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8 April 2024

Hon Erica Stanford (by email - Erica.Stanford@parliament.govt.nz)
Minister of Immigration
Private Bag 18888
Parliament Buildings
Wellington 6160

Dear Minister

Changes to the Transport Sector Agreement announced 7 April 2024

In December 2022 the then Minister of Immigration and Transport announced a transport sector agreement which included a 2-year work to residence pathway for truck and bus drivers. A median wage exemption was also announced.

These changes were instrumental in eliminating the highly visible bus driver shortage and are still very important in ensuring there are sufficient drivers to meet public transport service demand.

We agree that net migration is unsustainable and a risk to rebuilding the economy, maintaining jobs for New Zealanders, and managing back pressure on housing demand. However, we were astonished that you have announced changes to the Transport Sector Agreement without any consultation with large operators or a peak body like the Bus and Coach Association. We did speak with your officials on 8 April to try and understand the advice you had received. At that meeting we indicated that we would be writing to you to highlight a risk we see arising from these decisions.

While the driver shortage issue might appear resolved, we think it is only currently at equilibrium because of the work to residency pathway. Despite the economic downturn, removing this pathway risks a return to the driver shortages experienced post COVID lock-downs through to late 2023. All regions are currently forecasting growth in demand for public transport services which will mean a requirement for more drivers. Any supply side disruptions will impact New Zealanders trying to get to and from work and school. The productivity impacts last time were significant.

We are aware there are other complex dynamics in play, but we are concerned the expectation seems to be that New Zealanders will step in to fill the gap. Our members prefer to employ New Zealanders whenever possible – sourcing drivers internationally is very expensive and time consuming, as is the pastoral support provided to these drivers in New Zealand. All our evidence to date suggests filling the gap with New Zealanders will require investment and support from Government agencies and local government to make driving buses a more attractive vocational choice.

I assume you will want to see how these announced changes impact on various sectors. We will therefore work closely with our large operator members to see if the current tenuous equilibrium between bus driver supply and demand is impacted by these announcements.

I assume your officials will have taken some advice from NZTA prior to advising you. It's important to note that there are lead indicators of problems arising that the NZTA does not see. Several months will pass from operators being aware that they have a staffing problem to service failures eventuating as they can no longer plug the gap with relief drivers, overtime and dispatching non-driving staff.

We know from the previous shortages that there is a long lag between changing settings and reinstating services to full capacity, so timing of actions on an emerging shortage is key.

The previous driver shortage was caused in part by poor procurement decisions under the public transport operating model. Our motivation for writing is to alert you to the risk that your recent announcements create of catalysing the next bus driver shortage. To mitigate this risk, we will closely monitor the impact of these announcements and let you know if we see it materialising.

Kind regards

A handwritten signature in blue ink, consisting of a stylized 'D' followed by a long horizontal stroke that curves slightly upwards at the end.

Delaney Myers
Chief Executive Officer
Bus and Coach Association