

Council Meeting Agenda 12 August 2020

Meeting is held in the Council Chamber, Level 2, Philip Laing House
144 Rattray Street, Dunedin



Members:

Cr Andrew Noone, Chairperson	Cr Carmen Hope
Cr Michael Laws, Deputy Chairperson	Cr Gary Kelliher
Cr Hilary Calvert	Cr Kevin Malcolm
Cr Michael Deaker	Cr Gretchen Robertson
Cr Alexa Forbes	Cr Bryan Scott
Hon Cr Marian Hobbs	Cr Kate Wilson

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Liz Spector, Committee Secretary

12 August 2020 10:00 AM

Agenda Topic

Page

1. APOLOGIES

No apologies were received prior to publication of the agenda.

2. ATTENDANCE

Staff present will be identified.

3. CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

4. CONFLICT OF INTEREST

Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

5. PUBLIC FORUM

Members of the public may request to speak to the Council.

5.1 Public Forum Speaker - Ilka Beekhuis

Ilka Beekhuis will speak to the Council about placement of bus shelters and their impact on local tourism businesses, specifically proposed bus stop changes on Macandrew Road.

6. CONFIRMATION OF MINUTES

The Council will consider minutes of the 22 July 2020 Council Meeting as a true and accurate record, with or without changes.

6.1 [Minutes of the 22 July 2020 Council Meeting](#)

7. MATTERS FOR COUNCIL DECISION

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7.1 [HEARING PANEL RECOMMENDATION ON INTERIM TRIAL SIMPLIFIED
DUNEDIN FARES CONSULTATION](#) 11

To receive recommendations from hearings panel on submissions to the simplified flat fare bus fare trial.

7.1.1 [Attachment 1: Hearing Panel Report](#) 16

8. CLOSURE



Minutes of an ordinary meeting of Council held in the
Council Chamber on
Wednesday 22 July 2020 at 9:00 am

Membership

Cr Andrew Noone

(Chairperson)

Cr Michael Laws

(Deputy Chairperson)

Cr Hilary Calvert

Cr Michael Deaker

Cr Alexa Forbes

Hon Cr Marian Hobbs

Cr Carmen Hope

Cr Gary Kelliher

Cr Kevin Malcolm

Cr Gretchen Robertson

Cr Bryan Scott

Cr Kate Wilson

Welcome

Chairperson Andrew Noone welcomed Councillors, members of the public and staff to the meeting at 9:00 am.

For our future

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1. APOLOGIES

No apologies were made.

2. ATTENDANCE

Sarah Gardner (Chief Executive)
Nick Donnelly (General Manager Corporate Services and CFO)
Gavin Palmer (General Manager Operations)
Richard Saunders (General Manager Regulatory)
Gwyneth Elsum (General Manager Policy, Strategy and Science)
Amanda Vercoe (Executive Advisor)
Liz Spector (Committee Secretary)

Also present were Eleanor Ross (Manager Communications Channels), Ryan Tippet (Media Communications Lead), Lisa Hawkins (Team Leader RPS, Air & Coast), Sarah Munro (Manager Finance - Reporting), Peter Kelliher (Legal Counsel), Garry Maloney (Manager Transport), Anita Dawe (Manager Policy and Planning), Tom De Pelsemaeker (Team Leader Freshwater & Land) and Dolina Lee (Policy Analyst).

3. CONFIRMATION OF AGENDA

Councillor Noone noted that staff had removed Item 10.1 *Navigation Safety Bylaw 2020* from the agenda for future consideration. He also noted item 10.3 *Appoint Hearings Commissioner for Bus Fare Submissions* would be considered with the public excluded.

4. CONFLICT OF INTEREST

No conflicts of interest were advised.

5. PUBLIC FORUM

Ms Raewynne Pedofski addressed the Council about port noise and emissions. Several Councillors had questions for Ms Pedofski and then Cr Noone thanked her for speaking.

6. PRESENTATIONS

Dr Robyn Zink presented on EnviroSchools. Councillors asked questions and Cr Scott asked for her next presentation to include more detailed information on the program and its aims for the future. Cr Noone thanked Dr Zink for the presentation.

7. CONFIRMATION OF MINUTES

Resolution

That the minutes of the (public portion of the) Council meeting held on 24 June 2020 be received and confirmed as a true and accurate record, with or without changes.

Moved: Cr Hope
Seconded: Cr Deaker
CARRIED

Cr Hobbs moved an amendment to the minutes to include more specific reference to her statement to Cr Laws. After a discussion, Cr Noone seconded her motion and it carried.

Resolution

That the minutes of the Council meeting held on 8 July 2020 be received and confirmed as a true and accurate record, with changes as noted.

Moved: Cr Noone
Seconded: Cr Hope
CARRIED

8. ACTIONS (STATUS OF COUNCIL RESOLUTIONS)

8.1. Actions

The Councillors discussed the outstanding actions, with Cr Laws noting a draft submission to the Commerce Commission regarding Aurora line charges would be provided for consideration at the 12 August Council Meeting.

Cr Calvert asked that the update column provide more detailed information, specifically noting when the action was expected to be completed.

9. CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORTS

9.1. Chairperson's Report

An in-depth discussion was held on the Chairperson's and Chief Executive's reports. Cr Laws asked that Councillors be invited to the joint water workshop that is being held next week with representatives from the local TAs. Chief Executive Gardner said she would find out more information and Cr Noone would email the Councillors to see who would be interested in attending.

A discussion was held about how to structure working groups to review upcoming work that may be coming related to Central Government decisions. Cr Hobbs stressed that many of the decisions are moving through Cabinet very quickly and will likely be revised in the future. She suggested it wouldn't be prudent to set up structures based on changing information.

A discussion was also held about the changes proposed to the committee structure. Cr Noone said he, Cr Laws and Cr Robertson had met with CE Gardner to discuss the changes and further discussion would be held with Councillors before changes were made.

There was no further discussion and Cr Noone asked for a motion.

Resolution

That the Chairperson's report be received.

Moved: Cr Hope
Seconded: Cr Wilson
CARRIED

9.2. Chief Executive's Report

Resolution

That the Chief Executive's report be received.

Moved: Cr Malcolm
Seconded: Cr Hobbs
CARRIED

10. MATTERS FOR COUNCIL DECISION

10.1. Navigation Safety Bylaw Transfer Central Otago Delegations

This report was removed from the agenda.

10.2. NESAQ Amendments Submission

Lisa Hawkins (Team Leader RPS, Air and Coast) and Gwyneth Elsum (General Manager Strategy, Policy & Science) were present to answer questions about the submission which had been amended per direction of Committee members at the 8 July Strategy & Planning Committee meeting. After questions and discussion, Cr Noone reiterated that the proposed submission had been reworked taking into account information provided to staff and approved at Committee, and he asked for a motion.

Resolution

That the Council:

- 1) **Receives** this report.
- 2) **Approves** the attached submission with changes as noted to be submitted to the Ministry of the Environment, by 31 July 2020.
 - a) Correct typo "insultation" to "insulation" on page 34 bullet point
 - b) Add "energy poverty" to the last bullet point on page 35.

Moved: Cr Calvert
Seconded: Cr Malcolm
CARRIED

Cr Hope, Cr Kelliher and Cr Laws requested their vote against the motion be recorded in the minutes.

Chairperson Noone then noted that an external party was present to participate in one of the items on the public-excluded agenda. He then moved to go into public excluded at 11:23 a.m.

RESOLUTION TO EXCLUDE THE PUBLIC

Resolution

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- **1.1 Employment Committee Report back – July 2020**
- **10.3 Appoint Hearings Commissioner for Bus Fare submissions**

I also move that Craig Coburn of Craig Coburn & Associates be permitted to remain at this meeting, after the public has been excluded as he was providing HR advice on the Employment Committee report.

Moved: Cr Noone
 Seconded: Cr Wilson
 CARRIED

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under [section 48\(1\)](#) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<i>1.1 Employment Committee Report Back – July 2020</i>	Section 48(1)(a): Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist,	Section 7(2)(a); To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)
<i>10.3 Appoint hearings commissioner for bus fare submissions</i>	Section 48(1)(a): Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist,	Section 7(2)(a); To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)

Resolution

That the meeting resume in public session at 04:23 pm.

Moved: Cr Noone
 Seconded: Cr Wilson
 CARRIED

*Cr Scott left before the meeting resumed in public session.
 Cr Kelliher left before the meeting resumed in public session.
 Cr Hope left before the meeting resumed in public session.*

10.4. Freeholding Kuriwao Lease S327

Peter Kelliher (ORC Legal Counsel) and Nick Donnelly (GM Corporate Services) were present to answer questions about the proposed sales of Kuriwao Leases S327 and S328. After a review of the proposal, Cr Noone asked for a motion.

Resolution

That the Council:

- 1) **Receives** this report.
- 2) **Approves** the terms and conditions.
- 3) **Approves** Council's contribution of the cost of fencing the areas of land subject to the covenants.
- 4) **Authorises** the Chief Executive or the General Manager Corporate to execute the proposed Sale and Purchase Agreements.
- 5) **Authorises** the Chief Executive and General Manager Corporate to sign an authority and instruction form for the sale of the land.

Moved: Cr Wilson

Seconded: Cr Calvert

CARRIED

10.5. Local Government New Zealand Annual General Meeting 2020: Attendance and Remits

Amanda Vercoe (Executive Advisor) was present to answer questions about the report. Cr Laws moved recommendations 1, 2, 3 and 4, giving the ORC delegates discretion to vote on remits. Cr Calvert said she would support the motion if Cr Laws would amend recommendation 4 to direct the delegates to not support Remit 5.

Cr Noone asked if Cr Calvert wished to move this as an amendment to Cr Laws' motion and she said yes. Cr Deaker seconded the amendment. Cr Noone put the amendment to the vote and it was carried.

A discussion was held about the motion, with several Councillors indicating they would prefer to give direction to the delegates on the Remits to be supported by ORC. Cr Noone seconded the substantive motion as amended and put it to the vote, taking each item separately.

Resolution

That the Council:

- 1) **Receives** this report.

Moved: Cr Laws

Seconded: Cr Noone

CARRIED

Resolution

- 1) **Designates** Crs Noone, Wilson and Malcolm to be official ORC delegates to the AGM.

Moved: Cr Laws

Seconded: Cr Noone

CARRIED

Resolution

3) **Notes** the attached remits will be discussed at the LGNZ AGM.

Moved: Cr Laws

Seconded: Cr Noone

CARRIED

Resolution

4) **Gives** the ORC delegates discretion to vote on remits supported by the ORC for voting purposes at the AGM, directing them to not support Remit 5.

Moved: Cr Laws

Seconded: Cr Noone

FAILED

As the 4th resolution failed, the Councillors went through the list of Remits and determined which Remits they wanted the delegates to support.

Resolution

1) That the Council directs the ORC delegates to support all Remits with the exception of 3, 5, and 6.

Moved: Cr Calvert

Seconded: Cr Forbes

CARRIED

11. MATTERS FOR NOTING

11.1. Consultant and Legal Spend

Nick Donnelly (GM Corporate Services) was present to answer questions about the report which was provided upon request of Councillors at a previous meeting. Following a discussion, Cr Deaker moved to receive the report.

Resolution

That the Council:

1) **Receives** this report.

Moved: Cr Deaker

Seconded: Cr Noone

CARRIED

Note: Councillors were advised post the meeting of a correction to the expenditure total reported for Chen Palmer. The Chen Palmer legal expense was \$188,991.70 plus GST not the \$266,424.00 cited in the report.

11.2. Staff submission on DCC bylaws

Tom De Pelsemaeker and Gwyneth Elsum were available to answer questions on the paper which was provided to summarise draft issues for inclusion in a staff submission on proposed Dunedin City Council Trade Waste 2020 Bylaw and Stormwater Quality Bylaw 2020. Mr De Pelsemaeker said the submission period for the bylaws closed on 17 August. He indicated staff are generally supportive of what DCC is proposing and will recommend small amendments to

provide clarity around wording and to incentivise methods to reduce stormwater volume, including using onsite stormwater retention and encourage waste minimisation through the consenting process.

The Councillors had an in-depth discussion around the current 3 Waters reform underway at central government and noted the ORC should work with local territorial authorities to find ways to improve stormwater and waste concerns. Cr Noone then asked for a motion.

Resolution

That the Council:

- 1) **Receives** this report.
- 2) **Notes** the draft submission points recommended by staff.

Moved: Cr Noone

Seconded: Cr Wilson

CARRIED

12. RECOMMENDATIONS ADOPTED AT COMMITTEE MEETINGS HELD ON 8 AND 9 JULY 2020

12.1. Recommendations of the Strategy and Planning Committee, 8 July 2020

Resolution

That the Council adopts the resolutions made at the 8 July 2020 Strategy and Planning Committee meeting.

Moved: Cr Laws

Seconded: Cr Noone

CARRIED

12.2. Recommendations of the Regulatory Committee, 9 July 2020

Resolution

That the Council adopts the resolutions made at the 9 July 2020 Regulatory Committee meeting.

Moved: Cr Noone

Seconded: Cr Laws

CARRIED

14. CLOSURE

There was no further business and Chairperson Noone declared the meeting closed at 05:35 pm.

Chairperson Noone

Date

7.1. Hearing Panel Recommendation on Interim Trial Simplified Dunedin Fares Consultation

Prepared for: Council
Report No. PT1912
Activity: Transport - Public Passenger Transport
Author: Garry Maloney, Manager Transport
Endorsed by: Gavin Palmer, General Manager Operations
Date: 31 July 2020

PURPOSE

- [1] To consider the recommendation from the hearings panel with respect to the submissions to Council's proposal to trial an interim simplified flat bus fare on the Dunedin bus network to assist the earlier implementation of the new electronic ticketing system.

EXECUTIVE SUMMARY

- [2] On 27 May 2020, the Council agreed a proposal to safely return to charging fares by implementing the new electronic bus ticketing system earlier than scheduled. As part of that proposal, it sought to simplify fares for an interim period and due to the magnitude of the change consulted the Dunedin community on its support to trial and interim flat fare.
- [3] Submissions closed on the interim trial proposal on 2 July 2020. By that time, the Council received 1,431 submissions. On 28 July 2020, submitters were heard in front of a hearings panel appointed by the Council that was comprised of Cr K Wilson and Mr B Baxter (a public transport consultant).
- [4] The Hearings Panel has recommended that Council adopt the proposal it consulted on and in addition, lower the child smartcard fare from the proposed \$1.50 to \$1.20.

RECOMMENDATION

That the Council:

- 1) **Receives** this report.
- 2) **Approves** the Hearings Panel recommendation that:
 - a. *The proposed Dunedin flat fare system be introduced;*
 - b. *The Dunedin fare for children be lowered to \$1.20; and*
 - c. *The charge for forgetting to tag-off in Dunedin be reduced to \$3.00.*
- 3) **Requests** staff prepare a further report to enable Council to further consider options for what happens following the end of the trial.

BACKGROUND

- [5] On 27 May 2020, Council considered a paper that had as its primary objective a proposal to safely return to charging fares by implementing earlier than had been scheduled the new electronic bus ticketing system to help manage the risk associated with people interactions, both from accepting cash on buses and validating concessions.
-

[6] Council resolved to:

“Adopts in principle the following implementation approach to reintroduce fares and concessions in Dunedin and Queenstown:

- Phase 1 (transitional) – implement discounted interim fares for all users such that high rates of concession registration and validation are not required prior to system launch (removes concession registration from the critical path).
- Phase 2 - implement normal fares and concession entitlements by January 2021, or such other time as agreed by Council.

Adopts in principle, Options D3 and Q2 as outlined in the report noting that both will incur additional loss in fares above that resulting from the current patronage decrease arising from COVID-19.

Approves consulting the public on Option D3 as outlined in the report.”

[7] The pre-Covid-19 Dunedin bus fares and the proposed interim trial fares consulted upon (Bee Card) are shown in Table 1 below:

Dunedin Fares

Zones travelled	GoCard			Cash	
	Adult	Child	Tertiary student / other concessions	Adult	Child
1	\$1.92	\$1.15	\$1.72	\$2.60	\$1.60
2	\$2.53	\$1.52	\$2.28	\$3.40	\$2.10
3	\$4.44	\$2.66	\$4.00	\$6.00	\$3.60
4	\$7.58	\$4.55	\$6.82	\$10.20	\$6.10
5	\$11.41	\$6.85	\$10.27	\$15.30	\$9.20

Zones travelled	Bee Card		Cash
	Adult	Youth	All
All	\$2.00	\$1.50	\$3.00

Table 1: Pre-COVID-19 and proposed interim trial Dunedin bus fares

[8] As shown above, the interim trial fare proposal removed all zones and replaced them with a single Adult and single Youth Bee Card fare and a single cash fare (and free SuperGold Card travel).

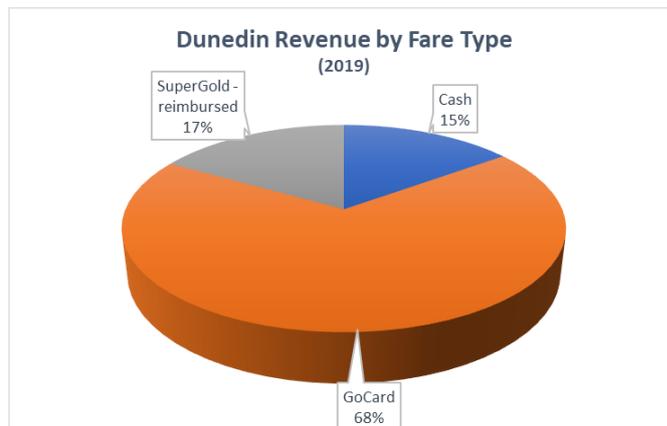


Figure 1: Dunedin Revenue by Fare Type

[9] Figure 1 shows that prior to Covid-19, Council had high rates of card utilisation in Dunedin (86%).

- [10] The figure below provides a better understanding of Dunedin’s bus patronage class, pre-Covid-19.

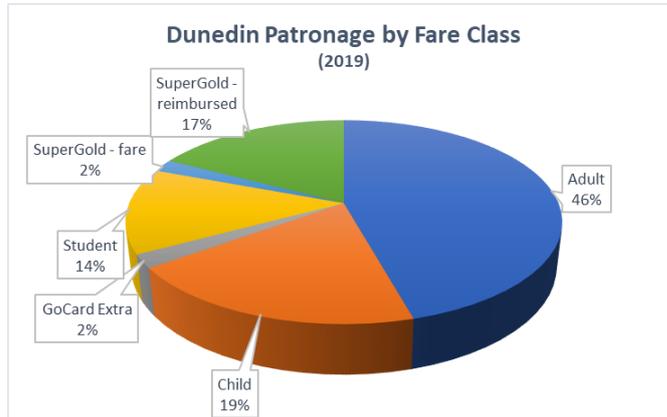


Figure 2: Dunedin Patronage by Fare Class

- [11] As shown, 14% of Dunedin patronage was tertiary students and 19%, SuperGold Card holders.
- [12] As can be seen in Figure 3, about 90% of the current Dunedin patronage pre-Covid-19 were travelling either one or two fare zones.

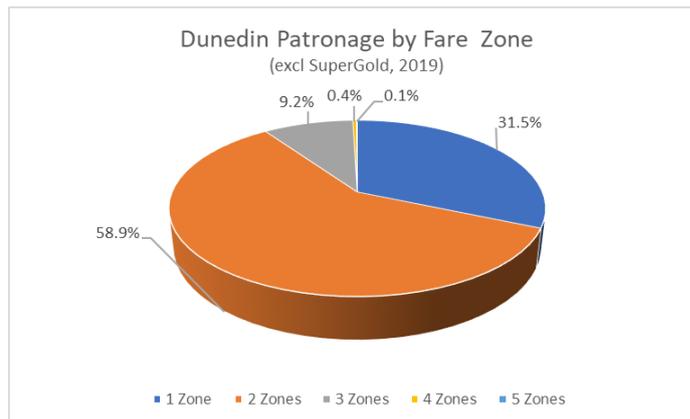


Figure 3: Dunedin Patronage by Fare Zone

- [13] The May 2020 report noted that any increase in the maximum fares required public consultation including seeking submissions and hearing those that wanted to be heard.
- [14] On 22 July 2020, the Council resolved to:
- “Appoint(s) Mr Brian Baxter and Cr Kate Wilson as hearings panel commissioners tasked with hearing, deliberating and making a recommendation(s) to Council on its proposal to implement an interim trial simplified bus fares for Dunedin to enable the earlier deployment of the Bee card electronic ticketing system.”

FEEDBACK AND HEARINGS

- [15] Submissions closed on 2 July 2020 and 1,431 submissions were received.
- [16] Approximately 90 submitters indicated that they wished to be heard in support of their submission, but in the end only 20 presented at the hearings held in Dunedin on 28 July 2020.
- [17] The report from the Hearings Panel is appended.

DISCUSSION

- [18] The Hearings Panel has recommended that:
- “Given the overwhelming support for the proposed flat fare, that a flat fare system be introduced. We also support that the fare for children be lowered to \$1.20, and that the charge for forgetting to tag-off be reduced to \$3.”*
- [19] If the recommendation is adopted by the Council, the additional revenue lost by this change (on top of that advised on 27 May 2020) is estimated to be \$9,100 per month, or \$36,500 for the proposed four-month period of the simplified fare trial.
- [20] In terms of the proposed additional cost, it is noted that the Dunedin City Council (DCC) submission did offer to make funding available to help avoid an increase and it may therefore be agreeable to meeting this shortfall. Another way of sharing the cost may be to fund part of the total fare revenue foregone from the simplified fares trial through Council’s three-year National Land Transport Programme low cost/low risk initiatives, but that will depend on the end of Year 2 (2019/20) financial position.

OPTIONS

- [21] Council has two options:
1. accept the Hearings Panel recommendation; or
 2. reject the Hearings Panel recommendation.
- [22] The first option comes with some extra cost, while the second would mean the proposed simplified flat fare would not be introduced and Council would retain the pre-Covid-19 zonal fare structure in Dunedin.
- [23] As noted in the Hearings Panel report, a significant number of submitters (over 1,300) supported the flat fare proposal.

CONSIDERATIONS

Policy Considerations

- [24] The Hearings Panel recommendation is consistent with the proposal Council consulted upon and the rationale for simplifying the current fares.
- [25] In the longer term, how Council sets fares will be addressed as part of the Regional Public Transport Plan review. This is the way to address submission concerns regarding fare capping, etc.

Financial Considerations

[26] The financial implications of the proposed decision are outlined in this report.

Risk Considerations

[27] One submitter indicated that the proposed child smartcard fare would adversely impact the existing commercial Dunedin school bus network. The Hearings Panel recommendation is to lower that fare further which will likely increase that adverse impact. Should that come to fruition, that would potentially increase the financial risk to Council. That risk could potentially be mitigated by the offer of DCC to fund lower fares.

[28] A second risk relates to what happens at the end of the interim trial. The 27 May 2020, Council paper indicated that Council would return to collecting normal fares and concession entitlements by January 2021 (that is, Council would go back to the pre-Covid fares at that point).

[29] Given the level of feedback and comments on the proposal, that may be problematic and not generally supported by our community (this risk was highlighted in the 27 May Council paper). Council may need to consider further what happens at the end of the trial. To this end, staff propose preparing a subsequent report to Council to enable it to consider options further.

NEXT STEPS

[30] The next steps are:

- amend and test the new ticketing system “Fares and Tariffs” document to ensure the recommended fares function and are charged correctly,
- publicise the fare levels that will apply in Dunedin from 1 September 2020; and
- prepare a report for a subsequent Council meeting to enable it to further consider options for what happens following the end of the trial.

ATTACHMENTS

1. 2020 08 04 Hearing Panel Report on proposed Dunedin flat fare consultation [7.1.1 - 6 pages]

Report to Otago Regional Council on Submissions on Proposed Flat Fare for Dunedin Buses

Introduction

1. On July 22 ORC appointed Cr Kate Wilson and Brian Baxter, an experienced Public Transport Consultant, to hear submissions on the proposed flat fare for Dunedin buses.
2. This is our report on the submissions. It contains a recommendation regarding the implementation of the flat fare system.

Background

3. Prior to Covid-19 ORC operated a five zone fare system in Dunedin, with fares varying depending on the number of zones travelled. Concession fares were available for children¹, tertiary students, and GoCard Extra passengers².
4. During Covid-19 Level 4, NZTA directed that due to physical distancing and safety requirements, all rides on public transport in NZ should be free. NZTA reimbursed the lost revenue, and this situation was to last until the end of June 2020.
5. Inextricably tied up with the plan for a flat fare is that ORC is part of a consortium of regional councils introducing a common smart card for ticketing/fare payment. The introduction of this smart card, known as Bee Card, was scheduled for Dunedin in late 2020.
6. On 27 May 2020 ORC debated how to return to “normal” fare collection, and received an update on the Bee Card implementation. Council decided that it would implement a simplified flat fare system, to be introduced as a trial in conjunction with the new Bee-Card on 1 September. The free fares in Dunedin were to remain in place until that date.
7. The flat fare proposal was that all adult fares would be \$2 when using the Bee Card, regardless of the distance travelled, and all children fares when using the Bee Card would be \$1.50. The definition of children was changed to those between the ages of 5 and 18. Fares for those paying by cash would be \$3. SuperGold users would receive free travel at all times. The tertiary student and the GoCard Extra concessions are removed, with students and GoCard Extra users now having to pay the full adult fare.

¹ Those aged between 5 and 15, and secondary students 20 and under with valid ID

² Those eligible for a GoCard Extra fare include those who:

- Were entitled to the widow's benefit and are now receiving the Sole Parent Support payments and who also have a permanent disability preventing them from work
- Receive a Supported Living Payment and have a permanent disability
- Are a sight-impaired member of the Blind Foundation or the Association of Blind Citizens of NZ
- Are eligible for NZ Superannuation but do not have a SuperGold card.

8. ORC also agreed that the proposed fare change needed to be the subject of public consultation.
9. Approximately 70% of passengers travelled two or more zones under the previous five zone fare system. All of these passengers would pay less for their travel under the flat fare proposal provided they were using the Bee Card.
10. Approximately 30% of passengers travelled only one zone, and almost all of these would pay more under the flat fare proposal. Of these, adults would pay \$0.08 more per trip; students and GoCard Extra users would pay \$0.28 more, and children would pay \$0.35 more.
11. Adults make up 46% of all users (across all zones), children make up 19%, students make up 14% and GoCard Extra users make up 2%. The remaining 19% are SuperGold users, and it is proposed that they will receive free travel at all times under the flat fare proposal.
12. The Bee Card system requires passengers to “tag-on” when they board the bus, and “tag-off” when they get off. Such a system provides the council with valuable data which is used for planning services. To encourage people to tag-off, a penalty of \$5 was proposed to apply to those who fail to tag-off.
13. In order to promote the uptake of the Bee Card, and thus allow access to the new fares, the card is currently available free of charge. Money can be loaded onto the card which is then used to pay for fares. Bee Card holders are able to “top-up” the card at any time.
14. ORC proposed that the flat fare system would be in place for a transition period of 4 months. During that time Council would be reviewing the Otago Regional Public Transport Plan. That review would include a review of the fare structure and fare levels.
15. Consultation on the proposed flat fare began on 4 June, and closed on 2 July. Submitters were asked if they supported simplifying fares. Reasons were invited, and submitters were able to make other comments. The proposed fare levels were outlined as part of the submission process.

The Submissions

16. 1,431 submissions were received. 93% supported the proposal, with 7% opposed. However it is noted that many who opposed it would have supported it if the fare proposed for one-zone travel was lower. Most submissions were from individuals, and most were users of the bus service and thus had a personal knowledge of the service and the impact that the flat fare system would have on themselves and other passengers.
17. Approximately 90 submitters indicated that they wished to be heard in support of their submission, but in the end only 20 presented at the hearings held in Dunedin on 28 February 2020.
18. A submission in support of the proposals was received from Dunedin City Council (DCC), and the DCC Mayor spoke to the submission. DCC supported the proposed flat fare system and the increase in affordability that the new fares will bring. But the submission also noted the

increase in fares for passengers travelling only one-zone. The DCC submission did offer to make funding available to help avoid that increase.

19. The Disabled Persons Assembly (DPA) spoke in support of the simplified flat fare system. But it too was concerned at the increase in the fare for the one-zone travellers, and suggested a possible two-zone fare system, with the one-zone fare being \$1.50. DPA was also concerned at the proposed charge for forgetting to tag-off.
20. Otago University Students Association supported the flat fare, but asked that students be included in the child category (the proposal has students over 18 as adults), recognising that many students travel only one-zone and thus face a fare increase from \$1.72 to \$2.
21. Unions Otago also supported the flat fare, but also suggested that the increase faced by one-zone travellers was unfair.
22. The Tramways Union opposed the flat fare system until such time as bus drivers receive the living wage.
23. The Bus Users Support Group agreed with the flat fare system, but only if all users pay no more than at present. It also opposed the charge for forgetting to tag-off.
24. Of the other submitters who presented their submissions, most supported the proposals. Many commented that they thought the proposals, while being a good first step, should go even further. Suggestions included daily/weekly/annual caps on fares, family passes, different fare levels, and a simplified two-zone fare system (to recognise the huge difference in the length of some Dunedin trips).
25. Of those who didn't appear in support of their submissions, those who supported the flat fare proposals did so largely because it was a simple option with generally lower fares.
26. One bus company – Otago Road Services (ORS), submitted. It raised a peripheral concern that lowering the fares will have an impact on its own commercial school services. This issue will be explored further in a separate discussion between ORC and ORS.
27. Most of those opposed to the flat fare opposed it because they were going to be disadvantaged personally by having an increase in their fare. While the majority of passengers would experience a reduced fare compared to the five zone fare system, the 31% of passengers who currently travel only one zone will pay more.

The table below shows this impact:

Passenger Type	Current Go Card One-zone Fare	Proposed Bee Card Flat Fare
Adult	\$1.92	\$2.00
Child	\$1.15	\$1.50
Tertiary Student	\$1.72	\$2.00
Go Extra	\$1.72	\$2.00

28. While the increase for an adult one-zone trip is relatively small, the increase is more sizeable for the others, and most submissions opposing the flat fare proposal focussed on the level of the fares rather than the system itself. If people did not have to pay more, then it is likely that almost all submissions would have been in support of the flat fare proposal. Children in particular face an increase in fares from \$1.15 to \$1.50.
29. The flat fare proposal categorises tertiary students aged over 18, and GoCard Extra users, as adults. This is a change from the five-zone fare system where tertiary students and GoCard Extra users make up a separate category of users, with their own fare level (which is part-way between the adult fare and the child fare). We understand that this change in categories is to keep the system simple, and to enable it to be introduced quickly so that ORC can resume fare charging consistent with a national approach. We further understand that it takes some time to undertake the work needed to load the student and GoCard Extra concessions onto the Bee Card (whereas the child fare simply requires the date of birth to be added). In essence, to bring the system in quickly, it has to be administratively efficient and kept simple.
30. There was a suggestion that the move to a flat fare system could wait until the review of the Regional Public Transport Plan was complete, and that free fares should remain in place until the review was completed. An immediate return to the five zone fare system is also a possibility. But the need to encourage the utilisation of the Bee Card (with the benefit of the extra information that it will bring with regard to service planning) and the cost involved in remaining with free fares, means that a transitional step is required. The lower fare levels of the proposed flat fare system seemed like a sensible transitional measure and it is hard to argue with that.
31. One of the aspects of the proposed flat fare system that received little mention in the submissions, and therefore we assumed was supported, was the proposal that SuperGold Card holders could use the services at all times, rather than just at the designated off-peak hours as was the case for the five-zone fare system.

Findings

32. It was clear that there was overwhelming support for a flat fare system. Those whose submissions opposed the system did so largely because of the fare levels involved, specifically the fare increase faced by children, students and users of the GoCard Extra concession. That led us to consider the fare levels.
33. We estimate that, ignoring adult one-zone travellers who face only an eight-cent fare increase, approximately 10%³ of current passengers would face a fare increase under this flat fare proposal. Changing the fare for children to \$1.20 will essentially reduce that to 5% (moving to \$1.20 would result in only a five cent increase for children travelling one-zone). Thus moving to \$1.20 for children essentially removes the largest group being disadvantaged by the change to flat fares.

³ 35% of passengers are child/student/GoCard Extra and this group faces an increase in fares if they are one-zone travellers (31% of all travellers are one-zone travellers). Thus 31% of 35% (10.85%) face an increase.

34. The revenue lost by the change from \$1.50 to \$1.20 is estimated to be \$9,100 per month, meaning lost revenue of about \$36,500 for the proposed four month period of the low fares. We did recognise that the fare reduction goes beyond just one-zone travel and provides a further reduction for those travelling two zones or more, but considered the extra cost of \$9,100 per month to be minimal.
35. We did note that all passengers will have experienced free fares up until 31 August, and when this non-payment period was off-set by the four month flat fare proposal, regular travellers in all passenger categories for one-zone trips (except the child cash category) would actually be better off overall i.e. they would pay less in total for the six month period to the end of December 2020 than they would have done if they were paying the pre-Covid-19 one-zone fares for that period. But while we noted this, it did not have an influence in our decision making, partly because of the unusual and exceptional circumstances of the free fare period.
36. We also considered other fare levels, including the submissions that child fares should be 50% of adult fares (and thus that the child fare should be \$1). Child fare were at one time set by law at no more than 50% of adult fares, but this requirement was removed many years ago. We considered that changing to a \$1.20 fare for children removed the proposed increase while at the same time minimising the impact on subsidies (and thus the cost to ratepayers).
37. We also considered the submission that students be included into the child category rather than the adult category. This would lower the student fare and essentially remove another large grouping who would face increased fares. This could be achieved by perhaps raising the maximum age for eligibility for child fares (it currently is proposed to be 18; it could be raised to say 21), or by having students show suitable identification to the driver. But we decided that the system needed to be kept simple, and that this issue would be addressed as part of the review of the Regional Public Transport Plan. We also recognised that student use of the buses reduces after September as lectures end and thus the impact is reduced.
38. We also make no suggested changes to the proposed change to the GoCard Extra concession. While we recognised the impact the increase in the fare will have on the users of this concession for the four month period, for the simplicity and administrative efficiency reasons mentioned above, we believe that there is little alternative at the current time if a flat fare system is to be implemented soon. But we note that this concession will be reviewed as part of the review of the Regional Public Transport Plan, and we would expect that it would be reinstated in some form.
39. The charge for forgetting to tag-off was originally set at \$5 but currently sits at \$4. It is clear to us that a penalty charge is needed to encourage people to tag off and thus ensure that accurate trip information is collected. The penalty has to be higher than the current highest fare (\$2) but we consider a penalty of \$3 will still encourage people to tag off, but at the same time will not be too much of a penalty. We do note that the cash fare under the flat fare proposal is \$3, but cash fare users don't tag on or off so their trip information is unable to be recorded in any event. We also note that it is usual with smartcard fare systems for the penalty to be set at the level of the highest fare and this further supports a penalty fare

of \$3. We further note that the Bee Card operating rules state that the penalty fare should be set at the maximum fare i.e. \$3 in Dunedin.

Decision

- 40. Therefore it is our recommendation, given the overwhelming support for the proposed flat fare, that a flat fare system be introduced. We also support that the fare for children be lowered to \$1.20, and that the charge for forgetting to tag-off be reduced to \$3.**

Incidental matters

41. It was clear from the submissions and the discussions with those that came along to present their submissions, that there are many ideas for taking the proposed changes to the next level (see paragraph 24 above). Many submitters raised the question of what happens after the four month flat fare period, and if there would be a return to the five-zone fare system. It is noted that this was generally not favoured. These are not matters directly relevant to the flat fare proposal, but should be considered as part of the review of the Regional Public Transport Plan.
42. We also note that the four month flat fare system as proposed will end on 31 December 2020, and were concerned about the practicality of that date. While that is an implementation issue that does not need to be addressed by us, Council may wish to consider this now and avoid requiring another decision in December, and consider the difficulty of communication with passengers over the Christmas/New Year period.

Kate Wilson
Otago Regional Councillor

Brian Baxter
Public Transport Consultant

4 August 2020