

27 January 2023

File Ref: OIAP-7-26898

Tēnā koe [REDACTED]

Request for information 2022-243

I refer to your request for information dated 10 December 2022, which was received by Greater Wellington Regional Council (Greater Wellington) on 10 December 2022. You have requested the following information in relation to the default fare charged on Snapper users who fail to successfully tag on or off for Metlink train journeys:

"[...] does the \$10 fare reflect the Government's half price fare model? Are you claiming an additional \$10 in subsidies every time you arbitrarily impose it? If not, then why not? If so, then will it double to \$20 in early February?"

Greater Wellington's response follows:

Background

We appreciate your concerns regarding application of the \$10.00 default fare and apologise for any inconvenience this may have caused.

The need for a fixed default fare is due to the current set up of Snapper readers at platforms given that almost all electronic ticketing systems, including Snapper, generally require complete origin and destination information to be able to charge fares.

Under the current set up, a tag-on at a station cannot be conclusively linked with subsequent travel either in a specific direction (unless from a terminal station), on a particular train service, or even potentially on a given train line from stations where multiple options exist. Consequently, the application of a default fare had to be more generic.

The following outlines the pricing approach for the current fixed default fare for rail network:

Options and considerations

The current default fares for rail have been decided taking into account a range of considerations and options. Specifically, the large geographical spread of the Snapper on Rail extension across all

fare zones 4 to 14 made it more challenging to achieve an acceptable compromise with the application of a network-wide single, fixed value default fare.

An alternative would be to either have all the Snapper card readers installed on trains or set variable default fares to reflect the maximum distance that could be travelled on each rail line respectively.

There were some downsides with having card readers on trains that had caused this option to be outweighed by the current configuration. The main drawback was the potential slowing of boardings especially during peak hours that could consequently result in risking the reliability of train services and discomfort for users. Unlike buses where passengers tag on at front door and tag off at the back door, tag on and off at all doors of train carriages would require the alighting or boarding passengers to wait for other passengers to board or alight. It would also mean that all doors needed to be equipped with card readers.

In the case of the current arrangement, since the actual destination is unknown at the time and location of tag-on at railway validator, the default fare for rail lines could only be charged as a pre-set maximum amount for all the lines. Under the currently defined development framework for the Snapper on rail, the default fare is a single configurable parameter that applies to all validators on the rail network and does not allow default fares to vary by line or service.

The range of factors involved in addition to the potential complexity of devising an equitable technology solution at this stage, mean that setting the level of a default fare in this environment would require a compromise between the limited options outlined above, passengers' perception, potential revenue loss and simplicity and transparency of how and when the default fare applied.

The pricing of default fare takes account of the impact on revenue but does not directly relate to the cost of operating services.

Comparison with the current default fares for bus

The fixed default fare is applied on the assumption that the card holder could have travelled as far as possible to do so. This is meant to be consistent with the default fare pricing on buses, where the default fares are the cash equivalent of the Snapper fares for the number of zones between the boarding stop and the last stop of the route.

The main difference between bus and rail is that in the case of trains, the default fare could not be set at variable rate due to the tag on occurring at platforms, as mentioned above.

On the bus network, the number of trips charged with a default fare has been a small portion of all bus journeys. This partly relates to the extra cost of cash compared to the base Snapper fares that provides an incentive to tag-off to avoid the extra charge.

Response to questions:

Does the \$10 fare reflect the Government's half price fare model?

In setting the default fare for rail, we have considered the maximum adult cash fare (which is currently \$9.50 at half-price, as well as its equivalent Snapper fare of \$7.52). The current default fare for rail is also decided considering the current retail price of Snapper card (\$10.00), the minimum card balance required to start a trip and the way the default fares are charged.

In practice the default fares for buses and trains are actually charged to the card at the time of next tag-on, which may be at the start of the following trip. The minimum card balance is currently set at zero dollars meaning that so long as there is no negative balance, the card can be used for tag on.

Considering the current set up, setting default fares higher than the price of Snapper card would likely result in the card holder disposing the card and acquiring a new one. This means that a fixed default fare needed to be set at or below the equivalent value of replacement Snapper card price but high enough to be effective in encouraging tag off specifically for longer distance trips.

Is the current rail default fare subsidised under the government half-price fares?

Default fares are part of the Metlink fare revenue and therefore receive the government funding under the half-price fares scheme.

While the current \$10 network-wide default fare for non-tag-off was initially set at the equivalent retail price of Snapper card, the card price does not receive the Government subsidy under the half-price fares scheme.

Will the current default fare for rail double to \$20 after the end of half-price fares initiative?

The current default fare for rail has been decided with a plan to actively monitor its appropriateness to inform the extent of any future pricing adjustment.

At this stage no decision has been made to change the default fare that will apply once the current Government half-price scheme has ended.

We will continue monitoring the default fares and will consider the points you have raised through the next review of the default fares.

I trust that this letter responds to your concerns.

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā



Tim Shackleton
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PROACTIVE RELEASE