achieved through the successful delivery of the programme.

In shifting toward a resilient and reliable investment programme and addressing the backlog of renewals, KiwiRail expects to achieve the 10-year outcomes published in the RNIP including increased rail mode share, avoided emissions and doubling the value of rail to New Zealand. There are further outcome measures to support the New Zealand Rail Plan, led by the Ministry of Transport. The delivery of the RNIP and outcome measures will be monitored by agencies across their respective roles and

responsibilities for rail, including an annual report to the Minister of Transport by Waka Kotahi.

The inaugural Rail Network Investment Programme can be found using the link below.

<https://www.kiwirail.co.nz/what-we-do/projects/rail-network-investment-programme/>



**BEN JOHNSTON**

Ben Johnston is an Investment and Funding Advisor within the Policy and Funding team at KiwiRail. He was the project lead for the development of KiwiRail's inaugural RNIP.



# Meet Young Achiever of the Year Josh Bates

Josh Bates entered the materials handling industry as an ambitious 20-year-old interested in working within a B2B environment and has since been awarded the 2020 CILT Young Achiever of the year.

BY AMY MORAHAN



Josh Bates is the 2020 Young Achiever of the Year. Photo: Crown

As the South Island regional sales manager for Crown Equipment, Josh says it is a “huge achievement for someone who is still in their twenties”.

Working with the supply chain was appealing for Josh as it touches on almost all industry sectors from retail, wholesale, warehousing, agriculture, transport, manufacturing, shipping, construction, hardware, hospitality and services – so offers a wide range of variety.

“I was fortunate to gain an opportunity with Crown Equipment, New Zealand’s leading forklift brand, and have been employed now for approximately 10 years with the organisation,” he says.

“I was initially employed in a territory sales role before getting promoted through the business to the role I have today as a Regional Sales Manager. I get a lot of enjoyment out of dealing with and learning about virtually every business segment – every product we touch, eat, wear, feel, and see has been moved

through the supply chain using materials handling equipment.”

Josh gains continued motivation for his work from his team at Crown Equipment and their customers. He focuses on creating an environment where the team can develop, grow, and learn, as well as providing solutions that make a genuine impact on customers’ businesses.

For Josh, it is rewarding seeing others succeed. But it is just as personally rewarding for Josh to continue his own learning.

“Learning new things every day keeps the job interesting and motivates me, especially with internet of things, emerging technologies, and automation. The saying you learn something new every day couldn’t be more apparent than it is right now.”

New challenges over the past year have also shown Josh just how essential the industry is.

“More recently COVID-19 has highlighted the importance of the logistics and transport industry sector in New Zealand and just how resilient the sector is.”

Josh is grateful to have been recognised with the Young Achiever of the year award, and describes it as a really humbling and rewarding experience.

However, he believes age is just a number and you are never too young or too old to learn or achieve in your chosen profession. If you are hardworking and have a dedicated commitment to what you are doing, anything’s possible, he says.

He credits his own success to his passion, his workplace, and his support network.

“I am really passionate about what I do, which is partnered with a business that is focused on the customer and a big part of my role is helping that customer with a solution which makes a big difference to their business. Personally, I am really lucky to have some great mentors both internally within the business as well as externally from within my network, associates, sporting teammates and family who have all helped my development.”

Fuelled by this recent success, Josh also has large goals for the future. He hopes to grow the role he’s in and add value to the supply chain.

As the supply chain is accelerating rapidly, both it and people like Josh must embrace the latest trends like e-commerce and automation as well as continue his own personal learning.

When asked what advice he would give to other young people in the industry, Josh recommends connecting with others and taking steps to advance your own learning.

“Find some mentors and be proactive with your learning. There are vast resources available, many of which are so easily accessible through LinkedIn or Google. There are so many opportunities out there especially as the supply chain is evolving.”

Outside of work, Josh can be found either playing cricket on the weekends or enjoying time with his young family.



## AMY MORAHAN

Amy is an Account Executive at The PR Company. She holds a Bachelor of Arts in Media and Communication and Marketing from the University of Canterbury and is currently completing a Master in Strategic Communication.



# New Zealand's changing demographic hints at the urban future

JAMES PAUL SPEAKS WITH DISTINGUISHED PROFESSOR PAUL SPOONLEY ABOUT HIS VIEWS ON KIWIS' DAILY MOVEMENTS FOLLOWING THE FIRST COVID-19 LOCKDOWN IN 2020.

AS ONE OF NEW ZEALAND'S leading academics and a Fellow of the Royal Society of New Zealand, Distinguished Professor Paul Spoonley is a well-known commentator on demographic matters within New Zealand, he recently issued a 'wake-up' call to New Zealand's response to its rapidly growing and changing population and the demographic disruption that it is causing.

Late last year, he was based at the Max Planck Institute for the Study of Religious and Ethnic Diversity in Goettingen, Germany – which awarded him a fellowship – to write a book on the social and demographic changes New Zealand is experiencing and what implications should be considered.

Titled *The New New Zealand*, the book is not just a wake-up call, but also a call to action.

"We know what is coming in terms of demographic change but as a society, we seem reluctant to adjust how we think and

act about some of the challenges that this change means for New Zealand."

Professor Spoonley doesn't mince his words – public transport is currently undergoing significant changes due to myriad reasons. Distinguishing between public transport users and non-users isn't that simple, he says, as New Zealand's main centres are fragmented into various travellers and users of public transport.

In the short-term, the temporary resident – typically the international students – will have just disappeared. The second group – temporary and permanent migrants – who would often be high users of transport will now stabilise and not grow as they have been.

"Remember that two thirds of our population growth in any of our major cities has come from migration over the last 10 years. So, demand will flatten and not increase in terms of migrants."

The third group – which is likely to drop – are those who would typically travel into a CBD.

"But I personally don't think it'll drop by as much as some are suggesting. People go to a place of work to do a lot of things, only one of which is to work. Remember that many of the gyms, cafes or the meeting of friends are also part of the workplace and working environment. So, there will be less travel from suburbs to CBD's but the number of people working from home might not be as high as some expect."

Instead, public transport operators will see a rise in demand for cross-city travel rather than what Professor Spoonley describes as single direction travel.

"A lot of our city infrastructure is built upon a suburb to CBD direction of travel. And what you'll see is a displacement, so you'll replace the travel to CBD services and the activities with similar activities in suburban centres."



This has accelerated Kiwis' demand for better and safer walking and cycling infrastructure, Professor Spoonley says, especially given the experiences of lockdown.

"Many of us enjoyed the reduced traffic on the roads if we were cycling or walking, and I think there'll be a demand for more facilities for cyclists. Rather than cyclists and vehicles in the same transport system, you'll want a safer and better access for cyclists.

"That's been building but I think that this will have accelerated because we've really enjoyed having relatively car-free roads during lockdown. And you can see that in the bikes sales, which have gone up significantly."

And while Professor Spoonley says much of our city infrastructure has been built upon a suburb to CBD direction of travel, our cities' recent housing has been built for two particular sectors of society: renters – often the young, new migrants and students – and upmarket buyers.

"I'm not talking about single dwellings, but the significant number of new, multi-storey buildings. Some have been built with an older, wealthier population in mind. The other has been the very small, quite cheaply built blocks that have been designed for a student audience or a low-skill, relatively low paid worker.

"That latter market is going to certainly see a big hit in terms of demand for the lower end of the high-density housing market. So, I don't see that coming back anytime soon. And when I say anytime soon, I'm really talking about some years."

Recently, concerns were raised in a report compiled for Wellington City Council on the state of the city's private sector. Conducted by Wellington Urban Consulting's Chamanthie Sinhalage-Fonseka and Infometrics' Brad Olsen, the report was based on feedback from law, accounting, technology, and engineering firm representatives, and highlighted a number of worries the private sector had.

Making up 22 per cent of the city's workforce, it is battling the economic impact of COVID-19 with the sector stating factors such as uncertainty over major projects, expensive housing, and infrastructure problems were deterring people from coming to Wellington.

Wellington's private sector employs more than 37,000 people, compared to about 27,000 employed by the public sector. Workers had an average age in the 30s and 40s, and higher-than-average incomes, making them crucial to the city's economy, the report said.

In 2018, Statistics New Zealand said 11 per cent of Kiwis worked from home – Professor



Professor Spoonley says a lot of our city infrastructure is built upon a suburb to CBD direction of travel but, given the experiences of lockdown, Kiwis' demand for better and safer walking and cycling infrastructure has accelerated. *Photos: James Paul*

Spoonley says if he had to take a guess, that is likely to double thanks to COVID-19.

"There's some evidence overseas that in some industries, that number might be as high as 40 per cent. The opportunity to work off-site rather depends on the sector, so if you're middle management, possibly senior management, and if you're in an industry which doesn't require face-to-face activity, then there is an opportunity. But if you're required to be on a shop floor or in a factory, then you do not have the opportunity to work off-site.

"But somewhere between 15 and 40 per cent, depending upon the sector, will work from home."

However, those numbers need clarifying, Professor Spoonley says, as not everyone will be working from home the entire five-day working week. The online meetings will not replace all meetings, and there will still be a need for employees to be on a worksite.

The question then becomes, how much of the week do employers allow people to work from home?

"And I think the question is, how much does it then change traditional commuter patterns?"

It is in the employers' interest to develop more flexible working schedules, especially as work-life balance has become a huge factor in terms of retaining good employees. The more progressive and flexible the employer, the more attractive the workplace becomes – and therefore, the travel to work patterns will begin to change as flexible work hours become a part of the working week, Professor Spoonley says.



#### PROFESSOR SPOONLEY

Professor Paul Spoonley is a Fellow of the Royal Society Te Apārangi who has led numerous externally funded research programmes.





A diverse portfolio of trades consisting of bulk imports/exports such as fertiliser, stock feeds, fuel, logs, and cement – that accounts for 1.64 million tonnes (90 per cent) of cargo – supports PrimePort's resilience. Photos: PrimePort

# PrimePort — connecting our region to the world

BY PHIL MELHOPT

## Early History

"Timaru City owes its status mainly to its harbour, without which it could never have been more than a small borough with 5,000 or fewer inhabitants."

"Master Mariners have described the Port of Timaru as the best artificial harbour in the British Empire; many have gone further and said 'in the world'".

*(A short History of the Port of Timaru 1852-1955, Charles E Hassall, 1955)*

Early surveyors were informed by local Māori (Arowhenua) that whaling ships anchored in the roadstead of Timaru and that it was the only spot where a boat could shelter on the coast between Banks Peninsula and Makikihi.

The first landing services were established in 1859, which saw supplies landed for the local settlers and the first exports of wool from the region. This continued for 27 years until the construction of Timaru Harbour's first breakwater and wharf (1878-1888), where No. 1 Wharf is today and following the establishment of The Timaru Harbour Board in 1877. By 1890 the Timaru harbour was fully

enclosed with construction of the North Mole Breakwater.

One hundred and thirty years later the Port of Timaru has a new name 'PrimePort Timaru Limited', is 50/50 owned by the local council holdings company (Timaru District Holdings Limited) and Port of Tauranga Limited, but importantly it is still a vital connector for the South Canterbury region's importers and exporters.

## Trades

PrimePort's diverse trade mix of imports and exports reflects the region's primary sector.

PrimePort, itself, is a bulk trades Port, whilst the container trades are managed by sister company Timaru Container Terminal Limited (TCTL), which is 100 per cent owned by Port of Tauranga Limited. PrimePort is TCTL's landlord and also provides marine services to the terminal.

PrimePort achieved a record volume of bulk imports and exports of 1.83 million tonnes to the year ended 30 June 2021. This result was 5 per cent higher than the previous record and 862,000 tonnes (112 per cent) higher than ten

years prior. Growth in bulk trades over this time is linked to intensification in the primary sector, increased log harvests, and Holcim cement making PrimePort its South Island hub Port.

The Holcim operation involves importing bulk cement from Japan which is unloaded using a vacuum system and stored in a silo. Holcim's coastal vessel, MV Buffalo, transfers the cement to other South Island and Southern North Island Ports.

The top five bulk imports/exports include fertiliser, stock feeds, fuel, logs, and cement. These trades combined account for 1.64 million tonnes (90 per cent) of cargo and each individual trade contributes between 13 per cent and 28 per cent of total bulk volumes. This diverse portfolio of trades supports PrimePort's resilience.

PrimePort is the second largest fishing Port in New Zealand, behind Nelson. Ten deep water fishing vessels and 17 inshore fishing vessels call Timaru home. Both Sanford and Talley's have fish processing facilities at the Port.

The record 2020/21 year for volume also set a new profit record with a Net Profit After



Tax of \$6.5 million, up 15.5 per cent on the previous year.

Containerised trades through TCTL have grown significantly with the involvement of Port of Tauranga Limited. Total container volume for the year ended 30 June 2021 achieved a record of 93,891 TEUs. Ten years earlier (2011), container volumes were 49,125 TEUs. Container trades are heavy towards dairy exports, particularly milk powder.

Regular calls on TCTL include Maersk's OCI and Sirius weekly services and Swire's breakbulk service.

### Investing in Capacity, Resilience & Safety

Floating plant at PrimePort has been significantly upgraded in the past five years.

The Pilot Launch Kiwa was purchased from Hart Marine in 2017. Kiwa is a 15.6 metre launch built of composite fibreglass and is powered by two Yammer marine diesels. Pilot Launch Kiwa features the latest safety and navigational aids and has the ability to self-right in the event of a capsizing.

Two purpose-built tugs were purchased from Cheoy Lee Ship Builders in China, with Tug Hinewai arriving in 2020 and Tug Titan in 2021. Both are ASD tugs with 60 tonne bollard pull. The capacity these tugs provide allowed PrimePort to increase its maximum vessel size, and with the Harbourmaster's approval, allowed the Rio Class vessel of 287 metres LOA to enter the Port with Maersk's Southern Star Service.

PrimePort has five individual wharves that provide up to nine separate berths for large vessels. With the exception of No. 2 Wharf, that was completely rebuilt in 2015 as part of the Holcim project, all other wharves are mainly constructed of timber with a concrete deck.

Over the past three years, No. 1 Wharf has received a major \$5 million plus upgrade, including pile and beam replacements and a new 300-millimetre concrete deck, with new rate bollards and fenders. This upgrade has breathed many more years into the wharf, and it has been returned to service for bulk vessels unloading and log loading.

To support cruise ships, PrimePort also built five sets of three flush mounted bollards, each rated to 90 tonnes safe working load. The bollards provide for a high level of vessel safety in significant wind events.

With the No. 1 Wharf completed, PrimePort's attention now goes to the North Mole Wharf, which will receive a similar pile and concrete deck upgrade. This is a two-to-three-year project with an approximate price tag of \$15 million.



PrimePort is the second largest fishing Port in New Zealand, behind Nelson. Ten deep water fishing vessels and 17 inshore fishing vessels call Timaru home.

Following the 2020 lockdown, PrimePort commissioned a \$9 million upgrade of the existing unsealed Log Yard. The upgraded included 4.5 hectares of bitumen sealing, stormwater drainage systems, and LED lighting installation. The upgrade brought the Log Yard into the 21st century and significantly improved operational efficiency, safety, and environmental outcomes. The sealed surface, combined with bookends for high log stacking, has increased storage capacity ahead of an anticipated increase in log exports linked to the 1990s planting boom.

### Our Community & Environment

The Port enjoys very strong support from the community, with many residents connected by direct or indirect employment to the Port and associated industries. Many people mention the revival of PrimePort and year on year growth in recent years, particularly post the joint venture ownership with Port of Tauranga Limited.

PrimePort gives back to the community via sponsorship and donations. The big event every year is the PrimePort Christmas Parade. PrimePort is also behind the annual harbour swim, which attracts many hardy ocean swimmers.

Little Blue Penguins are a feature at Caroline Bay and around the Port breakwaters.

Penguin proof fencing is in place around key operational areas to prevent penguins making their nests in a hazardous site. PrimePort has also constructed a purpose-built rock nesting bund on the Eastern Breakwater.

PrimePort has mapped its carbon footprint and is tracking emissions. It was pleasing to see emissions decrease during the past 12 months, mostly due to reduced marine diesel consumption.

The Company is following a programme of change out existing sodium lights for power efficient LED lights.

### Looking Ahead

PrimePort is well positioned for the future and is following a strategy of asset upgrade and renewal that will ensure capacity and levels of service meet future requirements.

A new 200 metre bulk products wharf for Evans Bay is in the planning and is currently before Environment Canterbury for consenting. A new wharf will provide resilience and capacity and will further future proof the Port.



**PHIL MELHOPT**  
PrimePort CEO

Phil Melhopt joined PrimePort as Chief Executive in December 2014. He has held Chief Executive roles in both local government and state owned enterprise sectors. His background also includes logistics and sales management in both the forestry and FMCG sectors. Phil was the inaugural chairman of the Otago Rural Fire Authority and has an active interest in rural fire management.

# Transport services: Communicating 'User Centricity' in a post-COVID World

BY ROB MAYO

*"In the rush to return to normal, let's use this time to consider which parts of normal are worth rushing back to."*

DAVE HOLLIS

The role of transport services has changed in both small and significant ways since the arrival of COVID-19. In 2021 and beyond, prioritising 'User Centricity' in transport services, especially in passenger transport, is becoming a means to aid the economic, social and cultural recovery of cities from the detrimental effects of the COVID Pandemic.

So, what exactly is User Centricity and why is it important? It's a confluence of Design, Marketing and Communications. It focuses on the everyday needs of 'people' – daily needs in a seven-days-a-week context.

## Design:

COVID-World Transport Service User Centricity is about designing for either end of the user spectrum. For example, when you design passenger transport vehicles, associated facilities and information about the services provided so that they can be understood and used by seven-year-olds and by 70-year-olds, more often than not you've designed for everyone else in between.

## Marketing:

When you position the value of transport services as maximising convenience to people and as THE way to get to their favourite destinations seven-days a week, you're User-Centric.

## Communications:

The 'presence' or 'absence' of service-to-network information makes a huge difference to the numbers of people using transport services – weekdays and weekends. Good communications, along with good marketing and design makes transport services inherently user-centric.

I remember a CEO of a major passenger transport service provider once saying that his organisation was being user centric "by accident". What was meant by that is that while the users may be exposed to a service experience that leaves them feeling good about it, it was happening by accident, rather than by intent.

So, ask yourself, what is the actual experience the transport service providers I choose to use, want me to have? In other words, what is their 'desired user experience'? How do they want me, as a 'paying user', to feel about them?

Do they want me to feel...

A: Good about the experience?

B: Bad about the experience?

C: Nothing at all about the experience?

C is just as bad as B by the way.

To determine if you as a transport service provider are being user centric by 'accident', ask yourself three simple questions:

1. Has my organisation defined what our service user experience should be?
2. Does my organisation know what service users really want to FEEL as a result of their interactions with us?
3. Does my organisation know how well we are doing at delivering our desired user experience?

If you cannot answer all three of these questions, then it is very likely your organisation is delivering an 'accidental' User Experience. You may be lucky that 'by accident', your service users may be happy with the experience fulfilling their basic need. You may be lucky your users may largely not care about anything other than the basic, functional experience. However, in all walks of life, relying on luck is a very risky business. At some point, your luck will run out – and it's always when someone else provides a competing product or service with an intentionally-designed experience – an experience which leaves your users feeling good about that service and not yours ... and for most of the time.

So, what do transport service users (passengers particularly) really want in a post-COVID World? They want seamless, accessible services and journeys – in other words, they want 'convenience'. Our transport

modes, our services, our products and our marketing / communications all now have to be 'integrated' in order for us to maximise convenience provision and to survive and prosper as an 'essential service' to daily life.

Pre-COVID, passenger transport services have often been designed for early morning and late afternoon commuters going in and out of a city centre, which as we all know, the numbers of those people have plummeted since the start of the pandemic and where the numbers have come back, it isn't necessarily an indication of 'recovery'. Post-COVID, our 'New Normal' isn't about creating a version of what we had before. It's now about paying attention to the travel pattern known as the (1-3 kilometres) 'neighbourhood trip'. In a COVID World, it doesn't make sense anymore to focus on service capacity during weekday early morning and late afternoon / early evening periods. The 'New Normal' is about running steady, dependable services throughout the weekday, the weeknight and the weekend – it's the travel pattern that best supports Non-Fare Revenue Generation and this helps lessen reliance on government funding for service operation. This all-day steady service running pattern is where over 50 per cent of trips are made to run essential errands. It's a pattern that has been the bedrock of service provision in Hong Kong SAR, Taiwan, Korea, and Japan for many years. This travel pattern is often based on what women can access within 20 minutes of their home and workplace. This significantly increases 'convenience' to people, whether they arrive at their destination by public transport, by bike or on foot. It is not about the perception of 'distance' but about the perception of 'time' to a destination and the expending of minimal effort to get there and back.

Achieving service loyalty and effecting patronage shift in PT services, is about marketing 'connections' to passenger's 'destinations'.

Pre-COVID, IKEA often funded in Europe and Australia, train station and bus stop temporary



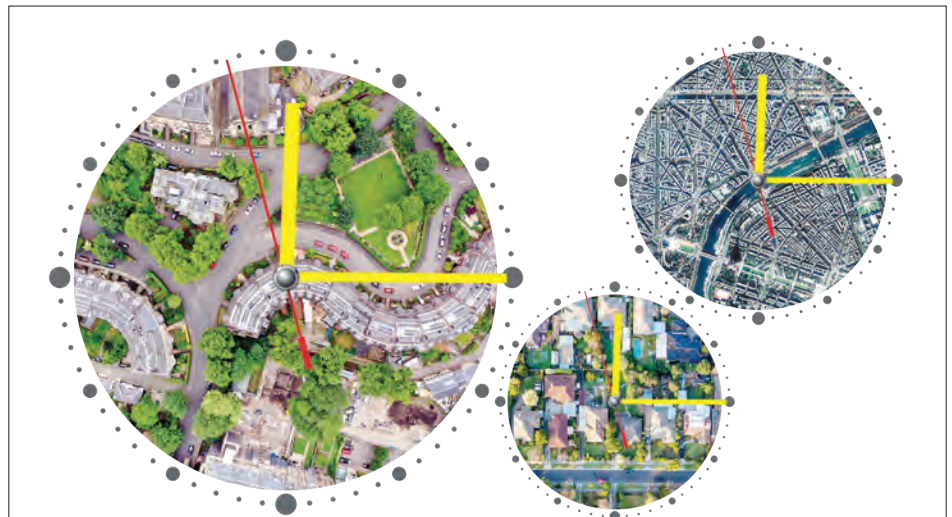
makeovers – to promote their brand. In a post-COVID World, these facility makeovers promote public transport as ‘The Best Way’ to get to a ‘popular destination’ - to eat as well as to shop. It generates passenger loyalty to a transport service by connecting people to valuable destinations and delivering them to those places in comfort – to destinations that are in fact, best accessed via that transport service’s ‘network’. It positively embeds the value of these services in the minds of existing, as well as new ‘users’.

In Singapore, suburban bus operator Tower Transit, have achieved User Centricity through partnering with local food blog ‘SG Food On Foot’. All the eating places accessible along bus routes such as the 106 route, are clearly communicated publicly. This has made bus services often the preferred way for people to get to all of the popular eating places in central and western Singapore, even when the city-state has experienced COVID outbreaks.

TransitLink (TL) is the Singapore Government-owned company that issues and manages stored-value transport and daily goods purchase cards. To encourage use of both public transport and the cards TransitLink are responsible for, TL offers various financial incentives to users – discounts on food and drink purchases and free giveaways to users who recommend (online), the fastest ways by buses and trains to reach a variety of leisure destinations all around Singapore.

In Japan, the Tokyo Metro’s rolling ‘Find My Tokyo’ campaign that began in 2018, promotes off-peak travel designed to further embed the value of Tokyo Metro services in the minds of service users. It features a well-known actress (Satomi Ishihara) being videoed visiting interesting places, all within minutes’ walk of a Tokyo Metro station. The places she visits in the videos are restaurants, cafes, parks, art galleries, entertainment spots and cultural heritage sites and in each video, the exact location is shown in relation to the Tokyo Metro line and station. There is also a series of ‘making of’ videos to go with each place she video-visits. The campaign is targeted principally at women 20-40 years of age. The campaign has continued throughout 2020 and 2021, despite the presence of COVID-19 as it offers ‘value’ to people and keeps them using public transport to access new and interesting destinations. It enables people to be ‘tourists’ in their own town and in a COVID-19 environment, there’s measurable mental health benefits to that.

Here in New Zealand, in April 2021, as part of a UITP Training Course on COVID-World Marketing and Communications, 35 UITP-member public transport service provider participants from around the world, were tasked with developing communication



Travel patterns are often based on what women can access within 20 minutes of their home and workplace, which significantly increases ‘convenience’ to people, whether they arrive at their destination by public transport, by bike or on foot. *Photo: Rob Mayo*

solutions to solidify User Centricity and bring Auckland Transport’s (AT) Metro Network ridership back up to 90 per cent of pre-COVID levels. Within the 35 participants’ work, this is the solution produced for Auckland by a group of Public Transport Service Providers from Portugal.

The Portugal Group’s proposition and associated messaging is focused on directly-embedding the value of public transport into daily life - dispelling the myths that Auckland is a car-dominated town and that bus and train travel is only ever about the weekday commute. It shows that public transport delivers convenience, value for money and is daily life-relevant. The ‘value’ of using the AT Metro Network is tied directly to the bus route – to the service number and to the destinations it serves. The Portugal Group’s proposal focuses on Tasting, Touching, and Trusting the AT Metro Network and on its inherent value for money within a single fare zone. Every daily life activity that’s important to a particular demographic, is message-tied directly to a service route. People in various skin tones and age groups are depicted – reflecting the cultural diversity of Auckland and ensuring that every Aucklanders can see themselves in the communications imagery and situations.

In summary, User Centricity in COVID / post-COVID 2021 is about communicating service value and embedding that value into daily life in a seven-days-a-week context. Despite the steady increase in car use since the end of the first nationwide lockdown in June 2020, it’s not too late to get New Zealand city residents using public passenger transport much more than they did in the past. The already-changed travel patterns due to COVID-19 means that passenger transport

services are more so than in the past, now directly useful to residents of major New Zealand cities such as Auckland, Wellington, Christchurch, Dunedin, Hamilton, and Tauranga – in an all-day and evening context.

Through more effective communication of service value, along the lines of what has been achieved overseas in countries such as Singapore and Japan and given the already-significant demographic shifts New Zealand cities and towns have already gone through over the last 10-15 years, our passenger transport services can achieve effective User Centricity in a post-COVID World and within a relatively short period of time. Service networks when they communicate their value at the frontline in various ways, always thrive - even during times of societal and economic upheaval.



**ROB MAYO**

Rob Mayo is a specialist consultant in passenger transport services – user experience design and service performance. He is a lead trainer for the UITP and current Chair of the CILT NZ Northern Section Committee.



The Warehouse Group has recently unveiled four custom EV trucks to service its home delivery network, pictured here with Transport Minister Michael Wood and Chair & Committee Member - Central Section CILT's Marinus La Rooij. *Photo: Marinus La Rooij*

# National Forum: Decarbonising Transport — the 2050 Challenge

BY MARINUS LA ROOIJ

You may have spotted on LinkedIn recently that we were warned about climate change over a hundred years ago. Indeed, back in early 1912 the London science magazine “Science Siftings” mused that if coal was burnt at the current rate, the release of carbon dioxide into the atmosphere would have a detrimental warming effect – something to be felt in the years to come. The article, reprinted around the world including New Zealand, was soon forgotten and for the next 100 years the world pumped over 35 billion tonnes of CO<sub>2</sub> into the atmosphere. With unprecedented changes in the climate now being observed around the globe - from deadly heat waves, devastating wildfires in formerly temperate areas, to severe flooding and rising sea levels – urgent action is required to avoid the worst impacts that a changing climate will bring.

We have now lost the luxury of time and now we must work now to reduce emissions decisively and progressively. New Zealand is committed to delivering on our commitments from the 2015 Paris Agreement, to reach net zero emissions by 2050 and limit global average warming to 1.5 degrees Celsius. This stepped reduction in emissions includes meeting emissions budgets, with our first budget (2013-2020) almost four per cent over the 642 million tonnes of CO<sub>2</sub> equivalents (aka Green House Gases - GHGs) allowed for.

One of the main culprits in the emissions outlook is the transport system – which accounts for around 16.2 million tonnes of CO<sub>2</sub> each year. Not only does the transport system account for around a fifth of our GHG emissions, but the carbon footprint of the system is growing as more people and freight make more trips around the country - and to and from the world.

The Government has indicated a commitment to decarbonising the transport system, with local government and some

prominent private sector companies indicating a desire to progress towards zero emissions. Given the massive and somewhat daunting size of the challenge and the debate around the approaches to be taken, this year's National Forum will focus on the Decarbonisation Challenge. Bringing together a panel of experts, the Forum will take the form of a facilitated discussion with a set of critical questions developed in advance.

This year's panel includes, Sheena Thomas (Strategy Manager – Z Energy), David





The Southern Hemisphere's first fully-electric passenger ferry, which East by West Ferries operates between Wellington's Queens Wharf and Days Bay in Lower Hutt, was intended to start operating earlier this month. Photo: Wellington Electric Boat Building Co

Crawford (Chief Executive Officer – Motor Industry Association), and Ewan Delany (Manager, Environment, Emissions & Adaptation Policy Ministry of Transport). Facilitated by Marinus La Rooij (TSA Advisory), this year's forum will tackle the big questions such as: is the goal of zero emissions by 2050 achievable? What are the immediate steps we should be taking; and if we are to migrate the transport system off fossil fuels – what are the most viable alternatives?

Each question will be addressed by the panel, with members of the audience also called on to provide their own insights and thoughts on what will prove to be the greatest transport question of our generation. The focus of the discussion will be on solutions and identifying those that will be the most effective in the short, medium, and long-term as we reduce emissions across the transport system. A summary of the discussion will be provided to the Government for consideration in the development of the Emissions Reduction Plan.

The Forum will start in the morning for a technical tour at 10am on an electric bus to a rapid charging station (provided by Transurban). This will be followed by lunch at the Ministry of Transport, with the Forum beginning at 1pm. The event will conclude with afternoon tea at 3pm.

### Forum Panel members



**SHEENA THOMAS**



**EWAN DELANY**



**DAVID CRAWFORD**



### **MARINUS LA ROOIJ** **Executive Consultant – TSA Advisory**

Marinus La Rooij has over 20 years' experience on transport and infrastructure matters, with a focus on freight (across road transport, rail, ports, coastal, international shipping, and aviation).





The Government has made the commitment to only purchase zero-emission buses by 2025 and aims to target the decarbonisation of the public transport bus fleet by 2035, and has committed \$50 million towards this goal. *Photo: NZ Transport Agency Waka Kotahi*

## PTOM: networks expand, access increased, services more affordable

The Public Transport Operating Model (PTOM) was envisaged as a collaborative opportunity for councils and bus operators throughout the country to plan, procure, and deliver a near perfect network service.

BY JAMES PAUL

In reality, it has been a headache for many – in some cases, leading to a decline in working conditions and a decrease in commerciality. During the 2000s there was growing concern about the public transport system in New Zealand.

The cost of subsidising public transport was increasing while passenger numbers were falling, there were fears that road users and ratepayers were not getting value for money, and the lack of cooperation between regional councils and public transport operators was worrying.

In response, the then Minister of Transport, Hon Steven Joyce, called for a review of the Public Transport Management Act 2008 which resulted in the development of the

PTOM. From its implementation in 2013, the PTOM has governed how public transport services are planned, procured, and delivered.

Currently the Ministry of Transport (MOT) is reviewing the PTOM to consider whether it has achieved the original objectives, and to understand its effects on bus drivers' wages and conditions.

MOT's Mobility and Safety Manager, Helen White, noted: "As part of early work to understand the impacts of PTOM, the Ministry of Transport commissioned consultants to research the impacts of PTOM on the labour market. They concluded that PTOM had impacted driver wages and conditions. The review was prioritised because of concerns about the impact of PTOM on bus driver wages and conditions".

The research found bus drivers' employment conditions and wage rates were directly impacted by changes in the contracting and operating environment.

Although most operators kept their employment conditions the same, and there is no evidence that the PTOM required operators to reduce wages, the PTOM did result in a more competitive market for operators tendering for contracts.

In most regions, price was the highest weighted evaluation criteria on tendering and in a more competitive market, operators with lower wage costs are likely to be advantaged.

Therefore, significant cost reductions were achieved when compared with previous tendering rounds, reflecting the considerable



increase in the number of bidders per contract.

In a recent press statement, Minister of Transport, Hon Michael Wood, agreed he does not believe the current PTOM provides adequate support to bus drivers and reiterated the Ministry's commitment to improve wages and working conditions.

"Unfortunately, it's obvious the former government's PTOM policy has driven down wages and conditions for many. Ensuring bus driver wages and conditions are protected whenever councils contract bus services is important.

"I am working with employers, unions, and Waka Kotahi [NZ Transport Agency] on establishing a Living Wage floor for drivers, but I know more change is needed to tackle chronic driver shortages and service disruptions."

While the current objectives of the PTOM focus solely on commerciality, efficiency, and increasing public access to services, the proposed objectives also include new goals focused on improving the labour market.

The MOT acknowledges that bus drivers' wages and conditions are relatively low compared with those in other comparable sectors. There are problems with high rates of staff turnover, difficulties recruiting and retaining drivers, and ongoing driver shortages.

These issues affect the ability of the sector to deliver the public transport services desired by the community. To ensure New Zealand has a sustainable long-term public transport service, it is vital wages and working conditions are improved.

Work to achieve this is already underway and some regional councils have tried to reduce or eliminate PTOM's impact on driver wages and conditions, and the knock-on impacts on driver retention and recruitment.

The sector is already working to progressively implement a living wage for public transport bus drivers as well as engaging in a tripartite collaboration between operators, unions and regional authorities to look at ways to make bus driving a more attractive career.

Rather than continuing to rely on interventions at the regional level, the Government wants to develop a nationwide approach to protecting drivers' wages and conditions during the procurement process. The review provides an opportunity to consider the most effective way to do this.

In the short term, improvements to driver wages and conditions for existing contracts will continue to be addressed through collective bargaining and tripartite discussion.



Auckland Transport unveiled New Zealand's first hydrogen fuel cell bus in March, as the organisation transitions to an emissions-free fleet. Photo: Global Bus Ventures

The proposed new Fair Pay Agreements system of collective bargaining may also be an avenue to improve driver wages and conditions.

This system will enable unions and employers to bargain for new minimum terms and conditions that will then apply right across a sector. Legislation to create this system is intended to be introduced this year.

In the longer term, the Government wants to ensure drivers' wages and conditions are better protected in the procurement process, which will be necessary to attract more people into the public transport workforce and improve the service for the public.

On this, White stated that an important part of the review is to ensure services can be delivered in a sustainable way.

"In recent years, some operators have found it hard to recruit and retain drivers, partly due to relatively unattractive wages and conditions.

"This has resulted in cancellations to some services, which has had knock-on effect on passengers. Bus drivers play a key role in keeping our cities moving, getting commuters to work and giving Kiwis travel choices.

"The Government wants to protect drivers' wages and conditions under PTOM. Although an earlier evaluation of PTOM found that its implementation has not required operators to lower wage rates, we know that unless wages and conditions are explicitly protected, those operators with lower wage costs have an advantage in the tendering process. We know that this is bad

for drivers and for operators."

The MOT research also found that under the PTOM the commerciality of public transport services has not increased in most regions. While the costs to government for public transport services appear to decrease due to PTOM contracts, in some cases this impact is relatively short term.

In addition, public funding has increased significantly in some regions. However, this may reflect changes in service levels and policy separate to PTOM. On a positive note, the MOT review found that passenger fares have become more affordable in real terms, there have been investments in a newer, lower emissions fleet, and customer satisfaction has improved.

It also found that under the PTOM framework public transport networks have expanded, access has increased, services have become more affordable for users, and networks have become more integrated. Another proposed objective of the PTOM is to decrease the environmental impact of the public transport sector.

The Government has made the commitment to only purchase zero-emission buses by 2025 and aims to target the decarbonisation of the public transport bus fleet by 2035, and has committed \$50 million towards this goal.

The next step in the review process is for the MOT to engage with the sector and members of the public. The outcomes of this consultation, in combination with the review, will be used to prepare advice to share with the Government in the second half of 2021.

More detailed information about the PTOM review can be found on the MOT website: <https://bit.ly/3w0Fpil>.





**The Chartered  
Institute of Logistics  
and Transport**

# ANNUAL AWARDS DINNER 2021

**The Dinner will follow the annual forum that will be focussing on The Challenges of Decarbonisation.**

**We are pleased to have the following speakers involved in discussing this important topic:**

**Sheena Thomas – Z Energy**

**Ewan Delaney – Ministry of Transport**

**David Crawford – Motor Industry Association**

The Annual National Awards Dinner is a highlight on the calendar for the industry and the wider transport sector – providing an opportunity to acknowledge success and celebrate outstanding achievements in logistics and transport.

Join us for an evening that celebrates all the hard work that is put in by the individuals, companies and organisations that keep our supply chains and transport system moving in these challenging times.

Nau mai, haere mai.



**DATE**

Thursday 18th November 2021

**VENUE**

Eighteen Sixty Seven at Wellington College  
15 Dufferin Street, Mount Victoria, Wellington 6021

**PROGRAMME**

6.15-6.55pm: Pre-Dinner drinks at Wellington College's 1867 Events Space  
6.55pm: Guests invited into dining room  
11.30pm: Event to conclude

**DRESS**

Formal Business Attire, Black Ties welcome

**MEMBER PRICES**

Forum only – \$80 +GST  
Dinner only – \$190.00 + GST  
Forum and dinner – \$230.00 + GST

**BOOKINGS**

Ticket purchases can be made now on the CILT website [www.cilt.co.nz](http://www.cilt.co.nz)

**The night would not be possible without the generous support from Container Co. as the strategic partner for this event, alongside our support partners.**

