

Report 17.269
Date 2 August 2017
File IFT-10-180

Committee Sustainable Transport Committee
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Public Transport fares review - consultation

1. Purpose

To propose a variation to the Regional Public Transport Plan (PT Plan) and associated package of fare initiatives for public consultation. The summary of the fare initiatives for public consultation is set out in the document *Better Metlink Fares* (refer **Attachment 1**). The variation is set out in **Attachment 2**.

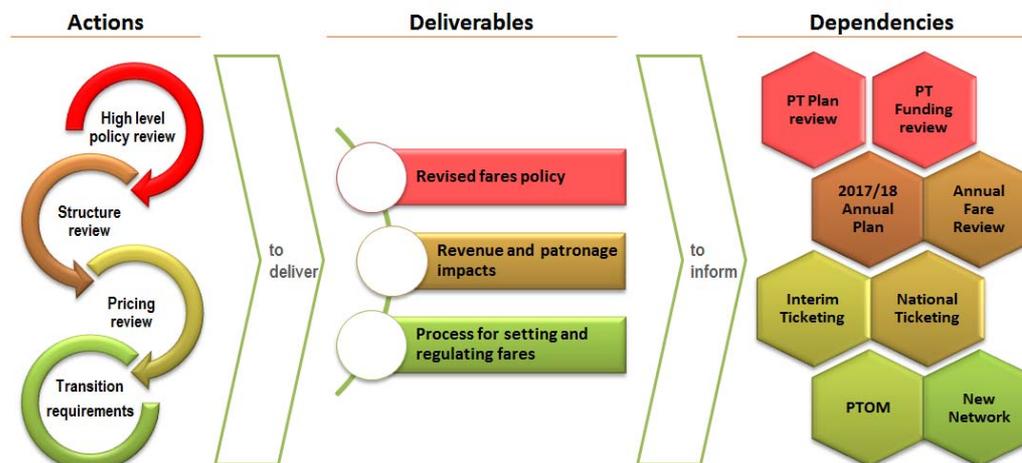
2. Background

2.1 Public Transport Fares review

At its meeting of 29 June 2016, Council resolved to undertake a review of public transport fares (the review).

The review was undertaken to re-examine the high-level policy for fares set out in the PT Plan, including fare structure, fare pricing, transfers between vehicles, operators and modes, and policies on concessions, including new initiatives such as a tertiary student concession. It also considered options for rationalising fares in preparation for new ticketing systems and options (including fare or rate increases) to fund specific fare initiatives.

The following diagram illustrates the broad scope of the review and the dependencies with other key public transport related work streams.



Key stakeholders were consulted and a reference group was established in the early stages of the review to test ideas and guide the process. The process involved a detailed long list and short list evaluation against the following review objectives:

1. To provide a simple and easy to understand fares regime for customers
2. To promote fairness and affordability for customers and funding partners
3. To implement a fares and ticketing system that attracts and retains customers
4. To support integration of the public transport network and the transition to Integrated Fares and Ticketing.

A series of councillor workshops were held with councillors over the New Year to present findings of the review and to seek direction on what (if any) fare initiatives or fare increases should be included in the 2017/18 draft Annual Plan consultation document. As a result, the draft Annual Plan consultation document did not propose changes to fares over the 2017/18 year, but signalled an intention to bring in a package of fare initiatives in mid-2018 to align with the new bus contracts and the extension of Snapper as an interim bus ticketing system.

While no changes were proposed for the 2017/18 Annual Plan, significant feedback was received supporting the introduction of a tertiary discount. This is discussed later in the report.

At its meeting of 9 May 2017 (Report 17.123), the Committee agreed to finalise the package of initiatives and for public consultation during August/September 2017. This report sets out that proposed package of initiatives and consultation plan.

3. Proposed changes to fares and products

The following is a summary of the proposed changes to fares and products for consultation. Further detailed on the reasons and customer impacts of these changes is provided in Appendix D of **Attachment 1**.

It is important to note that these proposals are for public consultation purposes. The final package of fares initiatives will be confirmed following public hearings.

- **3 per cent fare increase**

A 3 per cent fare increase is proposed to come into effect from July 2018. The increase will be the first since 2013.

- **Free bus transfers**

This will apply to customers who use Snapper and tag on within 30 minutes of tagging off their previous bus. Customers must resume their journey at the same place where they tagged off their earlier bus.

- **25 per cent off-peak discount**

This discount will apply to adults using Snapper or 10-trip rail passes. Off-peak fares apply between 9am and 3pm and after 6.30pm weekdays and all day weekends and public holidays (the same periods defined by the Government for SuperGold hours).

For bus customers, off-peak fares will apply automatically. For rail customers, a new 10-trip ticket will be available specifically for use in off-peak periods only. Regular 10-trip tickets will be valid for use at all times.

The off-peak discount will not apply to child or other discounted fares, to ferries or to after-midnight service

- **25 per cent discount for full-time tertiary students**

This discount will be available to full-time tertiary students using Snapper or a new 10-trip concession rail ticket. It will be valid at all times and will apply to adult fares. The discount is 25 per cent off the adult Snapper fare (equal to a 50 per cent discount on cash).

Students will have to register for the concession. Their Snapper card will then automatically apply the discount. Students travelling by train will get a new 10-trip concession ticket. We will work with tertiary institutions and the rail operator Transdev to work out the best way to register Snapper cards and administer 10-trip concession tickets.

A tertiary discount is currently available on ferries. We propose to reduce that discount to align it with discounts on buses and trains.

- **25 per cent discount for blind or disabled customers**

As with the tertiary student discount, this will be valid at all times. Customers must be blind or permanently disabled. They must also use Snapper or a new rail 10-trip concession ticket. The discount is 25 per cent off the adult Snapper fare (equal to a 50 per cent discount on cash). Carers who must accompany such customers will also receive the discount.

Blind and disabled customers will have to register for the concession. We propose using existing registration processes, such as the Total Mobility scheme (which includes IHC) and membership eligibility for the Blind Foundation. Their Snapper card will then automatically apply the discount. If travelling by train, the customer can buy a new 10-trip concession ticket after registering. We are working on the best way to register Snapper cards and administer 10-trip concession tickets.

- **50 per cent discount for all school children**

All school children will receive this discount, whether using a child Snapper or paying cash. The change will reduce fares for those travelling shorter distances (1 to 5 zones). Those travelling longer distances (6 to 14 zones) already receive a 50 per cent discount.

- **25 per cent premium for all cash fares**

Our current policy is to apply a 25 per cent premium when paying with cash (on the Snapper fare). Cash fares are rounded up to the nearest 50 cents. The current policy is not applied to zone 1, so the change will extend the premium to this zone.

- **Free bus connections to trains when using a rail monthly pass**

We currently offer free bus connections for Kapiti and Wairarapa rail monthly passes for travel to and from Wellington Station. We propose extending this to monthly passes for Porirua, Tawa, Johnsonville and the Hutt Valley.

Monthly pass holders can only use buses within the zones covered by their monthly pass. For example, a customer with a zone 5 monthly pass cannot board a zone 6 bus to reach a zone 5 train station. He or she would need a zone 6 monthly pass. Free connections are not available at the Wellington City end of journeys.

- **Move Porirua zone boundary north**

The plan is to move the Porirua zone boundary northwards so that zone 5 includes Titahi Bay, Waitangirua, Ascot Park and most of Papakowhai. The boundary will pass

through Paremata Station (which will be in both zones 5 and 6), north of bus stops at 17 Tirowhanga Road and 51 Omapere Street.

- **Align ferry fares with the wider fare structure**

The ferry provides a premium service between Eastbourne, Seatoun and the city. Ferry fares have smaller subsidy and are set differently from rail and bus. Fares will continue to reflect this premium service but we propose adjusting them to align with our wider fare structure.

The commercial nature of the ferry contract means that we will work with the ferry operator to develop the final package of fares following consultation on these changes.

- **Metlink Explorer day pass, replacing other day passes**

A new Metlink Explorer day pass will replace all other day passes. It will allow unlimited travel on all buses and trains, starting at 9am on weekdays and all day on weekends and public holidays. In addition, one child accompanying the pass holder may travel for free.

The cost of the day pass will depend on where you are travelling. It will cost \$10 for unlimited travel within zones 1 to 3; \$15 for unlimited travel within zones 1 to 7; \$20 for unlimited travel within zones 1 to 10; and \$25 for unlimited travel within zones 1 to 14.

- **Discontinue school term passes**

School term passes are proposed to be discontinued.

Bus and rail school passes currently vary in their rules and discounts, and are not available in all parts of the region. Their use is low (less than 1 per cent of all trips in the case of trains), and they are difficult to administer. Discontinuing them will help simplify fares in preparation for new networks and integrated ticketing. Convenient and affordable alternatives are available, especially for bus travel with Snapper. For rail, school children will need to use monthly passes and 10-trip tickets and prices will increase for some.

- **Discontinue 30-day bus passes**

30-day bus passes are proposed to be discontinued. Free bus transfers will provide cheaper fares for most passengers who currently need to transfer.

- **Discontinue return rail event tickets**

Return rail tickets to special events are proposed to be discontinued. Instead, customers will be able to buy a Metlink Explorer day pass for return travel, or buy a single-trip ticket out of Wellington on event days.

- **Allocate Ngauranga Station into zone 3**

We propose allocating Ngauranga Station to zone 3 to fix a historical anomaly where the station is in zone 1 but adjacent bus stops are in zone 3.

Future changes

Future changes already set out in the PT Plan but reliant on integrated ticketing include:

- Free transfers between all modes.
- Day and week fare caps. A fare cap is where the total fare paid for a selected period of travel is capped at a set amount. Fare caps will replace all period passes such as day and monthly passes.

4. Impact of new fares

The following table shows the impact of the new fares in key market segments. This shows that just under half of existing passengers will have an increase in fares and 28 per cent a reduction in fares. There will be no change in fares for the remaining 24% of passengers. The table does not account for free bus transfers, the Porirua Boundary change or free regional bus connections, all of which will provide a further reduction in fares.

Market Segment	Percent of existing passenger boardings experiencing:			Total
	No change in fares	Reduction in fares	Increase in fares	
Cash Adult Peak	1%	-	4%	6%
Cash Adult Off-peak	1%	-	6%	8%
Cash Child	4%	-	0%	4%
Cash total	6%	-	11%	17%
Prepaid Adult Peak	-	-	21%	21%
Prepaid Adult Off-peak	-	15%	0%	15%
Prepaid Child	-	7%	3%	10%
Prepaid Concession	-	4%	-	4%
Prepaid total	-	27%	24%	51%
Pass Month Adult	0%	-	13%	13%
Pass Month Child	0%	1%	1%	2%
Month pass total	1%	1%	14%	15%
Pass Day	2%	-	-	2%
Other	15%	-	-	15%
Other total	17%	-	-	17%
Grand total	24%	28%	48%	100%

5. Funding for new fares

The proposed changes will reduce fares for almost 30% of passengers. The combined cost of concessions and fare product changes is estimated to be \$7.5 million.

The cost of these changes can be funded from three sources - fare revenue increases, GWRC rates and a subsidy from the NZ Transport Agency.

A three per cent fare increase is proposed. The fare increase (if approved) will be the first increase since 2013 and is expected to recoup about \$2.5 million of revenue. The fare increase, combined with discounts we plan to introduce, will mean the increase is largely confined to adult Snapper and rail 10-trip fares, and the rail monthly pass.

But even with the patronage increase from improved fares, the combined changes leave a shortfall of about \$5 million of revenue. Any shortfall would need to be funded by GWRC ratepayers and through a subsidy from the NZ Transport Agency. Officers have engaged the NZ Transport Agency on the proposed fares changes and will continue to work with the agency on the funding package as part of the National Land Transport Funding process.

Having a shortfall is not unexpected – the 2015 Long Term Plan included funding for fare initiatives in 2017 but this was deferred to align with new bus contracts and the extension of Snapper ticketing to all buses in the region.

The amount of the funding shortfall and impact on “farebox recovery” also depends on changes in public transport costs. These changes and any other changes in fare revenue

will be considered as part of the next long term plan and may require further increases in fares.

Policy status	Fare policy initiative	Revenue impact (\$m)	Patronage impact (%)
Committed (required for PTOM bus)	Free transfers same mode	-2.4	0.4%
Current policy in PT Plan	25% cash premium	0.3	-0.6%
	50% child discount	-0.7	1.0%
	25% off-peak discount	-3.1	2.6%
	-Adult -Tertiary -Disabled	-2.8 -0.3 -0.02	
Revision needed in PT Plan	25% peak concession	-0.8	0.2%
	-Tertiary	-0.7	
	-Disabled	-0.1	
Transition changes	Porirua boundary adjustment	-0.4	0.2%
	Rail monthly passes to include regional bus travel	-0.4	0.9%
Total		-7.5	4.6%

6. Timing for new fares

The exact timing of the changes is yet to be determined.

Some changes, such as the free bus transfers, need to be in place for the new Wellington City bus network. Some changes, such as the tertiary discount and blind/disabled discount require the PT Plan to be varied.

Other changes may need to be phased to manage transition and to allow implementation systems to be developed with operators, ticketing systems and partner organisations. For example, the off-peak and tertiary discounts require considerable changes to the tickets on rail. New systems to set up and administer the tertiary discount may take some time to establish.

An implementation plan setting out the phasing of the proposed changes will be provided when the final package is approved.

7. Variation to the PT Plan

The PT Plan sets out the fares and ticketing policies and actions for the region. The majority of fare initiatives in the consultation document are either in-line with existing policies in the PT Plan or implementation actions described in the PT Plan.

The proposal to introduce a targeted concession for tertiary students and blind and disabled passengers is the only area that is inconsistent with the existing PT Plan policy. A variation is required for the following policy changes:

- New concession fares policy

- New policy to encourage more frequent use of public transport, more off-peak travel and greater use of electronic ticketing.

The changes trigger the PT Plan significance policy due to the *changes having a moderate impact on a large number of residents*¹. The approach to vary the PT Plan therefore triggers the need to follow Council’s Special Consultative Procedure and as part of this, prepare a Statement of Proposal as the basis for consultation.

A proposed variation setting out the nature of changes, options analysis and proposed variation is set out in **Attachment 2** to this report. This meets the requirements for the statement of proposal in accordance with section 87 of the Local Government Act 2002.

The Special Consultative Procedure also allows for a summary document to be prepared for more accessible consultation. The consultation document *Better Metlink Fares* at **Attachment 1** is proposed as the main public facing consultation document.

The significance of the variation triggers the consultation requirements in Section 125 of the Land Transport Management Act 2003 – requiring pre-consultation with statutory stakeholders (including territorial authorities and operators) and the Regional Transport Committee. Statutory stakeholders were formally written to and consulted on the PT Fares Review from August last year. Written responses were received from the Ministry of Education and Kapiti Coast District Council. Meetings were also held with operators, Wellington City Council officers and some councillors, and more recently, the New Zealand Transport Agency and the tertiary education sector chief executives.

8. Timetable and approach to consultation

The timetable and approach to public consultation is summarised in the following table.

As the Special Consultative Procedure is being used, formal hearings will be held, proposed for early October 2017. The Sustainable Transport Committee, as a committee of the whole, is proposed to hear submissions.

Month 2017	Tasks
August, September	<ul style="list-style-type: none"> • consultation package approved by STC (8 August) • public notice in papers • public consultation goes live 14 August (5 weeks proposed) • summary submissions prepared and made available to public in late September
October	<ul style="list-style-type: none"> • public hearings in early October • submitters informed of the outcomes from the hearing • final package of proposals adopted by Council • Implementation plan finalised

¹ Excerpt from PT Plan significance policy in section 6.1 of the PT Plan

December	<ul style="list-style-type: none"> transition to implementation begins
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No public meetings are planned, but officers will be available to attend any community meetings if requested.

The following table summarises the audiences and general approach to engagement.

Group	Description	General approach to engagement
PT customers	People who currently use public interest or who might use public transport in future	Promotion of consultation and opportunity to submit on the consultation package. Media/Website to inform of implications.
Ratepayers' associations	Known ratepayers' associations	Email advising of consultation and seeking submissions. Attending meetings on request.
Community	Others not included in previous groups.	Broadcast approach. Media/Website to inform of implications.
Statutory stakeholders (eg. TAs, NZTA, MoE, Mot)	Agencies and partners with an interest in public transport fares	Email/ letter advising of consultation and seeking submissions. Full information provided. Attending meetings on request.
PT operators	Bus, rail and ferry operators responsible for providing contracted services.	Email/ letter advising of consultation and seeking submissions. Full information provided.
PT Fares Review Reference Group	Provided direct input into options analysis	Email/ letter advising of consultation and seeking submissions. Full information provided.
PT advocacy groups (eg. Gen Zero, PT Voice)	Groups that are particularly interested in PT but are not statutory stakeholders	Email/ letter advising of consultation and seeking submission. Attending meetings on request.
Other stakeholders/ interest groups (eg. Tertiary students, blind, disabled groups)	These are groups/ people that are interested in transport (e.g. RLTP/ RPTP stakeholders) but are not considered to be particularly interested in fares policy.	Email/ letter advising of consultation and seeking submissions. Attending meetings on request. Broadcast approach. Media/Website to inform of implications.

9. Communications

A communications plan has been developed to guide messaging and the communications for consultation.

Consultation on the fares package is expected to gather significant interest from public transport users, the media and the wider community. A broadcast promotion is intended to ensure as many people as possible are aware of the consultation, and that all consultation material has a focus on ensuring clarity and understanding of the proposal.

The approach is around running a robust and accessible consultation process where the community has the opportunity to provide its input. This will include presenting the complex fare changes in a digestible format for public feedback via the consultation document *Better Metlink Fares* (refer **Attachment 1**).

The following will be used to promote the consultation to the identified audiences:

- Media releases and briefings
- Press adverts
- Posters on public transport
- Hard copy publications available at community facilities and on request
- Email and direct communication to stakeholders
- Consultation Website - <http://haveyoursay.gw.govt.nz/fares-consultation>
- Websites – GWRC Metlink
- Social Media – GWRC Facebook, Metlink twitter, GWRC Neighbourly.

10. Consideration of Climate Change

The matters requiring decision in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

10.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Fare initiatives are designed to increase public transport patronage which can contribute to an overall reduction in gross regional greenhouse gas emissions by reducing the number of trips made in private vehicles.

10.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers recommend that climate change impacts have no direct relevance to the matters addressed by this paper.

11. The decision-making process and significance

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

11.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. While the topic of fares is of considerable interest to the Committee and the public, the paper sets out a consultation process to inform future decision-making. No decisions on fares are proposed in this paper.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

11.2 Engagement

In accordance with the Significance and Engagement Policy, officers have determined that the appropriate level of engagement is ‘consulting’.

12. Recommendations

That the Committee

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Adopts the proposed variation set out at Attachment 2 to this report for the purposes of consultation in accordance with section 87 of the Local Government Act 2002.*
4. *Approves the summary consultation document ‘Better Metlink Fares’ as set out in Attachment 1 to this report as the basis for public engagement.*
5. *Delegates to the Committee Chair the ability to make editorial changes to the summary consultation document and proposed variation set out in Attachments 1 and 2.*
6. *Agrees to a five week submission period, proposed from 14 August to 18 September 2017.*
7. *Agrees that this Committee will hear and consider submissions and other feedback on the fares package and recommend the final proposals to the Council for adoption.*
8. *Notes that officers have engaged the NZ Transport Agency on the proposed fares changes and will continue to work with the agency on the funding as part of the National Land Transport Funding process.*

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Report approved by:

Wayne Hastie
General Manager, Public Transport

Attachment 1: *Better Metlink Fares* consultation document

Attachment 2: Proposed variation to the fares policies of the Wellington Region Public Transport Plan 2014 (variation 3)