

Report 14.630  
Date 26 November 2014  
File TD/11/01/02

Committee Council  
Author Annika Lane, Project Manager, Integrated Fares and Ticketing

## Integrated Fares and Ticketing Programme - update

### 1. Purpose

The purpose of this report is to update Council on progress with the Integrated Fares and Ticketing (IFT) programme.

### 2. Background

Improving the fares and ticketing system is the next significant element in the modernisation of Wellington's public transport system.

An integrated fares and ticketing system will provide a single and consistent fare structure across the region using smart technology for all travel on buses, trains and harbour ferries. Customers will be able to connect from one service or mode to another without paying any additional transfer fees.

Work has now started on the investigation phase of integrated fares and ticketing programme. This provides a timely opportunity to report to Council on the IFT programme, its key phases of work, and progress to date on the investigation phase.

### 3. Strategic context

At the national level, the strategic context for improving fares and ticketing is provided by the Government Policy Statement on Land Transport Funding (GPS)2012/13 - 2021/22<sup>1</sup>, which places strong emphasis on the development of public transport to "reduce congestion and to help unlock the potential of our cities".

Improving the effectiveness of public transport is one of the New Zealand Transport Agency's (NZTA) five strategic priorities for giving effect to the GPS, and using smarter technology is one of the six strategic objectives that will contribute to this. The objective of using smarter technology is to provide

---

<sup>1</sup> A new GPS is currently being developed but in respect of public transport is likely to be similar to the current version

information and to positively reshape the experience of public transport for customers and suppliers.

Integrated fares and ticketing and other innovative technology will significantly improve customers' experience of public transport through convenience, consistency and coordination of services. The much richer information derived from integrated ticketing will also enable more integrated networks and services to be developed and operated.

At the regional level, the strategic context is set by two key documents:

- the Wellington Regional Land Transport Strategy 2010-2040<sup>2</sup>, which provides the strategic direction and framework for development of the region's land transport system
- the Wellington Regional Public Transport Plan 2014, which sets the direction for public transport and gives effect to the Wellington Regional Land Transport Strategy.

In addition to these strategic drivers, community views and surveys consistently express a strong interest in being able to use a single payment system for all modes of public transport.

These national, regional and community drivers underpin NZTA's National Integrated Ticketing Programme, which is one of the key deliverables for NZTA to achieve the strategic priority of improving the effectiveness of public transport.

#### **4. Transforming the delivery of public transport**

The GWRC IFT programme, together with the implementation of the Public Transport Operating Model (PTOM) and other key public transport projects, are key change initiatives that will transform the delivery of public transport services in the Wellington region, and shape the future of these services. These projects are a catalyst for business transformation within GWRC which will eventually own all fare revenue for services on the Metlink network and assume region-wide responsibility for revenue protection. Change initiatives include:

- New bus network in Wellington City
- New vehicles replacing trolley buses
- Fares and ticketing (including policy)
- Branding and customer experience
- Tendering process
- Statistics (ability to measure patronage)
- Process, operational and technology requirements for IFT
- Revenue ownership (GWRC).

---

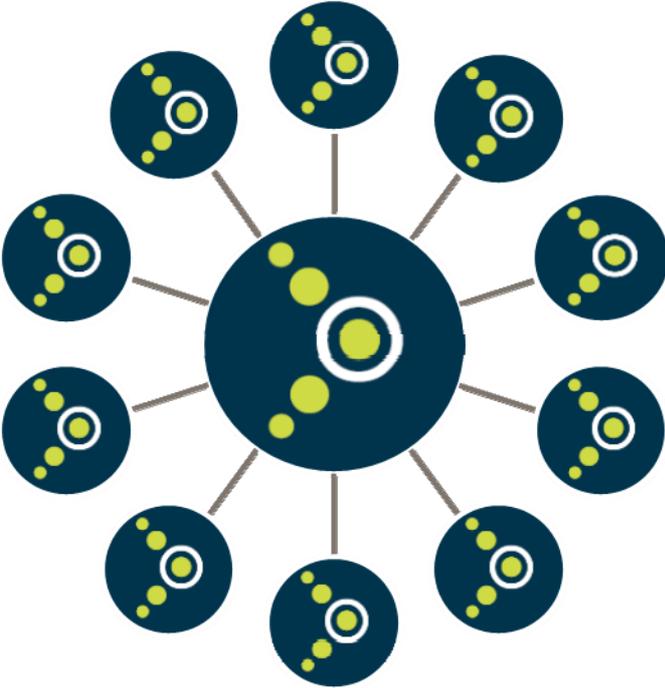
<sup>2</sup> The WRLTS is about to be replaced by the Regional Land Transport Plan, which is currently in development

**Our current customer experience**



As depicted in the above diagram, which shows the variety of brands and services, Wellington region’s public transport experience from the customer’s perspective is complicated. There is duplication of information, resources and systems and also confusion for customers on where to find public transport information. Currently each operator can choose to use different methods to communicate, some have specific fare products and there are different methods of paying fares (e.g. Snapper, Mana Smart Card, online ticket purchasing).

**Our future customer experience**

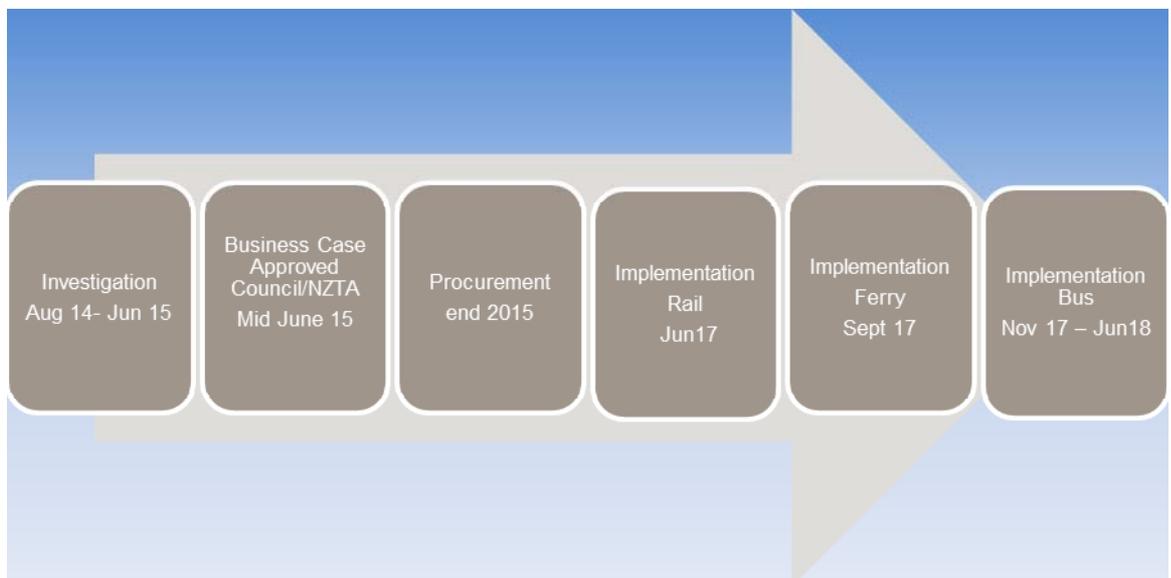


The customer advantage of integrated fares and ticketing is that there is one payment type that can be used across the entire network which also provides consistent ways to find public transport information.

Integration will achieve the connection with customers envisaged in the RPTP through providing a seamless and consistent customer experience across the whole network. Metlink (or another brand if Council so chooses) will be the visual identity for the region's public transport network, operators will be contracted to provide public transport services and regardless of what service, mode or operator, customers will receive a consistent experience before, during and after their journey.

## 5. The IFT programme

The following diagram sets out the key milestones proposed for the IFT programme.



The multi-year IFT programme involves three general phases:

- Investigation and Business Case
- Specifications and Procurement
- Implementation

### Phase 1 - Investigation

The investigation phase develops the system to the extent that costs, benefits and other matters can be included in a business case. The business case establishes whether or not there is sufficient benefit from the scheme for it to proceed to the next stage of the programme. The business transformation impact on GWRC will also be more understood.

The preparation of a business case is an NZTA requirement when seeking any NZTA funding, and the preparation of the business case must follow NZTA

guidelines. The business case will be presented to both the NZTA Board and Council for approval in mid-2015.

## **Phase 2 – Specifications and procurement**

The second phase of the IFT programme develops detailed specifications of the required system, and then the procurement of the system. The tender for the procurement of the system and its on-going maintenance and operation is expected to be released at the end of 2015, with a contract with the selected system provider let in early 2016.

## **Phase 3 – Implementation**

The system is proposed to be built and installed in the following 12 months. The phased implementation of the new system is scheduled to commence in mid-2017 (initially on rail), with the full system running by mid-2018.

The Wellington IFT programme follows on from the introduction of a similar programme in Auckland. Although work began on integrated ticketing in Auckland over eight years ago, the roll-out of the Auckland system did not begin until 2012. The system was launched in May 2014. Implementation of the Auckland system seems to have been successful, although there are significant lessons to be learned, these are discussed later in this report. We waited until the Auckland system was implemented before commencing GRWC's IFT programme of work.

The Auckland system has an NZTA-owned processing centre and NZTA expect Wellington to use the same processing centre. Other regional councils, which have grouped together with the aim of introducing a uniform integrated ticketing system in the smaller cities in New Zealand, will also use the NZTA processing centre.

### **5.1 IFT costs and benefits**

IFT projects generally deliver benefits in terms of:

- Increased ease of use of the system which leads to increased passenger numbers (and reduced traffic congestion)
- Increased knowledge of passenger journey patterns thus allowing better route and timetable planning
- Reduced fraud through less fare evasion
- Operating savings from more efficient services.

Under the new contracts issued through PTOM, data derived from integrated ticketing will also be used for contract compliance, monitoring and enforcement. This will enable a much higher level of service quality, value for money and operational responsiveness in public transport.

Funding of \$955,000 for the investigation phase has been included in Council and NZTA budgets for this financial year.

The approved business case will clarify costs of introducing IFT. The capital costs could be circa \$50m (spread over four years starting in 2016, and mostly for equipment on buses, and on railway platforms). The on-going annual operational costs are estimated at about \$5m. All the costs are in the working draft of the GWRC Long Term Plan and NZTA budgets. These figures will be reviewed as the project develops and the system requirements become known. NZTA is funding approximately 50% of the costs of the programme.

## **5.2 Progress to date**

The investigation phase of the programme began in August 2014, following adoption of the Regional Public Transport Plan (which contains policies around ticketing and fares).

Work to date includes:

- Appointment of an investigation phase Project Manager
- A review of the Auckland system to ascertain what lessons that can be learned from Auckland
- A completed Project Management Plan
- Establishing a governance structure, involving staff from GWRC as well as NZTA
- A completed Planning Report which sets out the specific tasks to be completed
- Setting up work streams and allocating staff to the project

Project work-streams include:

- Operating services and support
- Fares & ticketing structure
- Stakeholder engagement & communications
- Customer experience and retail services
- Network capacity and device quantities
- Assessment of technology options (including electronic ticketing)
- Financial systems
- Areas specific to PTOM bus, rail and ferry contracts

## **5.3 Learning from Auckland**

One of the first tasks was to review the development and introduction of IFT in Auckland. One of the lessons learned from this exercise was that we should wherever possible use GWRC staff rather than consultants to work on the IFT programme to ensure the knowledge obtained from designing and implementing the system is retained within GWRC. We are endeavouring to do this, although it has placed pressure on existing workloads.

Wherever possible and appropriate, we are following and learning from the Auckland experience. Several GWRC staff have visited Auckland to talk to Auckland Transport staff and see its system in operation.

## 5.4 Resources

We are endeavouring to undertake most of the work on the IFT project using GWRC staff, with some assistance from consultants. In order to alleviate the extra pressures on staff we are using some temporary part-time contractors to undertake the business-as-usual work. That is likely to be an on-going requirement, and is being managed within the IFT budget.

The later stages of the programme, particularly the development of the detailed technical specifications, will require specialist advice beyond the scope of GWRC staff.

Longer-term, the operation of the new system will require dedicated operating staff.

## 6. Integration with other public transport projects

As previously noted, there are several major public transport projects currently underway, including the IFT programme, and all are closely inter-related. The projects include:

- Introducing the new tendered and non-tendered PTOM-based contracts for rail, bus and ferry
- The re-design of the Wellington bus network
- The replacement of the trolley buses

These projects are all connected and inter-related. For example, the new bus network must be introduced at the same time as the new PTOM contracts commence (because of the major changes involved), and the trolley bus replacement, due at the end of the current trolley contract in mid-2017, must also coincide with the new bus contracts (to simplify the change). An integrated system is needed for the new bus network – especially for transferring passengers and to avoid passengers being required to pay more for their trips than they do now.

A timetable, setting out the key dates for the integrated introduction of all the major projects is at **Attachment 1**.

The timetable shows the new rail contract being tendered in early 2015; the contract being awarded in late 2015, and the new rail service commencing on 1 July 2016. Integrated ticketing is scheduled to be introduced on rail in mid-2017.

The new bus contracts will be tendered from late 2015 (the tendering of these contracts will be phased over several months); contracts will be awarded from early 2016; and the new services will commence from mid-2017. The trolley bus replacements will commence as part of the new contracts commencing on 1 Jul 2017. The new Wellington bus network will be introduced as part of the new contracts commencing from mid-2017. Integrated ticketing will start on buses from late 2017.

Because the new bus services will be introduced before the IFT system has been completed, we will need to develop an interim ticketing system with an

integrated fare for the new bus network. This will ensure passengers are able to transfer between buses (which will be a feature of the new network) without any fare penalty.

## **7. Next Steps**

The next steps in the investigation phase involve completion of the various work-streams leading to the preparation of the business case. Once the business case is approved, the system will be further developed in readiness for the tender.

## **8. Communication**

Regular up-dates on the progress of the project will be provided to Council. A stakeholder management and communications plan is currently being drafted.

## **9. The decision-making progress and significance.**

No decision is being sought in this report.

## **10. Recommendations**

*That the Council:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

**Annika Lane**  
Project Manager, IFT

Report approved by:

**Paul Kos**  
Manager, Projects and  
Planning

Report approved by:

**Wayne Hastie**  
General Manager, Public  
Transport

**Attachment 1:** Major Projects timetable