

For Information

NATIONAL TICKETING SOLUTION – INTERIM SOLUTION

Te take mō te pūrongo

Purpose

1. To advise Council of an interim solution for an electronic ticketing solution prior to the implementation of the National Ticketing Solution (NTS).

Te aukati atu i te marea

Exclusion of the public

2. Certain information contained in this report relates to interim ticketing procurement and contracting in the Wellington Region. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations with its ticketing provider for the Metlink public transport network (section 7(2)(i)). Greater Wellington has not been able to identify a public interest favouring disclosure of this information in public proceedings of the meeting that would override the need to withhold the information.

Te tāhū kōrero

Background

3. Electronic ticketing has been provided on buses in the Wellington Region since mid-2018. Ticketing is provided by Snapper under the Interim Bus Ticketing System Agreement (the IBTS Agreement).
4. Rail has continued to use paper tickets pending the introduction of the NTS which was scheduled for implementation in 2021/2022.
5. On 14 November 2021, Greater Wellington initiated a Snapper on Rail trial on the Johnsonville Line to learn from operational and customer experience as part of its transition to NTS. This trial has been very successful – with a Snapper uptake of between 70% - 80% of customers in the first four months.
6. Following advice from Waka Kotahi NZ Transport Agency (Waka Kotahi) in December 2021, we are now aware that the NTS will not be available to implement on the Wellington network until mid-2024 at the earliest.

Interim Solution

7. In recognition of the strong expectation of our communities to have electronic ticketing available across the Metlink network, particularly as we continue to navigate COVID-19, there is an opportunity for Greater Wellington to extend Snapper across the whole Wellington rail network on an interim basis prior to transitioning to the NTS (the Interim Solution). The proposal is that Snapper would be rolled out across the Kāpiti Line by August 2022 and then the entire rail network by December 2022.
8. The Interim Solution would enable the following:
 - a Contactless payment option in a COVID-19 environment. Greater Wellington's only current mechanism to significantly reduce risk during a COVID-19 environment is to remove the requirement to pay on rail therefore increasing revenue leakage
 - b Increased fare revenue through reduction in revenue leakage on rail
 - c Greater and significantly improved data and insights regarding rail usage to increased network planning and efficiency
 - d Meeting community expectations on having electronic ticketing across our bus and rail networks.
9. The Interim Solution would also provide invaluable lessons for the implementation of the NTS, including commencing the important step of culturally transitioning rail customers to electronic ticketing. Other key learnings for a smoother NTS transition include ensuring appropriate location of physical electronic ticketing devices and its retail network, as well as embedding revenue protection strategies.
10. Waka Kotahi senior management has indicated it is supportive of the Interim Solution as a transitional activity to the NTS provided the terms and conditions of any contract with Snapper enable a transition to NTS when it is available. This would result in the costs of the Interim Solution being FAR funded. Waka Kotahi Board approval is expected to be sought at its March 2022 Board meeting.
11. Out of Scope

Timelines and actions required

12. Out of Scope

13. Out of Scope

Implications for implementation of National Ticketing Solution

14. As set out above, the Interim Solution will enable early access to electronic ticketing for the remainder of the Greater Wellington's rail network customers given the delay in the NTS.
15. We are able to use this delay to reduce risks in transitioning to NTS when it is available by starting the cultural shift of rail customers to electronic ticketing. We will also have better passenger flow data to enable us to set up validators and ticketing machines under NTS to better meet our customer and network requirements.
16. The contract with Snapper for the Interim Solution will be set up to ensure Greater Wellington can transition to NTS when it is available.

Ngā hua ahumoni

Financial implications

17. There is currently a provision in the 2021-31 Long Term Plan (LTP) of \$86 million (\$49 million Capex, \$36 million Opex) for the introduction of integrated fares and electronic ticketing over the four year NTS implementation period.
18. The estimated cost for implementing NTS is \$51 million and the estimated incremental cost of implementing the Interim Solution is \$18 million. This means that we will remain within the current LTP provision for implementing both the Interim Solution and NTS.

Note that the \$18 million estimated cost of implementing Snapper on Rail relates to both one off implementation costs of \$8 million plus estimated ongoing ticketing operation costs of \$10 million. These ongoing ticketing operation costs would have needed to be incurred if NTS was introduced earlier.
Of the \$8million one off implementation costs, it is estimated that approximately half relates to infrastructure costs that will not be reincurred for NTS.

19. **Out of Scope**

█ [Redacted]

█ [Redacted]

Te whakatūtakitaki

Engagement

20. **Out of Scope**

Ngā tūāoma e whai ake nei

Next steps

21. **Out of Scope**

█ [Redacted]

Ngā kaiwaitohu
Signatories

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Approver	Scott Gallacher – General Manager, Metlink

Public excluded

**He whakarāpopoto i ngā huritaonga
Summary of considerations**

Fit with Council's roles or Committee's terms of reference

While the subject matter of this report more closely aligns with the purpose of the Transport Committee in its terms of reference (To ...set the operational direction to deliver public transport and mode-shift), the timing of the next Transport Committee meeting (24 March) means that it is appropriate that Council be informed.

Implications for Māori

There are no implications for Māori resulting from this report.

Contribution to Annual Plan / Long term Plan / Other key strategies and policies

This matter is set out in the 2021-31 Long term Plan:

National ticketing solution: We will continue our work from the previous Long Term Plan on the roll-out of a contactless ticketing system through the development and phased implementation of the National Ticketing Solution and integrated fares across the public transport network

Internal consultation

The Metlink Group has consulted Finance and Legal & Procurement.

Risks and impacts: legal / health and safety etc.

Identified risks are set out in the body of this report.