

2/05/2025

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Dear Richard

Submission to Draft Otago Regional Public Transport Plan

Thank you for the opportunity to submit to the Otago Regional Council's (ORC) Draft Regional Public Transport Plan (RPTP). Councillors and staff are to be commended for the quality of the Draft Plan they have produced.

The New Zealand Transport Agency Waka Kotahi (NZTA) would like to be heard in support of its submission.

1. Context

The NZTA is required *"to contribute to an efficient, effective and safe land transport system in the public interest"* (section 95 (1) (a), Land Transport Management Act 2003 [LTMA]). The NZTA functions include:

- managing *"the State highway system"* (section 95 (1) (h), LTMA);
- overseeing *"the planning, operation, implementation, and delivery of public transport (including issuing guidelines for regional public transport plans)"* (section 95 (1) (i), LTMA); and
- managing *"funding of the land transport system"* (section 95 (1) (j), LTMA).

In this regard, NZTA is the largest single investor in public transport in Otago alongside its partner Council, ORC. In the 2024/27 period, ORC will rate its community \$58.2m¹ to invest in public transport and land transport planning and in partnership, NZTA will co-invest in excess of \$60m² in Otago's public transport.

2. Working together

Over the last few years, NZTA has more formally collaborated with ORC, Dunedin City and Queenstown Lakes District Councils through the Connecting Dunedin, Way to Go and Grow Well Whaiora partnerships and they have proved invaluable. One of the strengths of those partnerships is the different mandates/roles the parties bring to planning the transport system in Dunedin and Queenstown.

¹ Page 65, ORC Long Term Plan 2024 - 2034, <https://www.orc.govt.nz/media/rttlfnpg/long-term-plan-2024-34-deloitte-25-july-rcd-1.pdf>

² Source – TIO, approved activities, NZTA share.

In that regard, NZTA acknowledges ORC's right to determine the public transport concessions that will apply in its region. However, it should be recognized that in doing so, those Council decisions may have funding implications for NZTA as the significant co-investor in the region's public transport and that NZTA may hold a different view to Council as to how National Land Transport Funding should be invested. Closer engagement between both would give visibility of that earlier.

A good case in point is the ORC decision on 20 March 2024, to "*retain free bus fares for 5 to 12 year olds (at ORC's cost)*" (page 8, <https://www.orc.govt.nz/media/n3klmqih/council-minutes-20240320.pdf>) and which it is proposing to retain in the Draft RPTP.

The NZTA does not support free fares (that is, a 100% concession) because:

- it is contrary to the Government Policy Statement (GPS) requirement to increase private share;
- the Crown has previously decided not to fund the same concession as part of Community Connect and it would be incongruous for a Crown entity to do so; and
- it would be inequitable for NZTA to support free fares for 5 to 12 year olds in Otago when it does not do so with almost all other public transport authorities (PTAs).

As noted above, Topic 5 in Council's RPTP feedback template is seeking community feedback on whether or not to retain the 100% concession, but doesn't seem to indicate what the cost to the community is to do so.

The NZTA estimate about 418,000 five-to-12-year olds will travel in Otago in 2024/25. If this group paid the Council's youth concession (60% of the Adult fare), the annual fare revenue foregone by ORC ("*ORC's cost*") would be about \$436,000 (GST exclusive). Normally, 51% of this cost (about \$220,000) would be met by NZTA.

While NZTA does not support free fares, it does recognise some level of support is needed for the five-to-12-year age group via a fare concession, but our position therefore, is the concession should be much more closely aligned to the concession rates provided by most other PTAs for this age group.

3. Increasing Private Share

GPS 2024 sets an expectation for greater farebox recovery and third-party revenue (collectively referred to as private share funding) to:

- help support increased levels of public transport expenditure, and
- reduce pressure on ratepayers and taxpayers.

To give effect to the GPS, in 2024 NZTA provided a policy framework and nationally consistent definitions and method for measuring private share and setting regional targets. The NZTA also worked with each PTA to set regional private share targets to reflect the local context and circumstances of each region.

For Otago, NZTA and ORC were able to achieve alignment at an Officer level on targets for 2024/25 (20%), 2025/26 (25%) and 2026/27 (30%), subject to ORC formally adopting those targets.

The Officer agreed targets are based on evidence supplied by ORC to demonstrate the opportunities available to it to increase its private share and that is primarily to increase fare revenue by such

actions as increasing the adult fare from \$2.00 to \$2.50 (a 25% increase). This is the subject of Topic 3 in Council's feedback template and as with Topic 5, the template doesn't seem to indicate what the cost to the community is if ORC doesn't raise fares.

The NZTA respects and acknowledges ORC's right to determine the public transport fares that will apply in its region, but strongly submit that, as ORC proposes, it adjust its adult Bee card fare for 2025/26 to \$2.50 and thereafter, annually review the base fare level in accordance with RPTP Policy FP6.

As Council is aware, the last adult fare change to the Queenstown bus fare occurred in November 2017 (the introduction of the \$2 fare in place of the former commercial services higher fares), while Council reduced the adult fare in Dunedin in September 2020 to \$2.00.

While a 25% increase sounds high, it equates to an additional \$0.50 (which may be a lot for some customers). However, since the introduction of the \$2.00 fares, Queenstown contract costs have increased due to inflation by nearly 26% and for Dunedin, nearly 21% (see Appendix 1).

If that inflationary increase had been applied to the Queenstown \$2 fare through time, the fare would now be about what Council is proposing - \$2.57 and for Dunedin, \$2.44 (see Appendix 1). It would also have meant smaller annual increases for customers and at the same time, Council would have collected additional annual revenue making the system more financially sustainable to both ratepayers and taxpayers.

4. Queenstown

The Council's Queenstown Public Transport Business Case reasonably assumed at the time that Queenstown Arterials stages 2 and 3 would be completed and that would deliver reliability and efficiency outcomes for the future operation of buses in the Queenstown town centre.

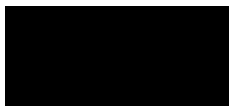
It now appears that may not be the case. If so, this likely means that the business case-assumed outcomes relating to efficiency and reliability through the town centre will not be realized and could therefore have an adverse impact on the Council's proposed bus frequencies, vehicle sizes (noting the proposal to move to articulated buses) and routes.

The NZTA suggest that if ORC intends to increase bus frequencies at the rate currently planned, it would be prudent for Council to test the original business case assumptions still apply and if they don't, investigate alternative town centre-routing and circulation options. That would enable Council to protect those alternatives if necessary.

5. Other Matters

Appendix 2 – Other Matters provides NZTA feedback on other matters relating to the Draft RPTP.

Yours sincerely



Ian Duncan

Acting Director Regional Relationships, West Coast/Canterbury/Otago/Southland

Appendix 1 - Indexation

Quarter ending	NZTA diesel bus public transport		Escalation Rates	
	National diesel bus Index	Rest of NZ diesel bus index	National bus quarterly	National bus year on year
Weights				
Dec'17	1179		2.15%	3.16%
Dec'18	1231	1231	1.42%	4.44%
Dec'19	1252	1251	0.82%	1.72%
Sep'20	1234	1233	1.02%	-0.66%
Dec'20	1236	1235	0.19%	-1.28%
Sep'21	1295	1294	1.89%	4.97%
Dec'21	1323	1322	2.16%	7.04%
Sep'22	1425	1424	0.92%	10.04%
Dec'22	1435	1434	0.70%	8.47%
Sep'23	1486	1485	5.39%	4.28%
Dec'23	1505	1504	1.28%	4.88%
Sep'24	1505		0.07%	1.28%
Dec'24	1512		0.47%	0.47%

Table 1: NZTA diesel bus public transport index

Note - the cells highlighted above in yellow reflect the annual increase for Queenstown and the cells in green, Dunedin.

	Queenstown		Dunedin	
	Index movement	Adult Fare	Index movement	Adult Fare
2017/18				
2018/19	4.44%	\$2.09		
2019/20	1.72%	\$2.12		
2020/21	-1.28%	\$2.10		
2021/22	7.04%	\$2.25	4.97%	\$2.10
2022/23	8.47%	\$2.44	10.04%	\$2.31
2023/24	4.88%	\$2.55	4.28%	\$2.41
2024/25	0.47%	\$2.57	1.28%	\$2.44

Table 2: Demonstration of the application of indexation to the \$2 fare

Appendix 2 – Other Matters

Topic/Section	Document location (Page #, paragraph)	Feedback
Any overall feedback		
	General comment	The Plan is looking really good. Well done to all involved in its development.
	Introduction	It would be helpful to have some information about growth projections and demographic factors that support the policies and actions.
	General feedback on draft	Climate change and resilience are key strategic issues as identified in the introduction, but it's not clear how that feeds through to the proposed actions and policies? There is material on p.101 in Table 11 that says that this RPTP supports resilience by promoting public transport in well-functioning urban environments that are sustainable and resilient in alignment with the Regional Policy Statement but if there's scope, it would be worthwhile discussing how climate change and projected climate risks will impact PT service and design.
Topic 1: Are we focusing on the right things in the plan?		
	pg 12, 1.4	This section should be amended to reflect the following (especially that NZTA has a role to oversee PT nationally and how significant NZTA's investment is): The NZTA is required to contribute to an efficient, effective and safe land transport system in the public interest (section 95 (1) (a), Land Transport Management Act 2003 [LTMA]). Our functions include: •overseeing the planning, operation, implementation, and delivery of public transport (including issuing guidelines for regional public transport plans; section 95 (1) (i), LTMA); and •managing funding of the land transport system (section 95 (1) (j), LTMA). In this regard, NZTA is the largest single investor in public transport in Otago alongside its partner Council; ORC. In the 2024/27 period, ORC will rate its community \$58.2m to invest in public transport and in partnership, NZTA will co-invest about \$60m.
Topic 3: Should we increase our passenger fares?		
		Yes. See cover letter.
Topic 5: Should we keep our free fares for children (5-12 years)?		
		No. See cover letter.
Part 2: Focus Area 1: Passenger Experience		
	pg 21, 2.1, PI A6	Support providing open access public transport data, but is that at odds with the statement that it is "reasonably priced"?
	pg 21, 2.1, PI A7	Fully support.
	pg 22, 2.2	Emphasise the importance of driver safety and working conditions, including how ORC may want to use driver fund to support driver safety and working conditions.
	pg 23, 2.3, CS P3	Is it desirable for skis, snowboards and foldable bikes to be carried on to buses? How will they be safely stored? While the policy says the passenger is responsible, could Council (and operator) as the PCBU be liable in the event of an on-bus mishap?
	pg 23, 2.3, Footnote 3	Delete the second sentence as this issue has been resolved.
	pg 24, 2.3, CS A1	Fully support.
	pg 24, 2.3, CS A4	Support the policy but suggest the inclusion of the words "(of NZTA standard)" are superfluous (the survey is a requirement of the NZTA Procurement Manual) and may limit Council undertaking a more comprehensive survey.
	pg 27, 2.6, Case study	Use of the phrase "financially viable for ORC" suggests that the fare revenue generated covers the costs of the additional services. If not, remove the reference.
	pg 28, 2.6, SE A1	Fully support. A good way of increasing third-party revenue.
	pg 28, 2.6, SE A2	Do not support providing public financial assistance to support events. Major events should be paying ORC to put on extra event services, or paying ORC so that eventgoers get free PT, not the other way around.

Topic/Section	Document location (Page #, paragraph)	Feedback
Part 2: Focus Area 1: Passenger Experience		
	pg 30, 2.7, SQ A4	Link this policy back to driver fund; will ORC avail of this to improve driver safety, e.g. live CCTV?
	pg 32, 2.7, VQ P2	Note that some of the 'additional' stuff is already in the RUB - e.g. bike racks and driver screens, so not additional per se. On bike racks, would also recommend adherence to latest NZTA industry alerts.
	pg 32, 2.7, VQ P2	Given the RPTP also prioritises value for money, ORC should be careful that additional requirements beyond the RUB do not detract from VfM. I.e. are additional requirements are actually necessary?
	pg 33, Total Mobility	The RPTP guidelines require the RPTP to "as a minimum ... include policies specifying:
	pg 34, 2.8, Table 2, ORC interpretation	Oppose the interpretation that "steps 2 and 4 will be interpreted in light of a person's ability to board a kneeling bus from ground that is the same height as the ground under the bus." The current ORC interpretation seems to assess the ability of a customer to step up in to a bus (which RUB Requires to have a flat floor), making no allowance that buses have front entry ramps that can be extended to footpaths. It also means anyone in a wheelchair is automatically eligible for TM. The RUB requires vehicles to have sufficient ground clearance to permit the body of the vehicle to pass over a Kassel kerb without making contact with the kerb (these kerbs are 180mm high above the road) and the kneel height at the front door is to be between 245–280mm. At most therefore, a customer would be required to step up 100mm if no ramp was deployed.
	pg 35, 2.8, Examples	The funding splits shown in the examples are wrong, generally over-stating the local share contribution.
	pg 36, 2.8, TM A4	Instead of ORC paying assessment agencies to retain their services, can agencies be encouraged to charge applicants an assessment fee?
	pg 36, 2.8, TM A5	Suggest ORC should look at its fare cap not just from the perspective of it being a barriers, but also how ORC can make the scheme more financially sustainable.
	pg 38, 2.8, Case study	While the NZTA Innovation Fund helped fund this service start, there was no ongoing operational funding, which meant this service did not last (to the best of our knowledge). This highlights the need for such services to have ongoing volunteer and Council support.
Part 2: Focus Area 2: Build Trust		
	pg 40, 3.1, Equity principle 3	Is disinvestment the correct word as opposed to "under-investment" or "a lack of investment"? Disinvestment suggests there has been a withdrawal or reduction of an investment (which isn't the case).
	pg 41, 3.1, Case study	It is correct that in the 2024/27 NLTP round, NZTA did not approve co-investment to support a trial bus service within Ōamaru. However, that does not prevent ORC funding the full cost through 100% local share and the rationale for why it doesn't should be included.
	pg 41, 3.1, Case study	What is the rationale for to trial a bus service between Ōamaru and Dunedin, especially given the centres are currently connected by exempt commercial services?
	pg 42, 3.2	Fully support the aspiration especially given NZTA's statutory roles to oversee the planning, operation, implementation, and delivery of public transport and managing funding of the land transport system. As noted in the cover letter, NZTA is the largest single investor in public transport in Otago so that open and honest dialogue between each can only assist in ensuring public transport decisions are informed.
	pg 43, 3.3	As above.
	pg 43, 3.3	Given academic institutions are mentioned, there should be an action here to explore opportunities for commercial sponsorship of fares for staff and students to boost third party revenue.
	pg 44, Partner agencies	In recent years, ORC, DCC and NZTA have successfully collaborated to deliver significant improvements around Dunedin, such as Mosgiel Express services and improved Mosgiel peak services.

Topic/Section	Document location (Page #, paragraph)	Feedback
Part 2: Focus Area 3: Environmental sustainability		
	Pg 46, LU A1	Support the policy.
	Pg 46, LU A2	Support the policy.
	pg 47, 4.2	Air quality improvement is cited as a reason for decarbonisation. Is there evidence that shows air quality from public transport vehicles is a problem in Dunedin and/or Queenstown?
	pg 48, DC P1	Support Council trying to achieve a 100% decarbonised fleet by 2035 (in alignment with the existing govt aspirational target), but it should ensure that functional diesel buses are not retired prematurely as there will be embedded carbon costs from their premature scrapping.
	pg 48, DC A1	As above.
Part 2: Focus Area 4: A Connected and Integrated Network		
	pg 49, 5.1	Fully support ORC's prioritisation of patronage-oriented network.
	pg 52, SD P4	This policy may not meet the requirements of the RPTP Guidelines which state: "Where a PTA provides, or intends to provide, on-demand public transport services, it must include objectives and policies within its regional public transport plan that: <ul style="list-style-type: none"> • outline the use cases for which a PTA may deploy on-demand public transport • the accessibility standards that will apply to the scheme and vehicles utilised within the scheme • signal how on-demand public transport schemes may be adjusted in response to changing customer demand to promote good customer experience. This may include replacing the service or adjusting: <ul style="list-style-type: none"> - fares and payment methods - operating catchment - operating mode - hours of operation - eligibility to utilise the service" (section 4.2.8).
	pg 53, 5.2	This is a great use of the NZTA network descriptors.
	pg 60, 10-30 years	Suggest remove "speculative" and replace with "(subject to funding and further study)". The services shown for "Next 10 years" are as speculative as what is shown for 10-30 years and/or Dunedin and Queenstown.
	pg 63, 3-6 years	While this section is about network aspirations, the 3-6 year period coincides with contract renewal and the Frankton and Stanley Street PT infrastructure is likely to be in place (and should be mentioned). The Plan also currently reads like the service improvements are more or less incremental when the next contract service uplift in this period is likely to be a significant step up from what is currently provided (and given some more emphasis as that will have significant flow on implications, e.g. increased cost, etc).
	pg 64, 6-30 years	Didn't the ORC PT Business case discount a ferry to Homestead Bay?
	pg 66, 10-30 years	Suggest remove "speculative" and replace with "(subject to funding and further study)". The services shown for "Next 10 years" are as speculative as what is shown for 10-30 years and/or shown for Queenstown.
	pg 67, Exempt services	The RPTP Guidelines state that "PTAs <u>should</u> make exempt service registers publicly accessible on their website." The register didn't seem to be on Council's website.
	p.71 - Multi-Modal access	It might be useful to call out specifically the goal of improving first and final leg facilities and connections to and from PT.
	pg 71, MM A4	Given policy MM A3, why is it Council's role to provide cycle parking (which has historically been a TA/RCA role)? Surely the provision of cycle parking is addressed by the previous policy.
	pg 72, 5.4	Great introductory level descriptions of different types of infrastructure but there is insufficient detail about the current and desired future state of infrastructure needed to support services. Compare with ECAN's latest draft RPTP, where there was a useful diagram/maps needed to support planned services of: <ul style="list-style-type: none"> •Future bus lanes •Depot locations •Bus layover facilities, etc.

Topic/Section	Document location (Page #, paragraph)	Feedback
Part 2: Focus Area 5: Value for Money		
	pg 81, 6.1, Central government funding	The Plan should reference that NZTA is the largest single investor in public transport in Otago. In the 2024/27 period, ORC will rate its community \$58.2m to invest in public transport and land transport planning and in partnership, NZTA will co-invest in excess of \$60m in Otago's public transport.
	pg 82, Figure 13	Replace "Grants" with "NLTF/Crown". This will be more transparent and make it clear to the reader where the funding actually comes from.
	pg 83, 6.1, Funding actions	Will ORC work with DCC to remove current District Plan / by-law restrictions on bus shelter advertising? And then establish some revenue sharing model?
	pg 85, 6.2, F P3	Oppose 100% concession for 5-12 years
	pg 85, 6.2, F P5	Suggest adding another bullet as follows: * understands the NLTP funding implications with respect to whether or not NZTA is agreeable to fund its share. While it's Council's role to determine the fares that apply in its region, it shouldn't assume NZTA is willing to fund a new fare concession. Including the bullet above would provide Council with that clarity.
	pg 85, 6.2, F P6	Fully support annual fare level reviews, including base fare level being adjusted with inflation.
	pg 85, 6.2, F P6	Good to see the RPTP providing sound reasoning for not implementing free fares. It should also be noted that NZTA does not support free fares.
	pg 88, 6.3, PA A1	Council to note that a transition may require some approvals from NZTA where the transition will be contrary to the Procurement Manual rules, etc.
	pg 89, 6.4, WS P2	Note that there's also the wage buffer requirement in the new indexation requirements from NZTA.
Part 3: Implementation and Monitoring		
	pg 93, table 10	Patronage and mode share should have more precise (quantifiable) targets to enhance transparency. For example, the current proposed metric could be achieved by an annual boarding increase in Queenstown of a single trip, whereas in the same period the population has increased and when the annual boarding is then converted to trips per capita for example, it will actually equate to a decrease on the year before.
	pg 93, table 10	Fully support the transparency on service KPIs in contracts and ORC being transparent that abatements will apply where issues are within operators control.
	pg 93, table 10	Given the focus on fares and VfM in this RPTPs - maybe ORC could consider KPIs related to, among other things: •average fare •Private share % •Cost per service km?
	p. 93	For the mode share indicator, their data source is the census and HTS - it might be worth looking also at the annual Attitudes and Perceptions of Cycling and Walking survey that NZTA releases, as it captures information about Dunedin (although ORC might already be aware of this).
Part 3: Appendices		
	p.106-7, Table 12	Urban form also impacts resilience - maybe this could be mentioned somewhere in this appendix somewhere?
	p 110-111, Appendix G	The table of units (current and future) looks good and provides transparency.
	p 123, Appendix H	The table of units looks good and provides transparency.
	p 124, Appendix I	Given the importance the Government attaches to private share, NZTA submits that ORC's private share targets should be brought up into the main body of the RPTP, e.g. in Section 6, where there's an action to actively increase private share.
	pg 126, Passenger fares	The Plan states "this leaves little room for us to increase fares." No evidence is produced to support this claim, especially given operating costs have increased in excess of 20% since the implementation of \$2 fares in the region. Similarly, the comparison of bus trip versus car trip is erroneous given the cost of car parking (which is a real cost to most car commuters), etc, is not included. Delete the section or recraft to remove the bias/inaccuracies.