

### 3.2. Bus Driver Recruitment and Retention

**Prepared for:** Implementation Committee  
**Report No.** PPT2205  
**Activity:** Transport - Public Passenger Transport  
**LGOIMA:** Section 48(1)(a); 7(2)(b)(ii); 7(2)(h); 7(2)(i)  
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#### PURPOSE

- [1] The purpose of this report is to provide Council with background to the current bus driver shortages and a suggested pathway forward. It also provides the implementation timeline that enabled Dunedin and Queenstown bus driver wages to be uplifted to match the 2019, 2020 and 2021 Living Wage.

#### EXECUTIVE SUMMARY

- [2] Nationally, there are not enough bus drivers to deliver full timetabled bus services across the country. Auckland Transport estimated it was 270 drivers short; Metlink in Wellington about 100 drivers short; and Metro in Canterbury about 40 drivers short.
- [3] Contact with Council's (ORC) bus contractors indicated that when all their drivers were well, [REDACTED] Dunedin are short of 11 drivers, [REDACTED] Dunedin 7 drivers, and [REDACTED] Queenstown 20 drivers (1<sup>st</sup> August 2022).
- [4] Many bus companies in New Zealand have been struggling to recruit and retain staff, which is attributable to unattractive working conditions and pay.
- [5] It is also not helping that bus drivers are not recognised by NZ Immigration as either Long Term or Regional Skill Shortages<sup>1</sup> and are not viewed as a skilled migrant occupation.
- [6] Recognising this as a national issue, the Ministry of Transport established the 'Bus Driver Conditions Steering Group' (BDCSG) to collaboratively progress short-term improvements to bus driver wages and conditions.
- [7] In May 2022, the Government also announced it was committing \$61m over four years to essentially to pay bus drivers more. To claim that additional co-investment, regional councils will also need to provide matching local share.
- [8] Even with Council agreeing to a bus driver wage uplift in May 2021 to match the September 2020 and 2021 Living Wages, it seems most likely that to resolve the current driver shortage issues will require an additional input in funds. However, in order to

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<sup>1</sup> <https://skillshortages.immigration.govt.nz/bus-driver/>

secure a share of the \$61m through Waka Kotahi that will require co-investment by Council. That co-investment is not currently budgeted in the 2022-23 Annual Plan, or the 2021-31 Long Term Plan.

- [9] Council staff are therefore recommending Council agree to receiving a subsequent report from Council staff outlining options to enable Council to respond to the issue of driver shortages.

## RECOMMENDATION

### ***That the Implementation Committee:***

- 1) ***Notes*** this report.
- 2) ***Agrees*** to release into the public domain, all information contained in this report other than that for which good reason for withholding it exists, in accordance with the Local Government Official Information and Meetings Act 1987.
- 3) ***Authorises*** the Chairperson to write to the Minister of Immigration raising the issue that the current policy precludes the immigration of bus drivers to New Zealand and seeking a review of the immigration status of bus drivers.
- 4) ***Seeks*** a further detailed report from Council staff outlining options to address the issues of bus driver recruitment and retention, to inform preparation of the Draft 2023/34 Annual Plan.

## BACKGROUND

- [10] Nationally, there are not enough bus drivers to deliver full timetabled bus services across the country. A Radio New Zealand report dated 2 June 2022<sup>2</sup>, noted that Auckland Transport estimated it was 270 drivers short; Metlink in Wellington about 100 drivers short; and Metro in Canterbury about 40 drivers short.
- [11] Bus driver numbers has been an issue since at least 2018; first manifesting in Wellington coinciding with the implementation of a reviewed network, Auckland and the Tauranga in 2019. The shortage has been made worse by the Covid-19 pandemic and seasonal influenza.
- [12] Contact with Council's (ORC) bus contractors indicated that when all their drivers were well, [REDACTED] Dunedin are short of 11 drivers, [REDACTED] Dunedin 7 drivers, and [REDACTED] Queenstown 20 drivers (1st August 2022).
- [13] The impact of driver shortages has been felt in Otago by increasing numbers of missed services (trips not being operated) through 2022.
- [14] This escalated acutely in July 2022, where for the period 1st July – 18th July, the percentage of missed services reached an average of 13.87% for Dunedin and 15.37% for Queenstown.
- [15] On 19th July 2022, a reduced timetable was introduced, as per the the 9th March 2022 Implementation Committee paper to Council, which approved the implementation of a Reduced Timetable Plan for public transport services in Queenstown and Dunedin. The

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<sup>2</sup> <https://www.rnz.co.nz/news/national/468395/bus-drivers-working-13-hour-shifts-call-for-better-conditions>

effect of the reduced timetable in Dunedin was a significant lowering of missed trips and a more reliable service. The missed trips proportion prior to the implementation of the reduced timetable was an average of 13.87% per weekday in Dunedin. With the reduced timetable this is now down to 1.7%. In Queenstown, the driver shortage has been more keenly felt with missed trips averaging 15.37%, prior to the reduced timetable. Missed trips for the new reduced timetable now average 16% in Queenstown. Driver shortage challenges remain in the Queenstown network.

- [16] Many bus companies in New Zealand have been struggling to recruit and retain staff, which is attributable to unattractive working conditions and pay.
- [17] It is also not helping that bus drivers are not recognised by NZ Immigration as either Long Term or Regional Skill Shortages<sup>3</sup> and similarly bus drivers are not viewed as a skilled migrant occupation (it's a ANZSCO skill level 4 occupation and does not meet the pay rate threshold of NZD \$27.00 per hour)<sup>4</sup>.
- [18] A preliminary analysis of the cost of raising driver wages from the current level of \$22.75 per hour to \$27.00 per hour across the public transport network in Dunedin and Queenstown shows a potential total cost to ORC of approximately \$2,226,000. The Dunedin component totals approximately \$1,664,000 with a Queenstown component of approximately \$562,000.
- [19] In regard to working conditions, it is a common practice for bus drivers to have to work split shifts with a break in the middle. This can mean that drivers work a 13-hour day.
- [20] The national work time requirements state that *"in any cumulative work day (legally defined as no more than 24 hours), drivers can work a maximum of 13 hours and must then take a break of at least 10 hours (as well as the standard half-hour breaks required every 5½ hours)"*<sup>5</sup>.
- [21] Recognising this as a national issue, the Minister of Transport through the Ministry, established the 'Bus Driver Conditions Steering Group' (BDCSG). This Steering Group is working collaboratively to progress improvements to bus driver wages and conditions.
- [22] Through the PTOM review, The Ministry is also considering options to protect and improve bus driver wages and conditions in future contracts. The timeline for this is determined by the Minister and has yet be finalised. The PTOM review is ongoing.
- [23] Participating agencies in the BDCSG include:
- Bus & Coach Association (BCA, on behalf of operators);
  - Greater Wellington Regional Council (on behalf of councils);
  - New Zealand Council of Trade Unions (CTU);
  - Auckland Transport;

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<sup>3</sup> <https://skillshortages.immigration.govt.nz/bus-driver/>

<sup>4</sup> <https://www.immigration.govt.nz/new-zealand-visas/apply-for-a-visa/tools-and-information/work-and-employment/skilled-employment>

<sup>5</sup> [https://www.nzta.govt.nz/roadcode/heavy-vehicle-road-code/licence-and-study-guide/information-for-heavy-vehicle-drivers/requirements-and-responsibilities-for-heavy-vehicle-drivers/work-time-and-logbooks/#:~:text=After%2013%20hours,breaks%20required%20every%205%C2%BD%20hours\).](https://www.nzta.govt.nz/roadcode/heavy-vehicle-road-code/licence-and-study-guide/information-for-heavy-vehicle-drivers/requirements-and-responsibilities-for-heavy-vehicle-drivers/work-time-and-logbooks/#:~:text=After%2013%20hours,breaks%20required%20every%205%C2%BD%20hours).)

- Ministry of Transport (MoT); and
- Waka Kotahi NZ Transport Agency.

- [24] The BDCSG work programme comprises three workstreams as follows:
- bus driver breaks and work hours;
  - bus driver wellbeing and remuneration; and
  - operating context and procurement.
- [25] In terms of pay for Otago bus drivers delivering Council's bus services in Otago, on 27 May 2021, Council resolved that:
- *"3) Agrees to pay an increase for the base wage rate for bus drivers delivering Council's contracted bus services that aligns with the 2021 Living Wage from 1 September 2021 (conditional on Waka Kotahi NZ Transport Agency co-investment)";* and
  - *"1) Agrees to pay an increase for the base wage rate for bus drivers delivering Council's contracted bus services that aligns with the 2019 and 2020 Living Wage from the Effective Date of 1 July 2020."*
- [26] Staff gave effect to those decisions following the meeting and they were fully met by 22 March 2022. A timeline showing how that was achieved is appended to the report.
- [27] The cost of implementing the May 2021 Council decisions for 2020/21 was \$746,849, whilst the paper to Council estimated \$790,000.
- [28] The cost of implementing the May 2021 Council decisions for 2021/22 was \$1,109,060, whilst the paper to Council estimated \$1,091,000.
- [29] The difference in values is primarily due to adjustments made by one of the operators to leave allowances, which formed part of the calculation, together with minor fluctuations in estimated driver numbers.
- [30] From 1 December 2021, Metlink drivers in Wellington were paid \$27.00 per hour, intended to be a mechanism to recruit and retain drivers.
- [31] In Dunedin from 10 January 2022, [REDACTED] at its cost, increased bus driver wage rates to [REDACTED] per hour.
- [32] In May 2022, the Government announced as part of the Budget that it was committing \$61m over four years to fund a nationwide multi-sector agreement for better bus driver working conditions (essentially to pay bus drivers more).
- [33] Waka Kotahi is currently developing processes and templates to enable regional councils to claim a share of the additional \$61m funding to top up bus driver wages, once the Minister has approved its release (expected to be in the next few months). To claim that additional co-investment, regional councils will also need to provide matching local share.

- [34] On 28 July 2022, Auckland Council confirmed funding for Auckland Transport to implement a bus driver wage uplift of an average increase of 8 per cent, which will take average driver wages in Auckland up to \$25.62 per hour.
- [35] The next uplift in the Living Wage, to be implemented on 1 September 2022, is \$23.65 per hour. In accordance with the May 2021 Council decisions (also consistent with Waka Kotahi policy), Council has not budgeted to increase bus driver wages in Otago to match this value. A subsequent paper to Council will be addressing this matter.
- [36] The agreed contract variations to match the September 2021 Living Wage rate do provide for an inflation adjustment, but that is based on the movement in Waka Kotahi's cost index applied to gross cost, rather than a factor applied to the movement in hourly rate (a 4% movement in the Living Wage hourly rate will equate to a much greater percentage increase in actual additional cost).

## DISCUSSION

- [37] The previous section has highlighted:
- there are not enough bus driver's nationally to deliver full timetables services including in Otago (ORC's operators estimated they are 38 drivers short);
  - this has been made worse by the Covid-19 pandemic and influenza season;
  - a significant reason for the shortage relates to pay and conditions;
  - the Minister of Transport has recognised this and established a national working group investigating solutions to those shortcomings;
  - central government has budgeted additional funding to increase driver pay that regional councils will be able to access in the future (providing they provide matching local share), but does not recognise bus drivers as a skilled occupation in terms of immigration status;
  - ORC agreed in May 2021 to match the September 2021 Living Wage rate for bus drivers (but not subsequent Living Wage rises); and
  - Greater Wellington Regional Council and Auckland Council have agreed to pay bus drivers more than the September 2022 Living Wage rate.
- [38] With respect to the immigration issue, it is recommended that the Chairperson write to the Minister of Immigration raising the issue and seeking a review of the immigration status of bus drivers.
- [39] In discussion with both of Council's contracted bus operators (Ritchies and Go Bus), they indicated:
- they have spent significant sums of money on recruitment through 2021 and 2022. This has been by way of newspaper advertising, radio advertising, online advertising, and residential mail outs. The responses to these recruitment drives has been minimal; and
  - they are amenable to working with Council to review shifts and rostering.
- [40] Driver shortages in the region mean that even without Covid-19, the ability for Council to return to the fully timetabled service in the near future will be a challenge, particularly in Queenstown where competition for jobs is high and there is a labour shortage affecting most businesses in the area.

[41] It is fair to say therefore, that to resolve the current issue will require an additional input in funds, some or all of which can be matched by central government. However, in order to secure that investment from Waka Kotahi it will require co-investment by Council. That co-investment is not currently budgeted in the 2022-23 Annual Plan, or the 2021-31 Long Term Plan.

## **OPTIONS**

- [42] With respect to the issue of driver pay and conditions, Council has the following options:
- Option 1 – do nothing;
  - Option 2 – seek a subsequent report from Council staff outlining options to enable Council to respond to the issue of driver shortages; and
  - Option 3 – agree to increase bus driver pay to respond to the immediate shortage.
- [43] The preferred option is Option 2. This is because the issue is complicated, nation-wide and will require a range of solutions, none of which have been costed and some of which may be nationally-led.
- [44] Option 2 will enable Council staff to have further engagement with Go Bus and Ritchies and that may identify actions that the operators can progress in concert with actions that are Council-led.
- [45] Option 1 is not preferred as it does nothing to deliver in the future, a more reliable and full bus service. It also puts further at risk the implementation of the Mosgiel bus service improvements (additional peak frequency and the Express service).
- [46] Similarly, Option 3 is not recommended as Council staff cannot advise Councillors what level of additional funding would be needed to improve the current shortage issue. Perhaps more importantly, funding is not currently budgeted in the 2022-23 Annual Plan or the 2021-31 Long Term Plan.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

[47] Council's Long Term Plan community outcome (vision) is sustainable, safe and inclusive transport in Otago. Council's public transport services are an important component of that vision and bus drivers are critical to deliver those.

### **Financial Considerations**

- [48] There are no financial considerations in regard to this paper. However, as noted in the paper, the solutions to again deliver a reliable bus service in Queenstown and Dunedin as a result of having sufficient bus drivers will likely require significant additional funding. Option 2 is intended to provide that future financial information upon which Council can base decisions.
- [49] As noted earlier in the paper, the cost of implementing the bus driver wage uplift for 2020/21 was \$746,849 and for 2021/22, it is \$1,109,060.

### **Significance and Engagement Considerations**

[50] There are no significance and engagement considerations in regard to this paper.

#### **Legislative and Risk Considerations**

[51] There are no legislative and risk considerations in regard to this paper.

#### **Climate Change Considerations**

[52] There are no climate change considerations in regard to this paper.

#### **Communications Considerations**

[53] There are no communications considerations in regard to this paper.

#### **NEXT STEPS**

[54] Should Council endorse this paper's recommendations, Council staff will proceed with the preparation of a detailed options paper regarding driver wages and conditions.

#### **ATTACHMENTS**

1. Bus Driver Wage Uplift Timeline [**3.2.1** - 3 pages]