



10 April 2018

Chris Laidlaw
GWRC Chair
chris.laidlaw@gw.govt.nz
WELLINGTON

Dear Chris,

Please find below, our comments in relation to the letter you received from Richard Wagstaff of the Council of Trade Unions dated 12 March 2018.

Introduction

Paragraphs 1 – 4:

Tranzit has engaged with multiple unions, including the Council of Trade Unions, even though it was under no obligation to do so.

In July 2017, only a few weeks after the contract was awarded, Tranzit Group Managing Director; Paul Snelgrove met with Council of Trade Unions President; Richard Wagstaff in Wellington. This meeting allowed Paul to explain who we were and how we operate. Both Paul and Richard laid out very different methods to guaranteeing sufficient drivers were employed when our contract started in July 2018.

At the suggestion of GWRC, we agreed to attend facilitated meetings between GWRC, ourselves, Uzabus, the existing operators in Wellington as well as several unions and the CTU. We believe that we were under no obligation to engage with the unions at this time on the matter of our company employing drivers, and our agreement to attend these meetings was to try and have all parties work together to facilitate the process of drivers changing employers.

This first meeting (full day) took place in mid-September 2017 and was attended by representatives of the CTU, Tramways, Manufacturing and Construction Union, Central Amalgamated & Workers Union and Rail & Maritime Transport Union (RMTU), as well as current operators, new operators and GWRC. The outcome of this meeting saw GWRC agreeing to engage an independent auditor to review the terms and conditions within the collective agreements across Wellington against those proposed by the new operators to alleviate concerns and suggestions that drivers would be worse off under the new operators.

The second meeting (half day) took place in early-November and was attended by largely the same as above. During this meeting the CTU made it clear that those present wanted the new operators to agree to transition drivers across on equivalent terms and conditions of employment. We advised that

retaining the same terms within existing collectives was not an option for us as those terms do not support our operating model. It also became apparent that everyone in the room together was not conducive to making progress and we suggested Transit meet with Richard Wagstaff (CTU) separately, and on behalf of the unions combined, in an attempt at continuing engagement. All agreed.

Following this meeting between CTU and Transit, where we discussed the concerns raised by either side, Richard suggested he draft up a proposal on how Transit could continue to engage with the unions. Richard drafted a proposal that included discussing all staff including workshop, operations and comms centre as well as the RMTU being party to these discussions. We requested that talks be subject to drivers only at that time and that as RMTU did not have members who were bus drivers, we requested they be removed from this drafted proposal to engage.

After not hearing a response from our counter proposal, we followed up with Richard. He responded with "this initiative seems to have run out of steam along with our enthusiasm." This followed into a complaint Richard sent to GWRC in mid-December, forwarded to us for a response, and one provided.

Current Situation

Paragraph 5:

Drivers will not be worse off by \$200 per week and we believe a majority will be better off.

In regards to discussing pay rates with unions, we, and the associated unions, agreed to engage with a GWRC appointed independent auditor in order to alleviate any concerns around pay rates and whether drivers, we would be employing, would be worse off. Discussing pay rates directly with unions, would have been counter-productive to the auditing process. We have been engaging with this auditor since November 2017 and our last meeting was in early March 2018 where we were able to provide our last remaining confirmed terms of employment.

We have participated fully with the auditors requests in order for an accurate assessment to be made. We are of the understanding that the auditors final report will be released to all parties soon. From what we have seen, the drivers that we will be employing will be no worse off and will, according to both this audit and our own assessments, be better off under our employment agreements.

Paragraph 6:

We have to date made over 90 individual employment agreement offers within the Hutt Valley and we have received 79 signed agreements back, with the remaining 11 responses due by COB Friday 13 April.

The response from the drivers in the Hutt Valley has been fantastically positive and our HR team is working hard at supporting these drivers with their concerns around their current employment situation and work commitments.

Paragraphs 7 – 8:

The only pre-employment expression of interest list we have is a list of those that expressed interest in attending our information sessions held during August and September last year (well before the union had requested we commence bargaining).

These information sessions were by RSVP and presentations were given by our team on where we have come from and what our plans are for the future. These sessions were very well received and many who attended have applied for driving positions with us.

We agree that hiring staff requires legally binding employment agreements and we have signed agreements with close to 70 drivers in the Hutt Valley already. Being on this list wasn't about protecting anyone's employment, as it was not a formal recruitment process. Anyone who attended these meetings also had to formally apply once we began recruiting at the end of January. We kept everyone, who had attended these meetings, informed of the recruitment process, timelines and when recruitment was officially open.

Paragraph 9:

GWRC undertook a robust tender process that reviewed both our history as good employers and our commitment to continuing this. Our role as a good employer is to ensure our employees, and those who apply for positions with us, are treated fairly and with respect. We are under no obligation to provide any individual, who is not our employee, any certainty around employment or income.

Failure to Engage

Paragraph 10 – 11:

These are accurate statements and the auditors final report should be forthcoming.

Paragraph 12:

In the interest of providing clarification and certainty to other parties, we have provided full and frank disclosure of this information to the independent auditor. In regards to the employing entities; in both instances where this information has been requested by Tramways, we had not at that time confirmed how many entities would employ, how the structure would be set or what they would be called.

Employer Identified

Paragraph 13:

These companies were incorporated on 13 June 2017 and 18 October 2017 as shelf companies. When requested by Tramways as to the names of our employing entities, we had not confirmed which of the three would employ and under what capacity or what they would be called. We simply did not have that detail available at that time.

Bargaining Initiated

Paragraph 14:

Tramways sought to initiate bargaining via individual letters emailed to each of the three Transurban companies on 29 January 2018. We responded to each individual request on 2 February confirming that as neither entity had any employees, it was not an employer, and therefore bargaining could not commence.

Yes we have said that we hope to employ current drivers. This is significant for Hutt Valley drivers who were always going to have a new employer given that NZ Bus did not tender in the Hutt. We were also aware that given NZ Bus' ongoing shortage of drivers and the fact that they would retain the majority of their Wellington City drivers to fulfil their Directly Appointed Unit contracts, we would need to attract a large number of drivers from outside the industry.

In regards to legal proceedings, on 22 March we received an ERA Statement of Problem lodged by the Applicants Tramways and Nigel Hutchinson and Christopher Morley (as drivers of the Applicants (and Tramways members)) with Tranzit Group, the three Tranzurban companies, Uzabus and Madge as the six Respondents. The Application suggests we have refused to engage in bargaining when requested. We refute this and are responding.

Paragraph 16:

We have always been open to engagement with both unions and existing drivers, as has been outlined throughout this letter. Our refusal to transfer drivers on the same terms and conditions does not in itself equate to refusal to engage. We are permitted to go to open market for employees and to offer individual employment agreements.

We have attempted to engage with Richard Wagstaff on behalf of the Wellington unions; however, our counter proposal to his proposal for furthering engagement, went nowhere. We struggle with the Tramways approach to engagement which to date has been to spread malicious slander, lies and threats about our business and our family.

We have never acted unprofessionally, we have been very open and honest in our approach to communication with all parties. We have engaged with all applicants in good faith and we have attempted, at the facilitated meetings, to address the unions concerns one by one only to be firmly told that it is a transfer of employment on the same terms and conditions that they want and they do not appear willing to further any discussion that does not support this outcome.

We absolutely refute the claim that Tranzit is not a good employer. We have over 1,000 employees with less than 10 choosing to be represented by a union. As evident in the statistics provided within our tender document, Tranzits absenteeism rate is well below the national average and our staff retention is well above the national average. These stats point to a happy and productive workforce.

Non-industrial Concerns

Paragraphs 17 – 18:

We are well down the track of employing drivers and are confident we will have sufficient drivers trained and ready for our contract commencement dates. As noted above, we have made over 90 offers, with 79 having accepted with the remaining 11 responses due by COB 13 April. Further offers will be made during April.

We have had over 500 applicants which was far more than expected and is a large number to interview and process. We were about 2 weeks behind but we have since caught up. We are 50% of the way through selecting drivers for Grenada and Rongotai and we will be stepping this up throughout April.

We are confident we will have a sufficient number of trained drivers at commencement.

The general feeling amongst the people we are employing in the Hutt Valley (some of whom will be union members) is excitement about the change and a desire to see it happening sooner. Wellington will be a different process as there is a significant amount of distrust in our company that has been brought about by the unions spreading misinformation to its members and the public.

We must remain positive, support the people who wish to join our team and make sure that they in turn are not being bullied by any party into making, or not making a decision for themselves.

Paragraph 19:

Depots:

Lower Hutt depot is well underway with the last of the consents being issued this week. This depot is scheduled to be completed on time.

Upper Hutt depot is well underway with the last of the consents being worked through with the council. This depot is scheduled to be completed on time.

Grenada depot site works and consent is underway with ground preparation complete and temporary depot facilities scheduled to be ready on time.

Rongotai depot is well underway with office redevelopment and building removal. All office and driver facilities will be completed on time.

Routes:

Routes went out for public consultation prior to being finalised by GWRC and were included within the tender documentation.

Tendering Model:

Services not being delivered is not due to the tendering model, it is due to a number of factors including, and what we are hearing is occurring within NZ Bus in Wellington at this time, is that an insufficient number of drivers are employed by the operator - and more likely than not it is proving hard to attract and retain staff.

Summary

Paragraphs 20 – 22:

Our individual employment agreements offer fair working conditions with the majority of existing drivers being better off. We are confident that we will employ a sufficient number of drivers for the commencement of our contracts and they will be treated fairly and following good employer principles.

There is absolutely no obligation for us to negotiate a transfer of employment. We are entitled to go to the open market and advertise, interview and offer employment to whomever we select with many

applying from outside the industry. The people that we employ will be driving our assets and servicing our customers - they must be able to fit into our culture and existing shared team values otherwise we will not function as a team and this is where systemic failure will arise from.

As for the collective agreement, now that our employing entities are employers we may have an obligation to engage in collective bargaining; however, at the time of the bargaining request our employing entities were not employers. We are seeking legal opinion on this and will engage fully with the ERA.

We will continue to engage with all parties including all who received this letter.

Regards

A handwritten signature in blue ink, consisting of several loops and a final flourish.

Renee Snelgrove
HR & Legal Director
TRANZIT GROUP LTD