

Report 06.102
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Committee Passenger Transport
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Metlink bus and train fares

1. Purpose

To approve for consultation the Metlink bus and train fares proposed for implementation later in 2006.

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002. However, the Council is seeking the views of the public through consultation on the Long-term Council Community Plan and the consultation proposed in this report. These views can be taken into account before a final decision is made.

3. Background

3.1 Rail Fare Increase

On 8 February 2006 the Policy, Finance and Strategy Committee adopted a report which included a proposal that train fares will increase by 15% in the next financial year.

The decision to increase train fares means that we are now looking to implement our newly-developed policy position (embodied in the draft Regional Passenger Transport Plan) which is to put in place a single zonal fare structure for all Metlink bus and train services.

3.2 Timing of Fare Changes

Opportunities for implementing major changes to fare structures are limited and are best timed to coincide with general fare increases, especially when, as now, there is likely to be a high level of acceptance of the need to increase fares (mainly because fuel costs are known to have risen steeply for public transport operators as well as for private motorists, but also because Tranz Metro and Stagecoach Wellington fares have not changed for some years).

It will not be possible to implement the fare changes on 1 July 2006 because there will be insufficient time for Tranz Metro and the bus operators to make the necessary changes (to ticket stocks, etc) after the Council makes its decisions on submissions to the LTCCP at the beginning of June.

We are therefore aiming for 1 August if possible, but in practice it may not be possible to implement the changes until the closest Monday to 1 September.

Most rail fares will not increase by exactly 15%, for two reasons in particular. The first is that it has been Tranz Metro's preference for some years that all train fares are priced in multiples of 50 cents. This is mainly for ease of cash handling; our rail system is extremely unusual in that cash fares are still able to be purchased from on-board train staff.

The other reason is that there are some differences between the current de facto fare boundaries on Tranz Metro's network and the new Metlink fare zone boundaries, which means that for some stations the fare change will be zero and at others will be substantially more than 15%. Most will change by between 13 and 20%.

The proposed percentage changes to rail fares from Wellington to each station in the Tranz Metro network are shown in **Attachment 5**.

3.3 Previous Reports and Committee Decisions

Attachment 1 is Reports 03.311 (Fares Structure) and 04.51 (Fares Review Update) and their attachments, including a Powerpoint summary of the feedback from the 2003 fares consultation which is discussed in more detail below.

Note that the Committee resolved, on 17 July 2003, "*that the new standard fare structure be applied to rail services as soon as practicable*" and, on 30 March 2004, "*that all fares be reviewed in two years time*".

3.4 Draft Regional Passenger Transport Plan (Section 6.12 - Fares and Ticketing)

The Council's current policy position with respect to fares was developed last year as part of the draft Regional Passenger Transport Plan (Section 6.12 - Fares and Ticketing), albeit subject to community consultation.

The draft Plan was adopted by the Passenger Transport Committee on 29 November 2005 and received by the Regional Land Transport Committee on 8 December 2005. See **Attachment 2** for the relevant extract¹. The Plan as a whole requires further work before it is released for public consultation, and the work programme for that will be the subject of a report to the next meeting of the Committee on 25 May.

¹ Incorporating a correction to the first table under the heading Term passes for train travel. The column headed "Per trip assuming 100 school days per term" should read "Per trip assuming 50 school days per term".

Therefore the focus of this report is to draw councillors' attention to some of the details which are likely to be most contentious when the new fares are released for public comment in the next few weeks.

Firstly, what is now proposed differs slightly from what is in the draft RPTP, as a result of further consideration by officers and discussion with operators. In particular:

- The standard fare for 4 zones, and the concession fare for 1, 2 and 3 zones are different from those shown in the draft RPTP.
- Kenepuru Hospital and Station are now fully in Zone 5.
- The boundaries between Zones 5 and 6 in Porirua have been altered. Titahi Bay, Ascot Park and Waitangirua are now in Zone 6.
- The boundaries between Zones 9 and 10 on the Kapiti Coast have been altered. Raumati South, Raumati Beach, Paraparaumu Beach and Otaihanga are now in Zone 10.
- In the Hutt Valley the boundary between Zones 4 and 5 will be Waterloo for trains and Epuni for buses.

3.5 Fares consultation in 2003

Some councillors will recall that we consulted on fares in 2003. We received 1714 submissions of which 982 (57%) responded positively to the question "Do you support the proposed simplified fare system?". This positive response was particularly encouraging given that 894 respondents (52%) of the respondents calculated that their fare would increase under that scenario.

The 2003 consultation brochure is **Attachment 4**.

3.6 Fare Changes 1990 - 2005

The fares proposed in the 2003 consultation brochure, with some minor changes to the fare boundaries, were implemented across Kapiti Coast, Porirua and Hutt Valley bus services during the 2003/04 financial year.

There has been only one general fare increase in Stagecoach Wellington fares since 1990, and that was in 2000. However, there were some fare changes in 2005 which affected the number of fare sections on the Khandallah route and adjustments to the three and five section child fares.

Train fares were last increased in 2002.

4. Proposed 2006 fare changes

4.1 Overall purpose

In broad terms we have reached agreement with the region's public transport operators that the purpose of the proposed changes to the fare structure will be to create fares which are:

- Fair
- Consistent
- Simple and easy to understand and use
- Revenue positive, especially for the rail system
- Able to be used as a firm basis for straightforward fare movements on a regular basis in the future
- Able to be implemented in the short-term with existing ticketing technology
- Compatible with the long-term vision for integrated fares and ticketing signalled in the draft Regional Passenger Transport Plan.

4.2 Proposal

Subject to (1) the Committee's favourable response to this report, (2) a community consultation process, and (3) the findings of the revenue modelling exercise being carried out for GWRC by Saha International, it is proposed:

1. That a single fare structure will be implemented for all bus and train services in the region as soon as possible after 1 July 2006, in the following order:
 - i Train fare changes
 - ii Bus fare changes, on the same day as the train fare changes or as soon as possible thereafter.
 - iii Universal concession fares for young people and seniors as soon as funding is agreed and suitable arrangements are made for ID.
2. That there will be 14 Metlink fare zones, as shown on the maps in the draft "Fare go!" consultation brochure, subject to discussions with individual operators about the precise locations of particular zone boundaries.
3. That fares will be based on the number of zones travelled through (ie, the same basis as bus fares are currently calculated using sections) except that each zone will be counted only once on journeys which travel back into a zone already travelled through (eg, on Wellington City through routes which start and end in Zone 3 having travelled through Zones 2 and 1).
4. That two groups of passengers will be eligible for concession fare travel:
 - Young people until 31 December of the year in which they turn 18
 - Seniors aged 65+, except before 9:00am on weekdays
5. That the base fare structure will be:

No. of Zones Standard Cash

City Centre	\$1.00
1	\$1.50
2	\$2.50
3	\$3.50
4	\$4.00
5	\$4.50
6	\$6.00
7	\$7.00
8	\$8.00
9	\$9.00
10	\$10.00
11	\$11.00
12	\$12.00
13	\$13.00
14	\$14.00

6. That single child fares, and concession fares when they are introduced for young people and older people, will be priced at half the equivalent standard fare, rounded up to the next multiple of 50 cents.
7. That each operator will continue to offer either:
 - a 10-trip ticket which is priced at 8 times the price of the cash fare for the same number of zones, or:
 - smartcards giving a 20% discount on the cash fare for the same number of zones.
8. That the City Centre fare will be available for bus journeys which start and finish in the following three areas:
 - Between Wellington Station and Courtenay Place
 - Between Porirua Station and Whitireia Polytechnic
9. That the beneficiary fare for Wellington City residents (currently available on Stagecoach services only) will be phased out.
10. That Stagecoach Wellington Pensioner and Beneficiary Permits no longer be issued after 30 June 2006.
11. That there will be no concession available to beneficiaries aged 19 to 64 from the date when the new older persons' fare is introduced, except for existing Stagecoach Wellington Pensioner Permit holders aged 60 – 64 on services operated by Stagecoach Wellington.
12. That the remaining free travel benefits provided by Stagecoach Wellington, for which there is no specific funding, are likely to be withdrawn or phased out by the company.

13. That fares on the Flyer service (which is not contracted by GWRC) will be restructured to use the same fare zones (ie, continuing to charge premium fares, but using the same fare boundaries).
14. That Tranz Metro monthly tickets continue to be priced at 3 times the price of a 10-trip ticket.
15. That Tranz Metro will continue to offer Adult Offpeak fares for journeys of 2 zones or more, priced at 75% of the normal cash fare, rounded down to the next multiple of 50 cents.
16. That Tranz Metro will continue to offer a range of School Term Tickets for school students, with prices being increased progressively over time until they are priced in line with Child Monthly tickets.
17. That the full range of single operator and multi-operator monthly, daily and weekend passes and tickets will continue to be available, although their prices may change in line with the overall movement in fares.
18. That operators and GWRC will work together to develop a strategy for expanding the range of integrated Metlink fare products once the zonal fare structure has been put in place.

4.3 Why zonal fares?

Zonal fares were introduced in many European cities at least as long ago as the 1960s, and have since been developed and extended to cover larger and larger communities of interest. In the Netherlands for example, one system of fare zones covers the entire country. Zonal fare systems have been in place in one form or another in some of the Australian state capitals for nearly thirty years; the latest system to be implemented was in South East Queensland where 23 fare zones now cover the 200 kilometres between the Sunshine Coast, Brisbane and the Gold Coast.

The most obvious benefit is that it is much easier to explain how fares work to new and infrequent users when a consistent set of fare boundaries is in place for all public transport, regardless of the number of modes and operators. The fare zones can be shown on route maps, network diagrams and on signage at bus stops and train stations.

The number and size of fare zones (which determines the size of the fare increments) is inevitably a compromise between what might be ideal in an economic sense and what is perceived to be fair and reasonable relative to the status quo.

An important principle in determining the boundaries for the Porirua, Kapiti Coast and Hutt Valley fare sections and the proposed new fare zones has been that, wherever possible, they encompass whole suburbs or localities, in contrast to the traditional bus fare section boundaries which tended to be in the centre of a suburb.

The main rationale for this change is to reduce the causes of confusion between bus drivers and their passengers. Whereas it used to be, for instance, that a passenger travelling from central Lower Hutt to Stokes Valley or Wainuiomata would pay a 3, 4 or 5 section fare depending on which stop in that suburb he or she was travelling to (often requiring a discussion with the driver), now the fare to each of those suburbs is the same because the entire suburb is within the same fare section.

The same concept was implemented in Khandallah early last year when we increased fares (by adding an extra section) as part of our negotiation with Stagecoach over the price of a new contract for Khandallah services. However there was some dissatisfaction expressed by people who said that the new fare section boundary was “in the middle of nowhere” (ie, half way up Ngaio Gorge), based on the expectation that section boundaries should be at a prominent location which they could walk or drive to in order to save a section and pay a lower fare.

4.4 What the new fares and fare zones mean

Since the 2003 consultation, substantial further work has been done to devise a fare schedule which would better suit the longer distances on the rail system while still working for bus routes. Hence we are now proposing zones with fares in roughly \$1.00 increments, in contrast to the 2003 scheme which was focussed on bus fares and had fares in 50 cent increments.

In very general terms, the new Metlink fare zones will:

1. Formalise the fare zones which already underlay the rail fare structure but which are not “visible” to the travelling public. For example, on the Paraparaumu line there are currently seven fare steps from Wellington and that will not change except for the location of some fare boundaries.
2. Introduce a coarser fare structure for buses. In many cases, two current fare sections will become one new fare zone. The impact will be greatest in Wellington City because there has not been the rationalisation of fare boundaries that has already occurred in other parts of the region. In Wellington, routes with four and five sections currently will pass through three new zones. The biggest impacts will be on short one-section journeys which will now involve crossing a fare zone boundary, putting the adult cash fare up from \$1.00 to \$2.50. This is discussed in detail in section 4.6 below.

Fares will be calculated on the basis of the number of zones travelled through, in exactly the same way as bus fare sections have always been calculated. Passengers will pay for the zone in which they begin their journey and for every boundary they cross. Another way of calculating the number of zones is, to quote the Translink (South East Queensland) fare brochure, “subtract the lowest zone you will be travelling in from the highest zone, then add one – this formula calculates the correct number of zones you will be using.” Thus a passenger starting a journey in Porirua (Zone 5) and travelling to Paraparaumu (Zone 9) is making a 5 zone journey.

Some zone boundaries will be at bus stops or train stations but many will be between stops or stations.

4.5 Why some fares will go up and others will go down

As councillors will recall from the rationalisation of Hutt Valley bus fares in October 2003, and Porirua and Kapiti Coast bus fares in April 2004, there are winners and losers whenever fare boundaries are changed.

Some fare boundaries are very much a compromise around the need to protect revenues against what might be the most rational solution. This particularly affects the boundary between zones 5 and 6 in Porirua and the Hutt Valley, and also zones 9 and 10 on the Kapiti Coast.

However, more fares will increase than will reduce or stay the same, given the need to increase fare revenue in order to maintain an appropriate balance between farepayers', taxpayers' and ratepayers' contributions to the overall cost of public transport.

Attachments 5 and 6 show in various formats the impact of the proposed fare changes on all train fares from Wellington, and on selected Wellington City bus routes.

4.6 Short Journeys

In the case of short journeys which will cross a fare boundary where none existed before, the fare increase will appear to be extreme when considered in percentage terms. This is most likely to attract adverse comment in Wellington City where the boundary between zones 1 and 2 will generally be situated mid-way along the current second section from the CBD. Passengers currently travelling only one section across this boundary will now be travelling two zones, which increases their cash fare \$1.00 to \$2.50. This affects, for example people travelling from Courtenay Place to Hataitai Village or Wellington Hospital. In strictly percentage terms these passengers will face a 150% increase in their fare.

However:

- Wellington's bus fares have a very low shortest-distance fare, which exaggerates the impact of this fare boundary change (ie, if the one section fare was already \$1.50, the percentage increase would be 67% instead of 150%).
- At least a proportion of passengers making the journeys quoted above will be walking past their nearest bus stop in order to save on their fare. Therefore the revenue they are trying to avoid will now be captured.
- These journeys are at the maximum load point for Wellington City bus services. These are the places where we are most likely to get complaints about passengers being left behind. The cost of providing extra capacity to cater for these short journeys is very high because of the low yield (fare)

per passenger and therefore it may be no bad thing to discourage some short distance peak period patronage in these particular areas to the benefit of longer distance passengers who are more likely to be using the bus as an alternative to driving, thus reducing congestion.

4.7 What the new fare zones do not mean

These new fares do not introduce integrated fares or integrated ticketing, but they are nonetheless an important step in that direction.

The current project is about standardising the fares paid for individual legs of a journey, but stops short of the “whole of journey” fares which Integrated Fares would provide. However, the establishment of universal fare zones will considerably simplify the implementation of Integrated Fares and Ticketing in the future.

4.8 Concession Fares

The following is an extract from the Draft Regional Passenger Transport Plan:

GWRC is working with operators to standardise concession fares (50% discount) for the following groups of passengers:

- *Young people from the age of 5 until 31 December in the year in which they turn 18 (or until their 19th birthday, whichever is operationally more workable).*
- *Seniors (defined as people who are eligible to receive New Zealand Superannuation)*

GWRC will introduce a standardised Metlink-branded photo ID card for young people, and possibly also for seniors².

GWRC expects that these measures will be introduced from 1 July 2006.

The existing Beneficiary Fare for Wellington City residents will be phased out. No new Beneficiary Permits will be issued after 30 June 2006. There will be no concession available to beneficiaries aged 19 to 64 from 1 July 2006, except that the Senior Fare will continue to be available to existing Beneficiary Fare Permit holders aged 60 – 64, only on services operated by Stagecoach Wellington.

What are now known as the Stagecoach Wellington Pensioner Permit and Beneficiary Permit were originally introduced by Wellington City Council when it owned and operated the city’s main bus service. Permits are able to be applied for at Wellington City Council’s Civic Square, Newtown, Kilbirnie and Johnsonville service centres, but otherwise Wellington City Council has no involvement.

² This will depend on the format and timing of the Government’s proposed Senior’s Card.

The pensioners and beneficiaries who would no longer be eligible for the Concession fare in the future would be Wellington City residents who are aged 60 to 64 or who are receiving domestic purposes, widow's and invalid's benefits. Note that current Pensioner Permit holders in the 60 to 64 year age group would continue to be eligible for concession fares but only on Stagecoach Wellington services – this transitional provision would lapse within 5 years as the affected individuals turn 65. Note also that there are a number of beneficiary categories (those receiving unemployment and sickness benefits, for example) which do not currently qualify for the Wellington City concession fare.

Stagecoach continues to offer free travel to blind people, war pensioners and disabled soldiers. We understand that Stagecoach is considering withdrawing these benefits, for which it receives no specific funding. This move would conform with the desire to have a common concession fare scheme across the region.

4.9 School Term Tickets – Tranz Metro

Tranz Metro has been for some time suggesting to us that their School Term Tickets should be withdrawn because their yield per passenger per trip is extraordinarily low.

The issue is discussed in the draft Regional Passenger Transport Plan (6.12.3) as follows:

The existing term passes for train travel are unrealistically low [in price], given that fewer train carriages would be required in the fleet if young people were not travelling to and from school by train at peak times. Tranz Metro has signalled its intention to withdraw term passes. This Plan proposes instead that term passes should be phased out over a five-year period so that parents who have made school choices based on the current fares are not unduly disadvantaged. Transitional term pass prices will be calculated according to the zones³ travelled through.

Term passes for train travel

Current school term pass prices

	Term Pass price	Per trip assuming 50 school days per term
Up to and including 7 kilometres (Wellington to Simla Crescent)	\$55.00	\$0.55
Over 7 kilometres up to and including 25 kilometres (Wellington to Plimmerton or Manor Park)	\$90.00	\$0.90
26 kilometres and over (Wellington to Paraparaumu or Masterton)	\$110.00	\$1.10

³ Refer to map of proposed fare zones, Appendix 3

Since adopting the draft words above, councillors have indicated that their preference is to retain School Term Tickets for their convenience, but to increase their prices over time to the point where, pro rata, they are priced at the same level as the concession monthly fare (which are priced at 24 times the single concession fare for the same journey).

Ideally the School Term Tickets will also, over time, become zone-based in line with all other fares. We are currently discussing with Tranz Metro various options for Stage 1 of this transition.

4.10 Metlink ID card

At the Committee's last meeting, councillors expressed some concerns about the necessity for a new form of ID for people wishing to take advantage of concession fares.

A progress report on the Metlink ID card is the subject of a separate report to the Committee.

4.11 Revenue Modelling

We have engaged Saha International, a Wellington-based consultancy with experience in fare revenue modelling in a number of Australian cities, to model the impacts of the proposed changes so that we can be confident that they will raise the required extra revenue, especially on the rail system. We would hope to have that work completed in time to report back to the 25 May meeting of the Committee.

4.12 Understandings with operators

Officers have been working with Metlink operators on the proposed fare changes outlined in this report. General agreement has been reached subject to the consultations and revenue modelling.

5. Budget

Costs associated with the fare change project (mostly relating to communication and consultation) will be met from the budget for integrated fares and ticketing.

6. Communication & Consultation

6.1 "Fare go!" consultation brochure

Up to date zone maps and fare tables are shown in the draft "Fare go!" consultation brochure (**Attachment 3**).

The brochure will be the principal means of consultation on the fares elements of the RPTP (subsections 6.12.1 to 6.12.4). Therefore councillors will need to consider the draft carefully so that they are confident it will capture the

feedback needed to make the appropriate decisions before implementing the fare changes.

The brochure will be advertised on buses and trains and at stops and stations and widely distributed through timetable outlets. It will be distributed in mid-April with responses sought by 19 May. The next formal opportunity for the Committee to consider the feedback will be at the meeting on 12 July.

Once final decisions have been made, a major communications campaign will be carried out to ensure that public transport users will know about the new fares and fare zones in advance of their implementation.

7. Recommendations

That the Committee:

1. **Adopts** the Metlink bus and train fare zone maps and fare tables shown in the “Fare go!” brochure for the purpose of consultation.
2. **Approves** the “Fare go!” brochure for distribution seeking feedback on the proposed new fare zones and fare structure.
3. **Notes** that the proposed 15% increase in rail fares is subject to consultation as part of the Long-term Council Community Plan.
4. **Notes** that the fare proposals are based on those contained within the draft Regional Passenger Transport Plan.
5. **Agrees** that final decisions on Metlink bus and train fare zones and fares will take into account:
 - a. Decisions of the Council on the Long-term Council Community Plan in relation to the proposed 15% increase in rail fares
 - b. The results of the public consultation on the proposals
 - c. The results of the modelling of fare revenue
 - d. The views of Metlink operators
6. **Thanks** the Metlink operators for their willingness to support the fares project.

Report prepared by:

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Attachment 1: Reports 03.311 and 04.51

Attachment 2: Draft Regional Passenger Transport Plan (Section 6.12 – Fares and Ticketing)

Attachment 3: Draft “Fare go!” consultation brochure

Attachment 4: 2003 consultation brochure, “One region – one set of bus fares”

Attachment 5: Proposed rail fares from Wellington by line

Attachment 6: Examples of Bus Fare Changes