

CIRCULAR



FEBRUARY 2024

Inside this issue



Transport Minister
lays out future
priorities



Reserved bus and
coach parking



Entrada Travel
Group adds
Greyhound Australia
to the pack

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FEBRUARY 2024



Cover: The first of 35 new CRRC electric buses for Transit Group is removed from a cargo ship at CentrePort in Wellington. *PHOTO: Victoria Hodson, Regional Manager, Transit Coachlines Wellington & Wairarapa*

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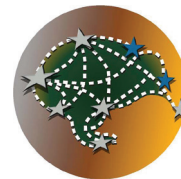
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- Chief Executive's Column.....4
- In the Loop update5
- Regional roundup.....6
- International roundup.....7
- Laying the groundwork for a future where transport infrastructure supports and enhances our way of life8
- Reserved Bus and Coach Parking 10
- BIM lays bare the transport challenges12
- Half Year Economic and Fiscal Update 14
- What's needed to improve Auckland's transport network? ... 16
- More tourists prioritise sustainable destinations 18
- Entrada Travel Group adds Greyhound Australia to the pack .20
- Family Business Association: Successfully passing the baton on to the next generation..... 22
- "Peeping Tom" ordered to pay female colleague over \$30k .. 24
- How to navigate conditional offers of employment..... 25
- A remarkable Middle East transport tale of two Kiwi brothers..... 26

BROUGHT TO YOU BY OUR PLATINUM MEMBERS



A BIG YEAR AHEAD

As a former public servant, I've been reading the Briefings to Incoming Ministers with interest. What I find particularly interesting is the things that aren't said, as well as the things that are. Preparing a BIM is a deeply nuanced activity, where each agency will be providing high-level factual advice, designed to look apolitical, but discretely tailored to resonate with the incoming Minister's previous public statements and priorities.

They're also written in the knowledge that they'll be publicly released, so absolute bombshells and the shining of bright lights are unlikely – those messages tend to wait for delivery mechanisms that can be managed more tightly. You can read about the Ministry of Transport's BIM in this edition.

In March, we're expecting the Government to release a new Draft Government Position Statement on Land Transport (GPS). This document is important for many reasons, but particularly for us because it sets out the strategic direction for investment for government money in transport, and how it's going to be paid for.

The finalised GPS should have been published by July 2023, and the lack of a confirmed GPS is problematic from a planning perspective. A belated Draft GPS was released by the previous government but never finalised.

One of the challenges with the timing of the release of the final GPS (which will be publicly consulted on, and which the BCA will submit on), is that there is a bunch of other activities that are dependent on it, including all of the Regional Land Transport Plans (RLTPs), which need to be publicly consulted on and agreed in order for regions to apply for the government funding from the National Land Transport Fund via the National Land Transport Programme 2024/27.

Confused yet? It gets worse – activities can't go into the RLTPs unless each Local Authority has also confirmed their share of funding for that activity through their Long Term Plan which they must consult on with ratepayers.



So, I've got a fair bit of empathy right now for our counterparts at the councils and NZTA – it's a difficult time for them with a lot of crystal ball gazing going on.

That said, it's encouraging to see Minister Brown talking about the new GPS and setting out the Government's transport priorities in this edition of Circular, alongside those of Auckland Mayor Wayne Brown. Both are talking about the need for targeted action on road quality and infrastructure, value for money service delivery, and sustainable revenue mechanisms. Those are priorities the BCA is well aligned with and we look forward to continuing to provide input to the Minister and Auckland Council.

Following the Christmas break, things have ramped up again for the BCA team. I'm enjoying the stability that

comes with having our small team and the new Board now properly established.

Our advocacy plan will be finalised by the Board this month, which will set the priorities for the BCA for the rest of the year. At a high level, our focus will be on efficient and effective procurement, building a sustainable workforce, improving infrastructure for buses/coaches, reducing transport-related harm, an appropriate transition to zero-emission fleets, and maintaining an open market for the provision of public transport services.

We're working alongside key decision-makers and stakeholders to provide advice and information to help them to make well-informed decisions that will benefit New Zealand and our members. It's going to be a big year ahead!

In the Loop update

A CATCHUP ON ALL THE RECENT 'IN THE LOOP' NEWS

Speak up on draft Regional Land Transport Plan



The Canterbury Regional Transport Committee is inviting you to make submissions on its draft Regional Land Transport Plan 2024-34 - <https://haveyoursay.ecan.govt.nz/regional-land-transport-plan24/>. Submissions close Monday 26 February 2024. There will be a number of regional land transport and public transport plans being consulted over the next month. These will be potentially tricky for regional authorities and audiences as, due to Election timing, the Government Policy Statement on Land Transport is yet to be released. BCA is unlikely to submit on these regional plans unless they contain matters of serious concern. We strongly encourage members with substantial business interests in a region to review that region's plans, make submissions and let us know of any matters of significant concern to you.

Passenger Endorsement and other applications to NZTA

We have recently had a few members raise concerns about the time it is taking to get passenger endorsement applications processed, and so we met with NZTA in early February to discuss this. If you aren't aware, here are a few useful tools and links. This webpage gives you information on current average processing times: <https://www.nzta.govt.nz/driver-licences/current-application-processing-times/>. We encourage you to start

renewal applications early, taking into account how long processing is currently taking. Providing all the information required along with the initial application will mean faster processing than NZTA having to come back for additional information. You can check the application status using this tool if you have the driver's licence number and surname related to the application: <https://www.nzta.govt.nz/online-services/application-status-tracking/>.

A life member of the Otago Heritage Bus Society



Ken McGregor, who admits to being in his eighties, says it was both a surprise and an honour to be awarded life membership of the Otago Heritage Bus Society. His 38 full-time years of driving began when he bought a house opposite the depot of well-known Dunedin operator Newtons and got to know Stewart and Norma Newton – as well as driving for Newton's Coachways, he later worked for Citibus, Otago Road Services and Passenger Transport Citibus. Ken still enjoys cleaning and titivating vehicles in the Society's fleet: "If it weren't for these buses, and my interest in them, I mightn't still be here!" he quips. *Photo: Rob Webb*

Membership renewals

Membership renewals will be closing on 31 March and starting anew on 1 April. In February, we'll contact you

for fleet declaration updates and, if applicable, to refresh our Star Grading database. Your prompt response ensures a smooth renewal process and accurate database updates.

Circular magazine



For the past 18 months, the *Circular* magazine has faced challenges in securing ample advertising to sustain itself. Despite the former BCA Chief Executive's decision to publish bi-monthly and cut costs, consistent advertising is crucial to maintaining the magazine in print. If you wish to advertise in *Circular*, whether for a single issue or the entire year, kindly contact us at info@busandcoach.co.nz or reach out to Rob at 027 8399 290.

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NATIONAL

A cloud hangs over several New Zealand school bus services



Several school bus services, including in Pōkeno, face uncertainty and potential elimination, disrupting students' daily commute to Tuakau College. The Ministry of Education is cutting funding by \$150,000 in April, impacting nearly 300 Pōkeno students. Parents argue the Ministry is violating its own rules by withdrawing support, as public transport alternatives are deemed unsuitable. The once-an-hour public bus is insufficient, costing up to \$400 per child yearly, and may force kids to walk 12km along an unsafe road. The Waikato Regional Council's trial bus service, the only alternative, is extended to 30 April 2026, providing temporary relief. The Ministry told media it carries out reviews of "directly resourced and daily school bus services routinely every year", but wouldn't say how many other schools may be impacted in 2024.

TARANAKI

Regional council bus figures show passenger numbers are climbing

Taranaki's bus patronage soared by 18 per cent, with 744,037 passengers on 42,973 trips in 2023, as per Taranaki Regional Council data. The Transit app, averaging 16,200 monthly sessions, gained traction among users. Cheryl Gazley, the Council's Transport Engagement Manager, hailed the rise, foreseeing continued growth in the coming year. The surge followed feedback from 400 surveys and 20 submissions on the Better Travel Choices draft plan, emphasising increased service frequency, extended

availability, direct routes, an airport service, and a central New Plymouth bus hub. Recommendations for Taranaki's public transport future, including Better Travel Choices and the 2024 Regional Public Transport Plan, will be deliberated by the Council sometime in February. Implementation is slated for 1 May 2024.

WAIKATO

Tamahere bus service launched, connecting residents

Waikato's regional and district councils launched a new bus service connecting Tamahere to Hamilton on 12 February. Funded by Waikato District Council (WDC) as a two- to three-year trial, the 14-seater Sprinter buses will link Matangi, Tamahere, Hamilton, and Tauwhare Pā via Morrinsville Road (SH26). The service integrates with Hillcrest (10), University (13), and Hamilton Gardens (17) routes, as well as high-frequency Meteor and Orbiter services, providing public transport access from Tamahere to the CBD and beyond. The trial aims for good patronage uptake, with potential co-funding from NZ Transport Agency Waka Kotahi for future permanence.

WELLINGTON

The new bus route to "restore trust in public transport"

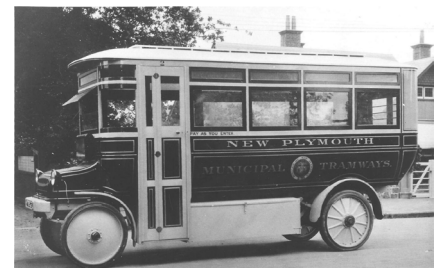
Greater Wellington Regional Council is bolstering public transport access for Strathmore Park and Wilton residents with the introduction of bus route number four, aiming to restore trust in the public transport system. Chair Daran Ponter expressed the significance of this addition as a positive stride forward after recent challenges related to COVID and driver shortages. Additionally, other services to be implemented on Sunday include the restoration of 54 weekend bus trips previously suspended due to driver shortages, an extension of Route 20 to Wellington Railway Station, and increased morning peak trips for Karori bus services. These improvements result from collaborative efforts between bus operators, the Government, and the Regional Council.

INVERCARGILL

Bus patronage went up last year, but it's still battling a downward trend

In the 2022–23 period, Invercargill City witnessed a nearly 30 per cent surge in bus patronage, totalling almost 142,000 passenger trips. However, this increase hasn't yet restored the service to pre-COVID levels, continuing a trend of decline since 2012. The City Council acknowledged the impact of the pandemic on travel patterns, attributing the difficulty in reversing the trend to the city's car-centric nature. While a 50 per cent government subsidy mitigated some financial damage, challenges persist with rising costs, including a substantial 45 per cent driver wage shift in the past three years. The Council's upcoming 10-year plan aims to maintain current operations, with potential timetable frequency increases in the medium term and contemplation of new services for Bluff and Otatara in the longer term. The regionally integrated Bee Card system, offering discounted fares, has gained popularity, with over 90 per cent of city bus users utilising the card.

Correction: November Regional roundup



In the November 2023 *Circular*, we included an excerpt from the Stratford Press in the Regional roundup. This was from an article talking about funding Taranaki's first electric bus. Peter Rendall contacted us to point out that this latest bus is not the first, but the third generation of electric vehicles to operate in New Plymouth. Above is an image of one of the first-generation buses which ran in the city post-WWI. The 1950s and '60s saw the city served by a fleet of four fully electric Crossley trolley buses. We mustn't forget the City's pioneering history in electric road passenger transport.

AUSTRALIA

Kinetic expands new bus services in Perth



Kinetic is expanding government-contracted bus services in Perth, integrating school services into its operations in Perth's southeastern region through acquisition. This follows Kinetic's 2023 acquisition of Dingo Bus. Sarah Ismail, Kinetic's Executive General Manager, emphasises their commitment to providing safe, reliable, and sustainable bus services, positioning Perth as a strategic region for innovation. Kinetic, managing a substantial portion of Melbourne's bus network since 2022, also demonstrates sustainability commitment with a growing fleet of zero-emission buses and efforts to diversify its workforce. With over 250 electric buses in its Australasian network, the company remains open to strategic acquisitions aligned with its objectives to foster growth and innovation in the transportation sector.

USA

Manufacturers struggle to keep up as electric bus market expands

Fuelled by federal funding, U.S. cities are accelerating the transition to electric vehicles for public transit, although challenges in the electric bus industry may pose obstacles. The Southeastern Pennsylvania Transportation Authority (SEPTA) received \$USD 80 million in June 2023 from the Department of Transportation's Low or No Emissions Grant Programme, part of the Bipartisan Infrastructure Law of 2021, to transition to net-zero public transportation. SEPTA plans to use the grant to improve six bus maintenance facilities, aiming for a zero-emission

bus fleet by 2040. However, challenges include insufficient electric buses to supply the entire fleet, with leading manufacturers facing difficulties. Proterra filed for bankruptcy in August, and Nova Bus shifted focus from the U.S. to Canada. SEPTA anticipates huge demand in the EV bus marketplace, aligning with the national shift from diesel buses to low and no-emission engines.

ENGLAND

The Cambridgeshire bus route that costs £124 per passenger



The 7A bus in South Cambridgeshire, running a 12.5-mile route four times a day, six days a week, operates with a taxpayer subsidy of £124 per passenger. A2B Travel Group, the operator since 2016, acknowledges its lack of value for money, and the elected mayor responsible for transport plans significant changes to the local network. The route connects settlements in the region, catering to villages with limited alternatives. Despite carrying 771 passengers in 2022-23, the low-population route faces challenges in attracting ridership. The bus industry is also grappling with "Covid fear" and a driver shortage. Mayor Nik Johnson seeks approval for a budget increase to support new or expanded routes, on-call services, and reduced fares for under-25s, emphasising the importance of subsidising routes to alleviate social isolation. In the long term, he aims to introduce franchising to the bus network to enhance control and responsibility, addressing challenges in patronage and promoting investment in public transport.

THAILAND

Bangkok bus numbers to be adjusted after stirring confusion

The Transport Ministry is set to modify the recently changed bus route numbers following passenger complaints. Despite criticisms, the Ministry remains steadfast in its commitment to the reform project. Transport Minister Suriya Jungrungreangkit has instructed the Land Transport Department to eliminate the dash between zone and route numbers, aiming to alleviate traveller confusion. The alteration, implemented last month as part of the Bangkok Mass Transit Authority (BMTA) reform, generated confusion among passengers. For instance, bus No.59 became 1-8, denoting the service zone and expressway usage. The dash would be removed, retaining the old route numbers in parentheses for familiarity. Despite this, discontent among passengers continues, with calls for effective public relations campaigns to inform them about these changes.

INDIA

'Massive step' as Flix launches in India



Flix is set to launch its technology-driven transportation solution in India, with the inaugural buses departing on 6 February, using Delhi as a central hub to connect 46 cities. With India having an estimated market size of €30 billion, Flix sees vast potential to become the second-largest bus market globally. The introduction of Flix's tech platform aligns with the significant growth of online bus travel bookings in the country. The initial network will include 59 stops, covering cities such as Ayodhya, Lucknow, Dehradun, Manali, and Jodhpur, offering over 200 daily connections.

LAYING THE GROUNDWORK FOR A FUTURE WHERE TRANSPORT INFRASTRUCTURE SUPPORTS AND ENHANCES OUR WAY OF LIFE

By Simeon Brown, Minister of Transport

The Coalition Government was elected on a mandate to get our country back on track, and I was pleased to become the Minister of Transport in November last year.

I believe effective, efficient, and reliable transport networks are pivotal in unlocking New Zealand's economic potential and enhancing our quality of life. Our communities depend on these transport networks every day to get to work, school, visit family and friends, and travel around New Zealand.

Holding the Transport portfolio is a privilege and a responsibility I take very seriously. It also comes with a number of challenges apparent every day in the pothole-stricken roads, congestion in our city centres, and maintenance of core infrastructure not keeping up.

Government Policy Statement on Land Transport

As part of our Coalition Government's 100-day plan, I will be releasing a new draft Government Policy Statement (GPS) on Land Transport.

This GPS is not just a document; it's a blueprint for refocusing New Zealand's transport agencies, and our wider partners, on our priorities: building and maintaining the roading network to support economic growth, reliable public transport, and delivering a safe network that makes efficient use of every dollar spent.

Whether you travel by bus, coach, or private vehicle in New Zealand, it is essential that our roading network is fit for purpose for all users. Our

Roads of National Significance are back on the agenda, underscoring our commitment to critical infrastructure that supports economic growth and regional development. And our directive to refocus the NZ Transport Agency is clear: we are prioritising projects that deliver real value to commuters and businesses alike, ensuring that our cities and regions are well-connected and that our economy thrives.

As the Minister for Transport, I'm determined to provide the leadership and direction necessary to help ensure we focus on these priorities. We are moving away from the previous government's untargeted approach to a targeted strategy that addresses the core needs of our transport network.

A comprehensive pipeline of work

Our transport strategy encompasses a broad pipeline of work, focusing on both immediate improvements and long-term developments. Maintenance and fixing potholes are immediate priorities, ensuring that our roads are safe and reliable. But our vision extends far beyond these basics. We are laying the groundwork for a future where transport infrastructure supports and enhances our way of life, rather than detracts from it.

I'll be shifting our focus for transport investment from the current narrow, three-year, short-term thinking, to a more ambitious and aspirational 10-year framework. This will help give certainty and stability to our delivery



SIMEON BROWN, Minister of Transport

partners both in the local government and construction sectors.

In the public transport space, I want to see an effective, regular, and reliable network that provides users with more choices and helps to reduce travel times, congestion, and emissions.

I want to focus on ensuring we are getting value for money in our investment in public transport services. I also want to ensure closer alignment between urban development and housing growth – particularly in Auckland – as this will allow for increased public transport choice, building on the investment already made in the City Rail Link. This approach will unlock more housing opportunities along key roading and rail corridors.

We will focus our transport goals for Auckland through the Auckland Rapid Transit Network, which includes completing the Eastern Busway and Reeves Road Flyover, North-West Rapid Transit, and the Airport to Botany Busway.

In Wellington, we will continue to support replacing rolling stock as part of the Lower North Island Rail Integrated Mobility programme. This will enhance regional connectivity, providing a more resilient transport network for the Lower North Island

We are also discussing the North-South, East-West, and Harbour Quays' bus corridor projects with councils. These projects could complement our investment in the Basin Reserve and the additional Mt Victoria tunnel.

Introducing new investment in transport infrastructure

At the heart of our transport policy is also the investment in infrastructure that meets today's needs and anticipates those of tomorrow. But to do this, we need to be open to alternative ways of funding and financing infrastructure.

The Government is looking at a holistic approach to the delivery of transport infrastructure, combining traditional and innovative funding and financing models to ensure sustainable and effective project delivery.

We are a government that is open to road pricing – both tolling and time of use charging. We are committed to working with councils to deliver a time of use charging framework that will improve travel times and network efficiency in our city.

Another critical enabler of delivering transport infrastructure is leveraging private sector involvement in project development. This promises to bring about a new era of efficiency and innovation in how we build and maintain our transport network.

The Government will establish a new National Infrastructure Agency (NIA) to connect local and offshore investors to transport projects, including our new Roads of National Significance and major public transport infrastructure

projects. Options for alternative funding and financing arrangements should be considered for all major new infrastructure projects.

Infrastructure Minister Chris Bishop is working hard alongside other Ministers to get this key agency set up so it can work closely with our infrastructure delivery agencies, including the NZ Transport Agency.

unlocking economic development and building greater opportunities for our communities.

This Government is all about delivery. We are committed to not just planning but executing these plans to bring about real, positive change across New Zealand. The challenges we face are significant, but we are up for it. We are making the tough calls, prioritising

The Government will establish a new National Infrastructure Agency (NIA) to connect local and offshore investors to transport projects, including our new Roads of National Significance and major public transport infrastructure projects. Options for alternative funding and financing arrangements should be considered for all major new infrastructure projects.

Work is also underway to fast-track consents, which have previously been a longstanding issue in delaying the delivery of projects. Fast tracking consents is a significant step change that will provide certainty and confidence to the sector, enabling it to invest in the capacity and capability needed to deliver these infrastructure projects.

City and regional deals

City and regional deals will see central and local government taking a more collaborative approach to high-impact infrastructure projects, with each deal tailored to the needs of cities and regions.

I look forward to sharing more details as our city and regional deals policy is refined and made ready, so we can begin a new set of positive discussions with the sector about the way forward.

Addressing New Zealand's infrastructure deficit is key to

the well-being of our communities, and focusing on long-term solutions to deliver economic growth and prosperity.

Sustainable Public Transport Framework

I want to acknowledge that the BCA and its membership have strong views on elements of the Sustainable Public Transport Framework.

I want a Framework that brings value for money, is fair and equitable for all, enables the better use of innovation and technology, and creates a level playing field when BCA members undertake the procurement of public transport services.

At this stage, I haven't directed officials to look into the Framework. However, I expect to commission this later in the year. Having the views of BCA members will be essential in this undertaking.

RESERVED BUS AND COACH PARKING

Parking for passenger service vehicles (PSV) providing tourism and charter services remains an ongoing challenge for members.

This article highlights the actions the BCA is currently taking in this issue and how you can help us get better traction.

In some parts of New Zealand, parking is still free and not difficult to find. While not strictly what economists call a public good, it largely functions that way. There are still regions in New Zealand where local authorities undertake minimal control parking measures. However, in some locations, demand significantly exceeds supply, so the territorial authority is faced with difficult allocation decisions that are bound to result in one or more unhappy interest groups.

While the focus is on parking in this article, roading and parking decisions can be made by different authorities, not always in a fully joined-up way. Parking management is usually the responsibility of 67 territorial authorities (city and district councils) but some of these territorial authorities can also have regional responsibilities (Auckland, Gisborne, Marlborough, Nelson, Tasman, and the Chatham Islands).

Further, some of these territorial authorities although still accountable may pass day-to-day responsibility to a Council Controlled Organisation (as is the case with Auckland Transport) or have unique arrangements in place like Marlborough Roads which seeks to manage State Highways in Marlborough and Marlborough District Council-owned roads as a “one-stop-shop” for all roading matters.

So, where these territorial authorities see the need to manage demand, they can create bylaws (local rules) that can include pricing parking or limiting parking, both in terms of general time limits and limiting available parking by specific users (reserved parking). Obviously, these limitations need to be conveyed to users and for national consistency, the NZ Transport Agency publishes a Traffic Control Devices Manual which in part 13 includes 62 pages on parking controls/signage.

A key part of these controls is enforcement. Territorial authorities can appoint parking enforcement officers and non-compliance can also be enforced by the New Zealand Police. However, as this member-provided photo (to the right) of a bus stop in Picton shows, poor enforcement can result in pretty bad behaviours.

So, with 67 territorial authorities and only three BCA staff members, what can BCA do on behalf of its members? Firstly, we try to encourage territorial authorities to plan openly and transparently, letting us know in advance when they are reviewing parking management strategies or particular parking management plans. In known ‘reserved parking hotspots’ we will engage on any public consultations, making submissions and presentations to council meetings.


Recent examples include our successful presentations at Christchurch which has seen an expansion of parking provision in the west end of the CBD and our submission on the Queenstown Lakes District Council Parking Management Strategy.


But we can't be everywhere and rely on territorial authorities to notify us when they are planning reviews. One way you can help is to email us at info@busandcoach.co.nz when you become aware of potential changes in an area you work across. We would rather be told the same thing ten times than not at all!

Similarly, you can help us better understand where the ‘hotspots’ are. Our BCA parking tool in the member's section of our website records what reserved coach parking we are aware of or takes you to territorial authority websites where they publish it. But the tool also contains a demand sheet where we record member concerns. Please have management and drivers let us know of hotspots where coach parking is a problem so we can record this and use it to inform submissions.

No Parking

Table 6.4 No Parking – signs and usage

Type of restriction	Sign no. (Sign specifications)	Use	Sign examples
No Parking (specific site requirements)	P-3	To indicate where no vehicle, other than those indicated, may park, stop or stand provided the driver remains in attendance	



Finally, as the Picton photo shows, even if there is sufficient reserved coach parking supplied, where it is constantly being hijacked by non-PSV's please feel free to copy us in on any correspondence with territorial authorities or Police. We generally won't get involved in enforcement matters but if we see a trend in a particular location impacting several members, we might follow up using our local and national network of contacts.

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BIM LAYS BARE THE TRANSPORT CHALLENGES

New challenges facing the transport system require significant changes in the way it operates, the Ministry of Transport tells Minister.

A caution by the Ministry of Transport has been issued to its new Minister about the inability of revenue sources to meet the increasing demand for investment in new transport system infrastructure and to maintain its existing networks.

Transport Minister Hon Simeon Brown received his first Briefing to Incoming Minister (BIM) – along with other new Ministers as part of the change of government – late last year, all of which have now been released for public consumption.

Some of the challenges and opportunities many government agencies are wrestling with were highlighted in the media in early February, but combing through the details can often reveal advice not publicly seen before.

BIMs also help Ministers get up to speed on their portfolios, offer preliminary advice on government policy, and a basic introduction to how the government department operates and the Ministers' responsibilities.

The Ministry of Transport's BIM highlights the importance the transport system has on New Zealand's societal, environmental and economic fabric but, as its demands have morphed, "new challenges call for significant changes in the way [it] operates".

"As New Zealand has matured, the demands on the transport system have grown significantly. In the past, the challenge revolved around efforts to grow capacity as activity increased and to keep the system maintained," the BIM reads.

"However, new challenges, especially the need to adapt to, and mitigate the effects of, climate change, call for significant changes in the way New

Zealand's transport system operates. The long-lived networks underpinning the transport system need to be planned and funded over the long-term, and managed and regulated effectively to support current and future demands."

So, it is no surprise that the transport system is becoming more expensive to build, operate, and maintain – with the last two making up the lion's share of transport spending.

"The increase in the financial burden is driven by a range of factors, including cost inflation across the economy, climate events and natural disasters, increased aspiration for investment, a need for resilience, and an expanded range of activities being funded. This has led to increased pressure on the available funding and resulted in a range of short-term solutions being put in place, including increased Crown funding and debt."

Funding for our transport system relies mainly on fuel taxes and road user charges, which are collected into a pot called the National Land Transport Fund. But the Ministry is concerned that one of its major sources (fuel excise duty) could become uncertain over time "as the average fuel efficiency of the vehicle fleet improves and people choose to travel by other modes".

Coincidentally, government contributions over the last two decades have increased as revenue sources have decreased. The BIM states that "charges on users would need to increase significantly" without these contributions and therefore puts the system under pressure.

As such, a new approach to paying for land transport is needed.

While the Ministry is investigating different revenue models, "they are unlikely to generate enough revenue to fill expected gaps over the next decade".

These revenue options include:

VALUE CAPTURE MECHANISMS

Value capture involves recovering or 'capturing' the incremental benefit that residential or commercial landowners receive from investments in public infrastructure. Implementing this would be complex.

CONGESTION CHARGING

This sets a higher cost for travelling at peak times and encourages some users to change the time, route, or mode of travel. However, its main aim is managing demand rather than revenue gathering.

TOLLING

There are options for new tolling approaches, including variable pricing or tolling existing roads. However, these would require amending the *Land Transport Management Act 2003*.

PUBLIC PRIVATE PARTNERSHIPS

If implemented well, there is potential for PPPs to improve services and deliver new infrastructure. Transmission Gully and Pūhoi to Warkworth were delivered under this model, both of which have led to contractual disputes as identified in the Half Year Economic and Fiscal Update 2023.

As mentioned previously about the transport system's need to mitigate the effects of climate change, the BIM outlines the transport system's requirements to play its part thanks to the Government Emissions Reduction Plan.

This plan sets targets and specific actions to be taken between 2022 and 2025 to reduce transport emissions in line with the transport sub-sector target.

The good news is that current estimates suggest transport is likely to stay within its target and "meet its expected contribution to reducing emissions".

"However, these estimates assume certain policies underway to reduce transport emissions continue and incorporate recent data reflecting lower-than-expected rates of travel. This decline in travel is not fully understood and a range of factors are likely to have contributed, including migration, cost of living, and changing travel patterns post-COVID-19. Therefore, caution should be applied when assuming this trend will continue."

The BIM highlights that the sector can't rest on its laurels as the next emissions budget period (from 2026-2030) will require "a considerable jump" in emissions reductions "and again" for the third emissions budget period to stay within targets.

"Current modelling suggests meeting the third budget for transport will require significant additional effort beyond currently committed policies."

As to the transport system's safety, New Zealand's rate of road deaths is "significantly higher than many other jurisdictions New Zealand compares itself to".

The BIM states New Zealand's road deaths per 100,000 inhabitants is 7.3, compared to Australia's 4.6, NSW's 3.6 and best performing countries in Europe (2.0).

"We are preparing more in-depth advice on the impacts different initiatives will have on reducing deaths and serious injuries to assist you as you consider the strategic direction you wish to take for road safety."



Figure 2 Forecast total expenditure and revenue for land transport (Crown and NLTF)

Source: Ministry of Transport

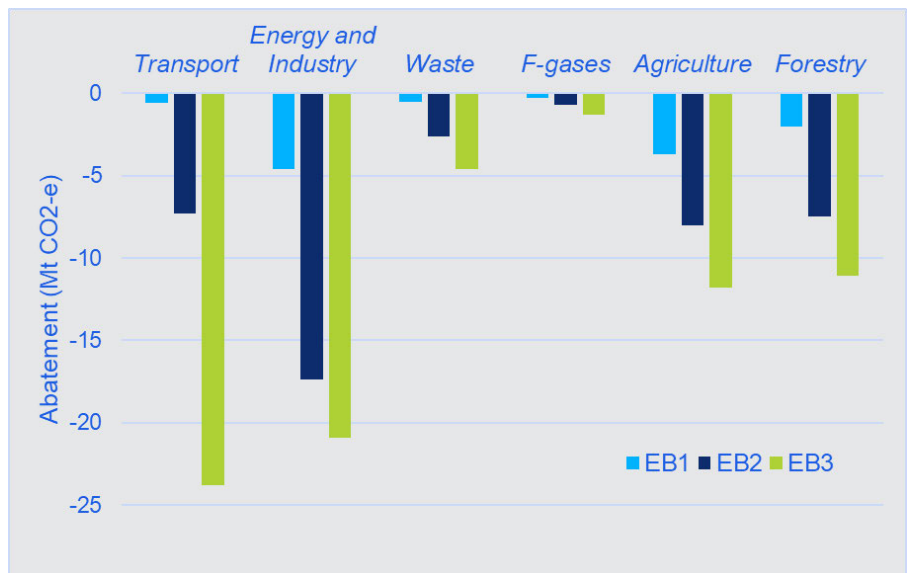
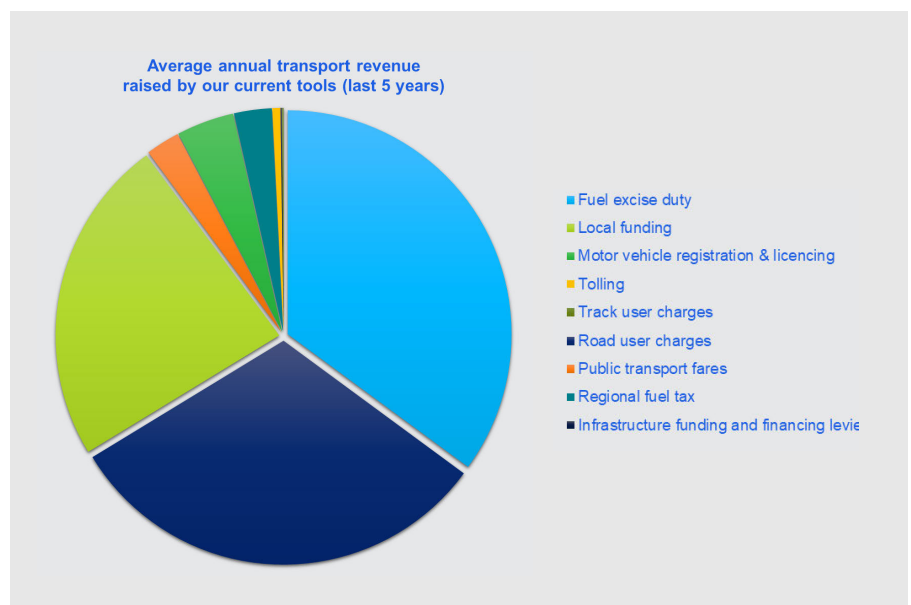


Figure 4 Additional emissions reduction needed relative to the baseline to meet subsector targets in ERP1



HALF YEAR ECONOMIC AND FISCAL UPDATE

Finance Minister says ‘decisive action required to repair the Government books’ after Treasury forecasts show New Zealand’s economic growth to average just 1.5 per cent over the next two years.

New Zealand’s medium-term economic future looks somewhat grim, according to the *Half Year Economic and Fiscal Update 2023* (HYEFU) published by Treasury on December 20. In fact, the “overall picture is one of slow growth”.

The HEYFU is part of the annual cycle of updates required by the Treasury to produce as part of its *Public Finance Act 1989* obligations. And this recent update primarily outlines what the Treasury observes in New Zealand’s current economic climate and what we might see in the near future.

“Our observations of the economy, alongside the Government’s fiscal policy decisions are used to inform our view on the Government’s financial performance and financial position over the current year and next four years (our forecast period).

“We also consider the risks we may face that could alter the economic and fiscal outlook over the forecast period.”

Unfortunately, this HYEFU was completed before the release of the Coalition agreements, the Government’s 100 Day Action Plan commitments and the decisions made on the Mini Budget.

As a result, the Treasury’s forecasts are based on decisions and circumstances known as at 23 November 2023 and do not capture any information after that date.

Nevertheless, Treasury is forecasting economic growth to average just 1.5 per cent over the next two years, thanks in part to rising interest rates.

ANZ’s Chief Economist Sharon Zollner revealed earlier this month the expectation of the Reserve Bank of New Zealand (RBNZ) to hike the official cash rate twice over the next few months to take it from 5.5 per cent to 6 per cent.

“At the end of the day, [RBNZ has] a job to do: to get inflation sustainably down to 2% in the medium term. We just don't think the RBNZ Committee will feel confident that they've done enough to meet their inflation mandate. The buck stops there.”

In slightly better news, the Treasury believes that strong net migration and the ongoing recovery of international tourism are a counterbalance to this in some parts of the economy.

Record high net migration, reaching 128,900 in the year to October 2023, has been supporting economic activity since

borders reopened in 2022 following the COVID-19 pandemic according to Treasury.

The flow-on effect of such numbers, with Indians, Filipinos, Chinese, Fijians and South Africans dominating the arrivals, has alleviated labour shortages and wage pressures in certain industries.

“This, coupled with a recovery in tourism, is leading to more resilient demand in the economy and stronger inflationary pressures than forecast at the Pre-election Update,” Treasury states.



“Consequently, interest rates are expected to remain at their current levels for slightly longer than previously forecast. Higher net migration is leading to a larger population than previously forecast, which while raising additional tax revenue will also increase pressure on future government expenditure.”

“Once inflation is again within the [RBNZ] 1.0% to 3.0% target band, forecast to occur in late 2024, interest rates are expected to fall and growth is expected to pick up, averaging 2.8% per year from 2026 onwards.”

However, HYEFU forecasts the return to an operating balance surplus of \$0.1bn in 2026/27, compared with the \$2.1bn surplus forecast at Pre-election Economic and Fiscal Update 2023 (PREFU) in September 2023.

Newly minted Finance Minister Nicola Willis said at the announcement of the Mini Budget (coinciding with the HYEFU's publication) that the Coalition Government would take "decisive action to repair the Government books and support income tax relief in [the next] Budget".

Outlining a range of cost savings and new revenue totalling \$7.5 billion over the next five years, Willis sought to be frugal ahead of Budget 2024 through policy changes like axing clean car discounts, early childhood subsidies, and ending big projects.

"In some cases, these decisions have also removed significant fiscal risks from the Government books: such as the potential \$15 billion liability for Auckland Light Rail, up to \$16 billion associated with building a pumped hydro scheme at Lake Onslow, and the risk of further Crown funding being required in future to balance the cost of Clean Car Discount rebates with the level of fee revenue received from high-emissions vehicles," Willis said in November.

"Our decisions ensure that \$2.047 billion of forecast cash proceeds from the Emissions Trading Scheme can be used as a 'climate dividend' to support income tax reduction."

While the Mini Budget didn't have any of the tax cuts promised during the election, it had numerous other "relief", such as bringing the brightline test for residential property back to two years from 1 July 2024, indexing main benefits to consumers price index inflation from 1 April 2024, and plans to deliver income reduction in the next budget.

"The Government is progressing work to deliver meaningful income tax reduction in next year's Budget. This includes considering design and implementation advice for the delivery of our proposed Family Boost childcare tax rebate, and for delivering income relief to workers and their families."

Treasury noted Willis' Mini Budget would "improve the fiscal outlook presented in the Half Year Update" and once combined with Budget priorities, "the overall impact would be broadly neutral over the forecast period".

Other points of interest considered by Treasury can be found in its risks to the fiscal forecasts section, outlining policy change and cost pressure or variance risks that are unchanged in nature and substance since the PREFU.

Under the transport portfolio, Treasury lists a handful of programmes, projects and issues it considers potentially problematic including support for the National Land Transport Fund.

"There is a risk that fuel excise duty and/or road user charges will need to be increased further," Treasury states.

"Or additional government funding (loan and/or a grant) will be required, in order to manage existing pressures on the National Land Transport Fund.

"This relates both to the medium-term sustainability of the NLTF and to specific potential pressures in the National Land Transport Programme (NLTP) 2021 and NLTP 2024 periods, including public transport operating pressures and emergency work funding."

The next big piece of work for the Coalition Government is finalising Budget 2024, which will "deliver tax relief to hardworking New Zealanders, rebuild business confidence and restore the Crown's finances to order", Willis said on 12 February. Budget Day is on 30 May 2024.

Before that, the Government's Budget priorities will be set out in the Budget Policy Statement on 27 March.

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WHAT'S NEEDED TO IMPROVE AUCKLAND'S TRANSPORT NETWORK?

Auckland Mayor Wayne Brown answers Circular's questions

1. What are some of the challenges faced by Auckland's transport network?

- Losing sight of 'the basics', like the road and rail maintenance needed to keep Auckland's transport network in good order.
- Crippling congestion at peak times, which is spreading into other periods, causing unreliable journey times.
- Unreliable and slow public transport, which is not attractive enough to increase passenger numbers.
- Not listening enough to Aucklanders, when Auckland Transport (AT) designs and implements projects.
- Too much focus on headline-grabbing megaprojects, overshadowing more practical and cost-effective solutions.

2. Has the Auckland Integrated Transport Plan and its priorities changed in any way since the election of a new Government and Transport Minister?

Auckland Council's priorities have not changed. The Northwest Rapid Transit is still a priority for us, and we understand that it's a priority for the new Government based on its manifesto.

In the meantime, the Council is continuing to work on the Auckland Integrated Transport Plan. We expect to commence joint discussions with Transport Minister Simeon Brown on priorities in coming months.

3. Why is a partnership between local and central government important to improving Auckland's transport network?

A fundamentally different relationship between local and central government is integral to developing an aligned and integrated policy and investment strategy for Auckland's transport network.

Auckland has been held back by fragmented decision-making, and lack of a vision and strategy agreed by both central and local government. The transport funding model is broken. Even when projects are agreed, funding is tied up and relitigated. And headline-grabbing megaprojects have overshadowed more practical solutions and the preservation of our existing transport network.

What's needed to improve Auckland's transport network is: a framework for central and local government strategic alignment, collaboration, and coordination; new partnerships and joint investment across strategic priorities required to unlock growth; and, agreement on legislative and regulatory change to support Auckland, unlocking new funding tools and a fairer share of revenue.

The Auckland Manifesto (<https://shorturl.at/cy246>) outlines why our region and the new Government need to work together, focusing on the Integrated Transport Plan and a proposed City Deal.

4. Following Auckland Council's Transport and Infrastructure Committee decision not to support the Waitematā Harbour Crossing, what plans do the Mayor and Council have for a potential second harbour crossing in the future - if any?

We do not yet know the new Government's position on a proposed Waitematā Harbour Crossing, although Transport Minister Simeon Brown has told NZTA that 'a more realistic and cost-effective proposal for the Waitemata Harbour Crossing should be investigated to focus more on better connectivity and resilience'.

The Mayor welcomes the Minister's call for a rethink of the previous overly-expensive project, and would like to work with the new Government to determine the scale of investment and priority of a proposed Waitematā

Harbour Crossing as part of the Auckland Integrated Transport Plan.

5. Why are implementing dynamic bus lanes on key arterial routes only being prioritised now?

AT needs a strong push to get things happening. Otherwise, projects seem to get stuck inside the organisation. We're still pushing.

6. What benefits does the Mayor see in a \$50 weekly public transport pass, a maximum weekly charge for adults?

Aucklanders will have greater certainty in knowing they won't pay more than \$50 a week on buses, trains, and inner harbour ferries in this cost-of-living crisis. A weekly fare cap will go some way towards making transport more accessible, and make it simpler for organisations to budget and manage public transport employee benefits. Together with open-loop ticketing, it will make public transport more attractive and easier to use.

7. How does the Mayor propose Auckland reduce its transport emissions in line with the target to reach net zero by 2050?

AT is looking to electrify its bus and ferry fleet, in addition to electric trains. Reaching the target will involve more Aucklanders using public and active transport, as well as widespread fleet electrification or other zero emissions technology.

8. What discussions, if any, has the Mayor had with bus operators about how they may help the Council make public transport more attractive as part of its priorities to reduce travel times with network optimisation?

We would welcome discussion with bus operators on how to make public transport more reliable and attractive.



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MORE TOURISTS PRIORITISE SUSTAINABLE DESTINATIONS

As we head into 2024, the tourism industry is transforming with sustainability emerging as a central theme.

“The shift towards sustainability represents a fundamental reimagining of how the industry approaches tourism,” says Rebecca Ingram, Chief Executive of Tourism Industry Aotearoa (TIA), the organisation that represents and speaks for all parts of the industry.

Sustainability is top of mind in the industry, with more than 1,900 businesses now signed up to the Tourism Sustainability Commitment (TSC), an initiative spearheaded by TIA. It issues an annual 12-point challenge

to businesses, urging them to meet sustainability goals and publicly declare their commitment.

The TSC promotes sustainability across various aspects of the industry, including environmental conservation, community engagement, economic prosperity, and visitor experiences.

Businesses that have taken the TSC pledge are invited to do an annual declaration which is a valuable measure of how the industry is progressing.

Last year, over 500 businesses filled out this declaration and an overwhelming 97 per cent acknowledged the importance of sustainability in their operations, with 94 per cent stating they consistently evaluate the environmental impact of their activities.

Some of these efforts include measures such as pest control, promotion of responsible travel behaviours, prioritisation of employee well-being, and active engagement with local communities.

While sustainability is driven by ethical considerations, it is also grounded in practical realities. A recent report by TNZ and the Ministry of Business, Innovation and Employment shows how the consumer landscape is shifting.

An increasing number of travellers are prioritising destinations that commit to sustainability. The majority of individuals considering a visit to Aotearoa (82 per cent) hold strong sustainability beliefs, indicating a growing demand for destinations aligned with their values.

Despite the numerous benefits, Rebecca acknowledges the challenges that achieving sustainability presents. She emphasises the need for collaboration across the entire tourism ecosystem, involving governments, businesses, communities, and travellers.

This collaboration is crucial for implementing policies, practices, and initiatives at all levels, including investment in renewable energy, promotion of sustainable transportation options, support for local artisans and businesses, and empowerment of communities in tourism decision-making processes.

In addition to sustainability, TIA highlights promising signs for the 2024 summer season, with strong visitor arrivals from Australia and the USA. While it's premature to draw any conclusions, early indications suggest that international visitor numbers are around 80 per cent of pre-COVID levels, signalling resilience and recovery in the industry.

Late last year, TIA unveiled the Tourism 2050 strategy, a blueprint for the industry's trajectory over the next three decades.

Firstly, a reset of the system design and management is required. This includes redesigning the tourism system itself, reevaluating how tourism is funded, and improving the insights available for decision-making processes.

Secondly, there is a strong emphasis on addressing carbon emissions and biodiversity preservation. This means implementing measures to reduce



REBECCA INGRAM, Tourism Industry Aotearoa CE.

carbon emissions within the sector, enhancing tourism's contributions to predator-free initiatives and biodiversity restoration efforts, and fostering closer collaboration between the tourism industry and conservation organisations to protect our natural landscapes and waters.

The strategy also aims to empower businesses by providing them with tools and support to thrive sustainably. This includes initiatives to enhance the capabilities of businesses for long-term prosperity and foster the development of a skilled and sustainable tourism workforce.

The blueprint also incorporates Te Whakarae Māori principles into tourism practices, emphasising the significance of indigenous perspectives and cultural sustainability within the sector.

It also backs the Tiaki Promise, an industry educational initiative now in its fifth year, which encourages visitors to care for New Zealand today and for

future generations through responsible and conscientious travel practices.

"Reaching the 2050 goals requires decisive action," says Rebecca.

To navigate future opportunities and challenges in tourism, it is essential to manage the system adeptly and address emerging issues promptly. This means having the tools, funding, and evidence for effective policymaking, resource allocation, infrastructure investment, planning, product development, capability-building, and destination management.

"These actions encompass both systemic changes and grassroots efforts, ensuring that everyone can play a part.

"By embracing a holistic approach that encompasses sustainability alongside economic prosperity, cultural preservation, and community well-being, we can ensure that tourism remains a force for good."



ENTRADA TRAVEL GROUP ADDS GREYHOUND AUSTRALIA TO THE PACK

In a strategic move that will see one of Australasia's largest integrated tourism and transport companies add depth to its already diverse portfolio, Entrada Travel Group (ETG) has recently finalised the acquisition of Greyhound Australia.

This is a significant step that marks a pivotal point for both companies, promising synergies and growth opportunities across Australia and New Zealand.

The family-owned business views Greyhound Australia, with over 30 years of experience in the coach transport industry, as a natural addition to its expanding transport network. CEO John Thorburn expressed enthusiasm about recent business endeavours.

"We are excited by the opportunity to bring the well-respected Greyhound brand into the family," says John.

"Entrada's skills and experience complement Greyhound, and we see opportunities to further invest in and enhance the business while respecting the rich history of the brand."

Greyhound holds the title of Australia's largest terrestrial transport network. Originating from humble

roots in Toowoomba, the company now facilitates travel across more than 180 stops nationwide, with services spanning every mainland state and territory. From the convenience of selecting seats online to enjoying complimentary onboard WiFi, passengers experience the hallmark of Greyhound's century-long expertise from embarkation to arrival at each destination.

Their recent \$3 million investment in five new coaches aligns with Entrada's

strategic vision. John outlined plans for an accelerated replacement programme over the next five years, with a focus on enhancing customer comfort and reducing emissions through modern vehicles.

“Building on the momentum the team has established coming out of the pandemic, we’re going to be firmly focused on enhancing customer comfort and lowering emissions with modern and efficient vehicles.”

Entrada is already a major player in the long-distance coach network, operating a diverse range of transport and tourism brands throughout Australasia, including InterCity, New Zealand’s largest land-based transport operator. Combined, the group carries over 3.5 million passengers annually and employs 750 people in New Zealand and Australia.

Both InterCity and Greyhound Australia share a focus on connecting towns, cities, and communities, serving as a crucial link for thousands of commuters that value savings, comfort, and breathtaking landscapes.

The synergy between the two companies underscores Entrada’s expertise in passenger transport and tourism and the company sees opportunities to leverage knowledge and experience from both sides, facilitating a smooth integration process.

“With a commitment to preserving Greyhound’s rich history, all staff will be retained, and existing services will remain unchanged.

“As we integrate Greyhound into the Entrada family, we see opportunities to enhance the travel experience for our passengers, both in New Zealand and Australia.”

Regarding plans for New Zealand, John says the company is exploring potential synergies, particularly in the youth travel market. Both Entrada and Greyhound have long held significant positions in the international youth travel market, which opens avenues for collaboration and joint programmes



that could benefit both Australia and New Zealand.

Looking ahead, John says Entrada envisions opportunities for the eventual decarbonisation of its fleet, with a focus on engaging with the government and contributing to lower-carbon transport solutions.

“As the country’s largest land-based passenger transport operator our aim is to play a pivotal role in discussions around a sustainable future.

“There are challenges, particularly in infrastructure, but we remain committed to being part of the solution.

From a Greyhound Australia perspective, CEO Dan Smith said the new ownership comes at an exciting period of growth for the network.

“We are enthusiastic about this new journey with Entrada Travel Group and joining a family-owned business with deep roots in the coaching industry,” says Dan.

As ETG officially takes the reins of Greyhound Australia, the stage is set for a new chapter of growth in the landscape of Australasian tourism and transport.



FAMILY BUSINESS ASSOCIATION: SUCCESSFULLY PASSING THE BATON ON TO THE NEXT GENERATION

Family businesses play a vital role in New Zealand's economy, making up around half of all Kiwi businesses and a high percentage of Bus and Coach Association members.

However, they frequently face unique challenges that often lead to sleepless nights.

Successfully passing the baton on to the next generation is the goal for many family businesses within the bus and coach industry, and it can be a sound business move if the right steps are taken.

Nicole Pluck, Country Manager for the Family Business Association is often asked 'what's the right time to start planning?' and her answer is always 'now!'.

"There is a lot of emotion tied up in the transition of ownership from one generation to the next. So, make sure that you set yourself up for success," says Nicole.

The journey for any business starts with a deep dive into personal aspirations and current circumstances for yourself and your immediate family, covering everything from physical health to emotional and mental well-being. Part of this is to consider short- and long-term goals and then gather the right people to come along on the journey.



Nicole emphasises the importance of sitting down with everyone involved, particularly in the early stages, and clearly defining the role of the family in the business and its values.

“Understand what your family values are, and that will allow you to put appropriate structures in place on which you can grow the business.

“There is power in a robust business succession plan, it is just as important as personal estate planning.”

From years of experience within her role, she says the best succession handoffs are often years in the making, giving employees and family members needed time to prepare for the transition.

“It is the key factor in ensuring that the business continues to prosper after you move on. Even in the early days, it’s important to plan for the future, as it is fundamental to the long-term success of the business.”

The success of the family business ultimately comes down to the strength of the family unit and its support network—having an association, mentor, and external advisors to share the load goes a long way. A lot of family businesses have failed in the past because the family and wider network have failed.

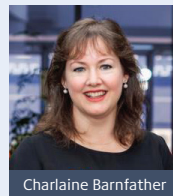


UNDERSTAND WHAT YOUR FAMILY VALUES ARE; that allows you to establish appropriate structures from which you can grow the business.

“In short, having good processes supports smooth transitions, and success rests on the ability to involve next-generation leaders as early as possible and for everyone to feel they have contributed to the ongoing legacy of the business.”

Family Business Association (FBA) is the peak body for family businesses in New Zealand and Australia, helping family businesses to grow and thrive. Members are supported through tailored

education and events, networking with like-minded peers, and access to accredited advisors who understand the unique experience of family businesses. If you are interested in exploring Family Business Succession in more detail, we have tailored programs available to suit your needs, please visit our website at familybusinessassociation.org or contact us via phone 0800 249 357 or email at info@familybusiness.org.nz.



Charlaine Barnfather



“PEEPING TOM” ORDERED TO PAY FEMALE COLLEAGUE OVER \$30K

“I’m not being nosey; I’m just trying to get to know you on a deeper level ... without your consent.”

This line could summarise a recent Human Rights Review Tribunal (Tribunal) case, which was heard in 2020, the decision for which was released in January 2024.

The matter involved a male employee at a workshop who was caught peeping at a female colleague while she was on the toilet. The male colleague was second in charge at the now-liquidated workshop, which was owned by his friend. The male was ordered to pay his female colleague over \$30,000 plus costs in compensation for the sexual harassment she endured.

The Case

The case against the male was related to a series of events that took place leading up to November 2016. In another incident the same month, another employee told the female that her male colleague had been watching her use the bathroom through a hole in the toilet wall. According to the female, the following day, she waited in the toilet with her phone in hand for an eye to appear on the other side of the hole in the toilet wall. When she confronted him, the female stated he responded by shouting at her in front of other employees. That was the breaking point in what the female claimed was a string of sexually harassing behaviours from her male colleague over the nearly two years she worked at the workshop. According to the female, she allegedly suffered “day-to-day harassment” from her colleague.

The man denied any sexual harassment at the Tribunal, arguing that some of

the behaviours were “taken out of context” and were not of a sexual nature. He accepted, however, that he knew about the hole in the toilet wall but took no action to repair it or report it to the owner.

The Tribunal found in favour of the female employee, ruling that all elements needed to prove a sexual harassment claim had been established and therefore the male had sexually harassed his female colleague.

In its ruling, the Tribunal indicated it recognised the ongoing humiliation of what the female had been subjected to over the two years of her employment, noting there was a significant power imbalance with the male being a friend of the owner, he was more senior than the woman and also older than her.

The Tribunal ordered the man to pay his former colleague \$29,000 for humiliation, loss of dignity and injury to feelings and close to \$3000 in lost wages, as well as costs.

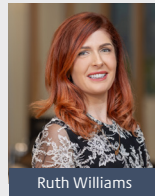
Employer Takeaways

This case is a timely reminder that sexual harassment at work is unacceptable. It is a serious issue that employers must investigate and act on swiftly. For your workplace:

- Ensure locks are installed on all toilet doors.
- Ensure toilet windows are either frosted or covered by blinds.

- Create a workplace culture of zero tolerance for any form of bullying or harassment.
- Have a workplace Policy that addresses matters such as bullying and harassment and the process/procedure for dealing with concerns.
- Make the workplace Policy and expectations known at employee inductions.
- Conduct training sessions for all staff and management on sexual harassment and prevention.
- Ensure that the workplace is free of ‘suggestive’ material and activity (e.g. calendars, screensavers, online viewing of inappropriate material).
- Make complaint procedures accessible.
- Recognise and promote diversity and inclusion.
- In the event a complaint is raised, deal with it swiftly and confidentially (as appropriate).

For assistance in navigating bullying or harassment concerns in your workplace, or should you be seeking other HR or Health & Safety advice, get in touch with a member of the SBS Team. Freephone **0508 424 723** or visit **www.safebusiness.co.nz**.



Ruth Williams



Jaesen Sumner



Emily Gardiner

HOW TO NAVIGATE CONDITIONAL OFFERS OF EMPLOYMENT

It is often the case that after a recruitment process has been completed, a preferred candidate will be advised they have been successful in their application and offered employment. That offer may be subject to certain conditions being fulfilled, such as background, police, and reference checks. These conditions or checks are often not completed before the preferred candidate is advised of their success in the recruitment process.

Is the initial offer of employment binding on employers?

The Employment Court recently addressed this issue in *Edwards v Laybuy Holdings Limited* [2023] NZEmpC 188 when Mr Edwards claimed he was an employee after accepting an initial offer of employment.

In a confirmation letter that followed the initial offer, Laybuy Holdings Limited (“Laybuy”) clarified the offer was conditional on completion of a background check to Laybuy’s satisfaction. However, Laybuy completed the background checks and discovered matters that were not to its satisfaction. Laybuy revoked the offer of employment and Mr Edwards did not commence work.

Mr Edwards raised a personal grievance claiming outstanding salary payments from Laybuy. He argued that he was a Laybuy employee because he had formally accepted the initial offer of employment. He said he was “a person intending to work”, which comprises part of the legal definition of “employee” set out in the Employment Relations Act 2000 (“the Act”) and was therefore entitled to be paid by Laybuy.

Decision

The Court held that because the offer was conditional, there was no completed offer and acceptance between the parties and Mr Edwards was therefore not “a person intending to work”. The Court said there must be an intention to be legally bound — in Laybuy’s case, the fact the offer was conditional was enough to show that Laybuy intended not to be legally bound by Mr Edwards’ acceptance of the initial offer.

The situation may be different where an offer of employment is not conditional. In, *PCA v David Orsourn Medical Services Ltd t/a EnhanceSkin* [2017] NZERA 123, the prospective employee (“PCA”) accepted an unconditional offer of employment. Allegations of theft had arisen against PCA before they started work and EnhanceSkin withdrew its offer. As a result, PCA never actually started working for Enhance Skin. PCA raised a personal grievance for unjustified dismissal by EnhanceSkin.

In this case, it was held that the offer of employment was unconditional, and the PCA was an employee under the Act despite not having started doing any work.

Lessons

Whilst the legal definition of employee includes “persons intending to work”, this has its limits. An employer cannot be bound to treat a successful candidate as an employee if it does not intend to hire that person if they fail the necessary background checks or certain conditions.

When making an initial offer of employment, employers should make preferred candidates aware that the offer is subject to necessary conditions being satisfied. Employers should then follow up the initial offer with specific details about the conditions in writing. This will ensure there is no argument that can be made whether the offer was unconditional and binding.

If you would like assistance with your pre-employment processes as an employer, or advice about your rights as an employee, contact a member of our employment team: Jaesen Sumner (jaesen@fsl.nz), Ruth Williams (eruth@fsl.nz) or Emily Gardiner (emily@fsl.nz).

A REMARKABLE MIDDLE EAST TRANSPORT TALE OF TWO KIWI BROTHERS

Rob Webb reflects on the story of Marlborough-born brothers Norman and Gerald Nairn, who inaugurated an ambitious cross-desert passenger, freight and mail service between Baghdad and Damascus.

Both born in the 1890s, the Nairns became familiar with motorcycles and cars from an early age. Their Blenheim-based father was a doctor who, as early as 1905, owned a motor vehicle – a single-cylinder Reo tourer was one of his vehicles following a Douglas motorcycle in earlier years.

After serving in the British Army during the Great War, the Nairn brothers dabbled in selling motorcycles and ex-Army vehicles. They had agencies for Oakland, Overland and Chevrolet vehicles during the boom years of the very early twenties.

For two years, they operated a car service linking Beirut and Haifa, a round trip of around 200 kilometres which was successful because of its reliability and speed over horse-drawn vehicles. But it was the more ambitious “Nairn Way” 880-kilometre route service between Damascus and Baghdad that they became known for over the next almost four decades: Norman (1894-1968) was the ‘head’ of the operation, with Gerald (1897-1980) the ‘body’ or field man.

After six trial runs using Buick, Oldsmobile and Lancia vehicles, the service began after an approach from the British Consul in Damascus when a planned rail link to the Mediterranean coast didn’t eventuate and air travel was unreliable and infrequent. Camels used by local traders were slow and prone to attack by local tribesmen. The service started on 18 October 1923 with a five-year mail contract signed with the Iraqi Government and the French authorities paying off desert

tribes in gold in exchange for safe passage.

Against all odds, the ambitious service succeeded: later in 1923 Norman Nairn went to the US for negotiations with General Motors returning with four of the latest Cadillac touring cars purchased on quite liberal credit terms. Within months of starting, the venture was also being marketed by tourist agencies across the world. Stanley steam cars, regarded as high-quality sophistication at the time, were trialled but without success.

Taranaki journalist Stuart Tullett lived near Gerald Nairn in retirement and recorded the extreme hardships of the early years of the service in his remarkable 1968 book *Nairn Bus to Baghdad*.

“Tough struggles with the steam-cars ... political and Arab-competitor interference, lack of capital, scatter-brained European drivers – every type of difficulty was met and surmounted ... here the difficulties were of the flat, torrid waterless terrain and of hostile Bedouin, but again the Nairns triumphed.”

“Speed, compatible with safety” was their aim.

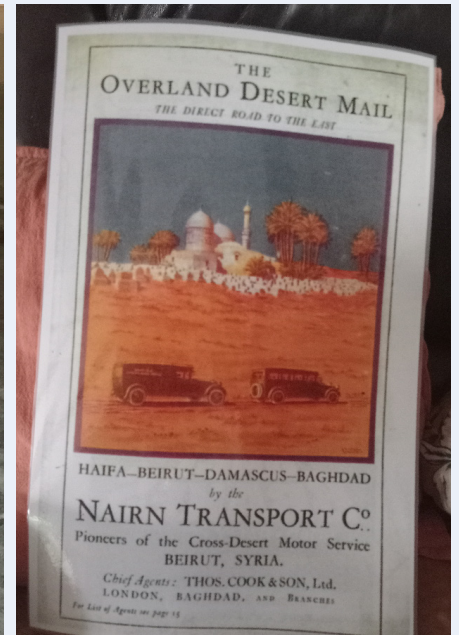
There was early support from French authorities, though no subsidy was forthcoming from Britain, possibly because the brothers didn’t source British vehicles. Buick and Cadillac vehicles proved to be the best performers – British Rolls-Royce vehicles lacked the endurance and power required, and a six-wheel Morris

Commercial sent to the Nairns by Lord Nuffield was a complete failure in desert conditions.

Tyre life was a constant challenge in the desert due to the obvious heat build-up as trip speeds increased. Firestone had Nairn’s business exclusively until World War II and did significant and successful testing of tyres which contributed to achieving 15,000 miles per tyre in the punishing desert environment.

In 1925, a six-wheel Safeway bus with a 140-gallon fuel tank entered service; by 1931, an ACF (American Car & Foundry) 24-seat aluminium-bodied unit; and the mid-1930s saw the Marmon Herrington two-level tractor-trailer units on the runs, one for freight and one which could take 36 passengers. And then the iconic Pullman coaches gave the Nairns the competitive edge over air travel – their coaches could travel through the night. At 26 tonnes and 70 feet long, the two articulated Pullmans were single-level and air-conditioned with refreshment facilities – they reduced trip time to 18 hours. One was originally a 12-passenger sleeper, but this proved uneconomic, and it was re-configured in the firm’s workshop to 18 seats.

Over the years of changes in investors, mergers and company names, the main route remained Damascus to Baghdad, but local troubles and commercial opportunities often involved variations. Damascus became their headquarters, and it was there that the Nairns ran a huge workshop.



TOP: Nairn's innovative 24-seat ACF bus from 1935 was built of aluminium, with forced-air ventilation and an engine mounted beneath the floor. **ABOVE:** The 36-seater Nairn Transport Company 'Pullman' coaches were fully air-conditioned with a buffet car and were the biggest buses in the world in the WW2 period. **RIGHT:** A Nairn Transport advertisement.

The Second World War and the period just after were prosperous times for the venture, especially since they enjoyed military transport contracts. Unsettling political factors saw Gerald leave the venture in 1946. After travelling in Europe, he initially settled in Marlborough, New Zealand.

In 1952, Norman retired and gifted his firm to his employees. In 1959, the

company was liquidated after border disputes, competition from airlines and political problems took the viability away from the operation.

The Nairn Transport story is a remarkable one: two brothers who went to Springlands School and Marlborough College started and maintained a famous passenger and freight service across a desert,

succeeding where others would have never ventured, and operating some of the most spectacular articulated coaches the world has ever seen.

Additional information from Nairn Bus to Baghdad by J S Tullett 1968, published by AH & AW Reed NZ. Also Les Fitton, Whanganui & Sean Millar Publishing, Auckland.

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