

SUBMISSION TO
BAY OF PLENTY REGIONAL COUNCIL TRANSPORT COMMITTEE
FROM THE GO BUS DRIVERS' FIRST UNION MEMBERS
REFERENCING PTOM

INTRODUCTION: The Public Transport Operating Model (PTOM) was introduced in 2011, and brought sweeping changes into the way Public Transport contracts were decided and let. Many of the changes were positive to both the Bus Operators and the Councils they contracted to.

A report on competitive tendering at the time suggested that savings of 15-20% could be made, providing more bidders were participating. This had been demonstrated in the Bay of Plenty in 2008, when the contract was tendered for by a greater than usual number of bidders: Go Bus' bid was \$3 million lower than any other bidder.

Go Bus was able to lower their bid significantly by cutting the drivers' payroll. Drivers' pay was reduced from \$16.50/hour (a rate that wasn't reached again until 2017) to \$14.27/hour – a move which saved the company many hundreds of thousands of dollars per annum: an amount that was represented in their significantly lower bid. This pay reduction was enormously significant to the drivers. It immediately put them into the “poor worker” demographic.

The recent change of Government now means that PTOM, or at least parts of PTOM, may be on its death bed. The Prime Minister made this clear when, in her very first formal television interview, she made a point of expressing concern for the way bus drivers' wages had been driven and held down by the strictures of PTOM.

SUBMISSION:

1: When reading PTOM it is dismayingly obvious that no provision was made to keep the workforce's pay and conditions secure. It may have been assumed that a responsible employer would take all steps to see that their staff would be adequately and reasonably compensated for their labour,

and that all efforts would be made to keep them fit, healthy, and safe in their working environment. This writer, however, feels that this would have been a hopelessly naïve assumption, and that the truth of the matter is simply that the PTOM drafters simply didn't give any consideration to the workforce at all. This attitude has subsequently been taken advantage of (quite cynically) by a number of bus operators and the bodies they are contracted to.

2: Recent actions made by Go Bus First Union members, which culminated in a verbal plea to Council, has resulted in all Go Bus drivers being awarded a higher-than-usual pay increase. This has brought the drivers' base pay up to \$18.25/hour – not far away from where it was in 2008.

3: Even though public transport drivers do have the Prime Minister's personal backing, it is a fact that PTOM is still legally in play, and will remain so until it is either replaced or reformed by the new Government.

4: Accordingly, the First Union and its members in the Bay of Plenty respectfully ask that the Committee take a pro-active stance on protecting drivers' pay and conditions. **Tender papers have now been released, and we are deeply concerned that if they don't have any protective devices for drivers, then it is probable that tenders will be made that threaten the drivers' pay and conditions.**

5: It is the writers' personal belief that Go Bus would *not* now cut drivers' pay and conditions. However, belief does not equate to knowledge. What I do know is that there will be a number of bus operators vying for the business, all trying to present their lowest cost / highest quality tenders... and that lowest cost may well include hidden cuts to pay and conditions.

6: Accordingly, we request that the Council and its Transport Committee take the drivers' obvious concern into account when considering the various tenders that will be made, and either reject or request a changes be made to any tender that doesn't voluntarily make provision for protecting the workers level of pay and conditions.

6: We would also request that great consideration be given to the current restriction on wage-rises. PTOM stipulates that the only wage rise workers should be entitled to is one that matches the Cost Price Index (CPI).

7: It is my contention that CPI is a badly flawed measurement to base wage increases on. CPI is calculated on Net prices: prices which have already had their tax charged. When a worker's wage is expanded by that amount, it is paid to them as a Gross amount – an amount on which they must subsequently pay tax. The pay-rise will therefore be reduced by at least 17% (depending Tax Codes). This has resulted in the drivers' income being currently at least \$1,500 per annum lower than it should be.

8: The new Government has planned for and stated that the Minimum Wages will rise to \$20 / hour by 2020. Currently it is \$15.75 / hour, compared with the Bus Drivers' newly-won \$18.25 / hour: a \$2.50 / hour differential.

9: Accordingly, we request that the PTOM-based tender documents be revised to include an annual wage-rise of at least 5% + CPI until at least 2020, when the minimum wage will be set at \$20. This would remedy the unfairness inherent in the current system, and maintain relativity between the Go Bus drivers' wages and the Minimum Wage.

SUMMARY: The Prime Minister and her Government have made it very clear that the swing is towards higher wages for workers, with an end-target being the Living Wage.

This, coupled with the fact that the tendering for the Western Bay of Plenty Public Transport contract will be the first competed for under the new Government's regime, gives the Western Bay of Plenty Council and their Transport Committee an exciting opportunity to demonstrate national leadership by ensuring Bus Operators' tenders for the various Public Transport units in Tauranga reflect the new political reality, rather than stick blindly to PTOM's harsh stipulations and restrictions.

In closing, I thank you for the pressure you brought to bear on Go Bus management regarding the drivers' justifiable pleas for a pay increase, and I trust that you will also look on this submission with sympathy and support.

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