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Integrated Fares: Zones, Price and Products

Recommendations

That the Board:

- i. Receives the report.
- ii. Notes the outcomes from the independent review of the Integrated Fares revenue and patronage model and the proposed product suite.
- iii. Notes the feedback received from the targeted public consultation on indicative fares and structure.
- iv. Approves the proposed zones, fares, products and prices, noting that total modelled farebox revenue is forecast to reduce by approximately \$2.5m which will be funded through current AT Metro budgets.

Executive summary

In accordance with the Board resolution in April 2015, AT Metro has:

- appointed Deloitte to perform an independent review of the Integrated Fares revenue and patronage model and the proposed product suite; and
- sought feedback on the framework for simpler fares through a targeted public consultation on proposed zones and boundaries, indicative pricing ranges and product suite.

A final proposed framework for the implementation of “Simpler Fares” (customer facing communications will lead with “Simpler” rather than “Integrated” Fares) targeted for 31 July 2016 has been developed accounting for the majority of the points raised in Deloitte’s review and public feedback.

Simpler Fares introduces a simpler fare structure and product suite across the three modes that is easy for customers to comprehend.

- Fare calculation will change from the current stage based fare to zone based fare where a zone represents a geographic area.
 - For bus and train services there will be 14 zones radiating on average 10km out from the city zone.
 - Ferry services will be broken into three fare zones based on distance from Downtown Ferry Terminal – Inner, Mid, and Outer Harbour.

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- A single fare schedule will apply to bus and train services. All ferry services will remain as separate point-to-point fares with a targeted single fare level for all services that operate within the same zone.
- The journey concept charges a single fare, when paying with HOP stored value, allowing a customer to travel five legs within a four hour duration on bus and train services without penalties for transfers between services. This enables the fare system to fully support the Metro New Network hub and spoke design which will create more transfers between the two modes. Transfers must be taken within 30 minutes.
- Family offering provides discounted travel to children paying with HOP by capping the journey fare to a one zone fare per journey, regardless of distance travelled, on weekends and public holidays.
- The product suite is substantially rationalised under Simpler Fares by:
 - Replacing two one day passes with a single one day pass
 - Offering a single month pass in place of nine month passes
 - Migrating some products to HOP stored value and promoting HOP stored value with auto top-up as a product.

The customer impacts are:

- Overall 87% of passengers are fare neutral or have a fare decrease and 13% have a fare increase.
- 99% of HOP customers are fare neutral or have a fare decrease. Impacted HOP customers (1%) will experience a fare increase as a result of Mt. Eden Road fare boundary and Manukau North/Manukau South fare boundary – customers may mitigate through driving a short distance to a new boundary.
- Cash premium will increase from at least 25% to at least 33% to incentivise the use of HOP as opposed to cash.
- Significant decrease for HOP long-distance fares.

The revenue impact is targeted as \$2.5m revenue decrease across the Metro system.

Strategic context

The introduction of Simpler Fares meets a number of Regional Public Transport Plan (RPTP) policy objectives per the recent 2015 variation listed below; refer to Attachment 1 for a list of the associated actions tied to each policy.

- *5.1 Implement a fares and ticketing system that supports public transport service integration*
- *5.2 Provide integrated fares and ticketing across all bus, rail, and ferry services*
- *5.3 Introduce a zone-based fare structure, with standard fares across bus and train operators*

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- 5.4 Simplify the range of fare products available
- 5.6 Provide incentives to use integrated tickets

Simpler Fares aligns with the Board's five strategic themes as demonstrated below:

Strategic Themes	Project Alignment
Prioritise rapid, high frequency public transport	Simpler Fares allows for modal interchange focussing on Rapid and High frequency routes
Transform and elevate customer focus and experience	Simpler Fares simplifies the customer fare proposition and offers PT transfer without fare penalty Simpler Fares ensures consistent fares between bus and train travel for the same journey
Build network optimisation and resilience	Simpler Fares enables optimisation of a connected New Network of services due to commence roll-out from October 2016
Ensure sustainable funding model	Simpler Fares have currently been modelled to achieve revenue neutrality and in combination with PTOM contracts allows for clear fare setting outcomes
Develop creative, adaptive, innovative implementation	Changing the interim commercial framework pre-PTOM enables earlier delivery of project and management of risk

Background

In October 2014 the Board:

- Adopted the business case for integrated fares.
- Approved a 2-hour single journey HOP fare (up to 3 individual trips) across bus and rail with daily caps, weekly caps or passes and introduction of neighbourhood fare zones.
- Approved a preferred pricing strategy of 'limit HOP fare increases' subject to identification of the additional opex funding required.
- Noted acceptance of two alternate pricing scenarios ('patronage retention' and 'revenue neutral') based on the level of additional opex funding availability.
- Approved release of integrated fares information for public consultation.
- Noted that detailed pricing will be brought back to the Board prior to implementation.
- Approved commencement of development of integrated fares to achieve implementation by November 2015.

In April 2015 the Board:

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- Approved indicative fare prices for the revenue neutral pricing outcome, noting management will report back to Board early 2016 with proposed fares for launch.
- Approved the product development roadmap including:
 - Stored Value from single leg/trip single fare (with 50c transfer discount) stage based to single journey concept comprising 2-hour travel across up to 3 legs
 - Simplified Day and Monthly passes with single all-zone month pass for bus/train and three consistent inner, mid and outer harbour ferry passes
 - Simplified day pass with single all-zone day pass (includes inner harbour ferries)
 - Review a transition from Day and Monthly passes to fare caps after stabilisation of integrated fares
- Approved targeted consultation on indicative fares and structure in May via the RPTP variation process including:
 - Proposed geographic zones and boundaries
 - Indicative pricing levels
 - Product transition roadmap
- Noted proposed go-live of integrated fares to April 2016.
- Noted an increase in the integrated fares budget from \$6.85M to \$8M.

Issues and options

Public Consultation

As agreed to by the Board in April 2015, the targeted public consultation on proposed indicative fares and structure was included in the RPTP 2015 variation process. The table below captures the main areas of public feedback and AT's response.

Feedback	Comment / changes
Positive feedback on zonal map, and zonal fare ranges, but some schools heavily impacted	<ul style="list-style-type: none"> • Proposed fares are within consulted ranges. • Zone boundary and overlap changes made at 3 zone boundaries mitigate 77% of impacted school children.
A, B or C zone passengers perceived a massive increase (from \$140 to \$200)	<ul style="list-style-type: none"> • A, B or C zone purchasers will use Stored Value – and would need to do more than 43 Journeys per month to spend more than \$140. • This will be highlighted in the marketing communications campaign.

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<p>Orakei – concerns that going from 1 stage to 2 zone under new zonal map</p>	<ul style="list-style-type: none"> • In February 2016 the Annual Fare Review made the Orakei Train Station 2 stages to mitigate impacts with the deployment of Simpler Fares, so now passengers will transition from 2 stages to 2 zone
<p>Lack of integration of ferry into the zonal solution</p>	<ul style="list-style-type: none"> • Technical Proof-of-Concept being done to see if full ferry stored value integration could be achieved using existing capabilities in the ticketing solution. • Exploring opportunities to enable the journey concept to include ferry services to allow passengers to travel for 'free' on other modes in the originating and terminating zones within the allotted journey duration.

Independent Review

Deloitte was commissioned to complete an independent review of the Integrated Fares model's technical correctness, the robustness of key assumptions used, and whether the planned product suite represents value-for-money for passengers and international best practice. The review was conducted in November and December of last year with the final audit report provided to AT Metro in March. The feedback received was positive based on the limited areas that require further consideration and analysis by AT. Refer to Attachment 2 for a summary of the key points from Deloitte's review and AT's approach to address each point in the full report. The full report is available in Board Books Resource Center. Refer to Attachment 3 for details regarding a sensitivity test conducted by AT to ensure the final zone, price and product proposal will meet AT's objectives.

Final Fare Zones

Bus and Rail Services

The final fare zone map consist of 14 zones radiating approximately 10kms from the city centre; see Attachment 4. The Simpler Fares zones represent a neighbourhood and are approximately double the size of an existing stage boundary with the exception of the city zone which is the same size as a single stage. The increase to zone boundaries creates a much greater distance between zones helping to reduce customer impacts; when compared with current stage fare boundaries eight stages equates to approximately five zones.

In response to the feedback received through the public consultation process, AT has modified the fare zones to mitigate more than three quarters of the number of school students impacted by a fare increase by adjusting three fare boundaries and overlaps.

Ferry Services

Ferry services have been divided into three independent zones (referred to as inner harbour, mid harbour, and outer harbour) based on distance travelled from downtown ferry terminal to outer terminals. Refer to Attachment 5 for an illustration of ferry zones and zone classification for the eight contracted ferry services. The introduction of fare zones for ferry services:

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- creates three fare pricing points for the ferry zones;
- enables AT to simplify the fare scheme and provide better integration with the larger public transport integrated fare structure with the capability to group service fares by zone boundary;
- enables improved AT HOP penetration with only 30% of ferry patronage currently on AT HOP; and
- provides operational flexibility to effectively manage access at downtown ferry terminal through the ability to allow multiple services in the same fare domain to operate from a single berth. This mitigates a constraint with the current AFIS ferry solution where a berth at downtown ferry terminal can only support one contracted ferry service, excluding pier one where all services (contracted and exempt) accessing this berth are provided by the same operator.

Final Fare Pricing

Bus and Rail Services

In April 2015, the Board requested to minimise impacts on HOP paying customers while retaining a revenue neutral status and current fare-box recovery ratios. Based on the Integrated Fares model, AT can effectively mitigate 99% of HOP customer impacts with the implementation of a cash fare premium increase to at least 33% for adults and children to meet the Board's directive. The remaining 1% subject to a fare increase greater than 10%. Mitigation to ensure 99% of AT HOP customers have no fare increase or a fare reduction reduces revenue by \$2.5m below total farebox revenue neutral.

The customers that will experience the largest fare increase will transition from one stage to two zone fares under the new zonal structure; the great majority of these customers are Adult HOP passengers that will experience a fare increase from \$1.80 to \$3.25. 65% of these customers are travelling from the city and isthmus zone boundary from a handful of bus stops along Mt. Eden Road; AT expects customers to change their behaviour and move one to two stops in order to maintain a one stage to one zone transition under the new fare structure. 24% of these customers are travelling through the Manukau North and Manukau South zone boundary overlap which is a new fare boundary as a fare stage in this location does not exist today. The approach to include a stage boundary overlap in this area ensures customers travelling from north and south of Manukau can travel to Manukau at a one zone fare.

A single fare schedule will apply to both modes of transport and fares will be calculated based on zones travelled. At launch of Simpler Fares there will be a fare table of up to 8 zones as this is the longest journey that could be completed on the network (from Pukekohe to either Hibiscus Coast or Helensville). Refer to Attachment 6 for the final proposed Simpler Fares fare schedule and impacts by fare level.

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Ferry fares will remain point-to-point and current fare levels will be retained and rationalised at the next fare review for both mid and outer harbour, if ferry cannot be integrated with the initial deployment of Simpler Fares. Under an integrated fare structure, it is proposed that the fares for all ferry services within an independent zone are equal and align with an equivalent bus/rail zone per the below:

- Inner harbour zone fare = three zone bus/rail fare
- Mid harbour zone fare = five zone bus/rail fare
- Outer harbour zone fare = eight zone bus/rail fare

The recent fare changes implemented on 28 February 2016 was a step towards ferry integration by retaining the same fare level for all inner harbour services, bridging the gap between service fares that fall under the mid harbour and outer harbour zones while increasing mid harbour and outer harbour fares closer to the proposed fare levels at that time.

Product Suite

The launch of the new fare system provides AT the opportunity to withdraw operator and service specific products and consolidate the existing products in the market based on customer feedback and customer utilisation. This was also considered as part of the fare change that went into effect on 28 February by way of removing all return tickets on contracted services and increasing current monthly products to align with proposed product prices.

To ensure the transition to the Simpler Fares structure is intuitive and easy for customers to understand AT is proposing a simplified product suite that provides flexibility to expand the initial offering as new functionality is developed or market demand is identified. To meet this objective, AT substantially rationalised the current product suite by mode, refer to Attachment 7 for a diagram that illustrates the transition from current products to new products under Simpler Fares. The below table provides the proposed product suite for the 31 July 2016 deployment.

Product Name	Description	Mode Availability (Bus, Rail, Ferry, All)	Cost
Cash Tickets	Cash tickets available per trip with at least 33% premium to the relevant HOP fare	Bus, Rail	Variable – dependent on distance travelled
Stored Value – Journey concept	Single fare charged for ~5 legs within a 4 hour duration	Bus, Rail*	Variable – dependent on distance travelled
Stored Value	Point to point fares	Ferry	Variable – dependent on distance travelled
Monthly Pass	Available for travel in all zones	Bus, Rail	\$200

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Inner Harbour Monthly Pass	Available for travel on all ferry services within the inner harbour zone**	Ferry	\$145
Mid Harbour Monthly Pass	Available for travel on all ferry services within the mid harbour zone	Ferry	\$250
Outer Harbour Monthly Pass	Available for travel on all ferry services within the outer harbour zone	Ferry	\$300
Daily Pass	Available for travel in all bus/train zones and inner harbour ferry zone**	All	\$18
Family Offering	Children on HOP travel entire journey at a capped one zone fare on weekends and public holidays	All	\$0.99/journey on weekends and public holidays

*Based on the outcomes of the proof of concept, ferry services may be included in this product with the initial rollout of Simpler Fares. NB: Adding ferry services to the journey concept does not have a significant impact on revenue nor the Integrated Fares model, refer to Attachment 8 for supporting data.

**The inclusion of Devonport and Stanley Bay ferry services are subject to the outcomes of commercial negotiations with the exempt service operator.

Targeting ferry fare integration to include inner, mid, and outer ferry fare plus the originating and terminating zones with the proposed inner, mid, outer fare prices. Attachment 8 illustrates that this results in little revenue loss, while providing full stored value integration. This is still under development and is likely to be implemented as a second phase later in 2016 or early 2017.

The weekly cap will provide incentive to use public transport and reward HOP customers for their loyalty by capping the total amount a customer spends on public transport trips/journeys within a given week.

Next steps

The deployment of Simpler Fares will be handled in two back-office phases but one phase for customers that will take effect on 31 July 2016

- Phase 1 - updating the back-end ticketing software (invisible to customers).
- Phase 2 - three weeks later deploying an EOD to implement the new zonal fares (official go-live).

To meet the official go-live the following tasks will need to be completed:

- Testing of the ticketing software.
- Finalisation of the communication plan and communication deployment – targeted for May 2016.

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- Completion of the proof-of-concept to finalise the scope for ferry integration.
- Bus operator negotiations to be completed on revenue and settlement impact (March Board).
- Ferry operator negotiations to be completed for implementation of ferry passes (particularly for exempt services).

Attachments

Attachment Number	Description
1	RPTP Policies aligned with Simpler Fares
2	Deloitte Review Summary
3	Integrated Fares Model Sensitivity Test
4	Simpler Fares Zonal Map – Bus and Train
5	Ferry Fares Zone Map
6	Simpler Fares Fare Schedule and Impacts by Fare Type
7	Product Transition
8	Journey Concept – Ferry Impacts

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Document ownership

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Approved for submission	[REDACTED]	

Glossary

Acronym	Description
AT	Auckland Transport
EOD	Equipment Operating Data (associated with the AIFS ticketing system)
NZTA	New Zealand Transport Agency
RPTP	Regional Public Transport Plan
SOI	Statement of Intent

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Attachment 1 – RTPP Policies aligned with Simpler Fares

Policies	Actions
5.1 Implement a fares and ticketing system that supports public transport service integration	<i>a. Implement an integrated branded fare and ticketing scheme (AT HOP) across all public transport operators, contracted services, and deemed exempt services to allow the use of a single smartcard (or near-field contactless information exchange technology) across train, bus, ferry and light rail services</i>
5.2 Provide integrated fares and ticketing across all bus, rail, and ferry services	<p><i>a. Implement a central fare revenue allocation system that meets the National Integrated Ticketing Standards (NITIS) and the AIFS interoperability specification</i></p> <p><i>b. Require service operators to procure and implement electronic integrated ticketing equipment, and to provide an electronic fare collection system that interfaces with the Auckland Transport central fare allocation system, and meets AIFS and NITIS specifications</i></p> <p><i>c. Require all fare revenues collected by an operator’s integrated ticketing equipment to be transferred, processed, and apportioned to eligible service providers by the Auckland Transport central fare allocation system</i></p> <p><i>d. Ensure that all fare revenues collected by Auckland Transport, operators, and third parties are auditable and available for apportionment</i></p> <p><i>e. Require that all public transport stored value be held by Auckland Transport in a dedicated public transport storage capacity</i></p>
5.3 Introduce a zone-based fare structure, with standard fares across bus and train operators	<p><i>a. Introduce a geographic zone-based fare structure, based on the zones in Figure 6.1 (Provided as Attachment 1), with standard fares across bus and train operators based on the number of zones travelled through on a journey</i></p> <p><i>b. Remove fare penalties for transfers between services for customers using HOP cards</i></p> <p><i>c. Review ferry fares to determine how they can be integrated into the zonal fare structure</i></p> <p><i>d. Undertake a review of the fare structure at least once every six years</i></p>
5.4 Simplify the range of fare products available	<p><i>a. Remove 10-trip tickets and most operator-specific ticket products, and replace with HOP card stored value (with at least a 33 per cent discount over cash fares) for single trips with a HOP card monthly pass or weekly maximum fare cap</i></p> <p><i>b. Transition the range of fare products to HOP card stored value time-based options (2 hours, daily, monthly) unlimited travel on a HOP card, and single-trip cash fares.</i></p> <p><i>c. Subject to satisfactory resolution of revenue settlement and apportionment issues, introduce a weekly fare cap to reward customer loyalty and frequent users</i></p> <p><i>d. Introduce 24/72 hour pass options to encourage off-peak travel by residents and visitors</i></p> <p><i>e. Provide fare incentives for weekend family travel</i></p>
5.6 Provide incentives to use integrated tickets	<i>a. Set prices for HOP card stored value and monthly passes at a level that encourages their use in preference to cash</i>

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Attachment 2 – Deloitte Review Summary

Deloitte Review – key findings

- During November/December Deloitte conducted a review of:
 - The Integrated Fares model’s technical correctness and whether key assumptions were robust
 - The planned product suite and whether they represent value-for-money for passengers

Deloitte Findings	AT response/ mitigation
Other jurisdictions implemented Gross price contracts prior to IF	<ul style="list-style-type: none"> • Several negotiation options available to mitigate • March Board Paper
AT’s level of modal integration (bus/train) is relatively high compared to other jurisdictions. If AT achieve ferry integration, AT would be a leader in this area.	<ul style="list-style-type: none"> • Ferry integration proof-of-concept underway. If successful will allow configuration and deployment via a monthly EOD drop (with testing)
While proposed product suite is simpler, it may have limited appeal	<ul style="list-style-type: none"> • Need to market AT HOP stored value with auto-top up as a “product” and plan for early introduction of caps
Concerns with impact on cash passengers – particularly 1 zone Adult increase from \$2.50 to \$3.50	<ul style="list-style-type: none"> • 1 zone adult cash fare reduced from \$3.50 to \$3.00 • Plans to promote AT HOP as part of roll-out of Simpler Fares
Zonal fares will improve AT’s performance for medium distance fares where ranked 28 of 29 jurisdictions in a recent benchmarking report	<ul style="list-style-type: none"> • Zone fares substantially improves 10-15km journey fares for passengers.
Recommend development of medium term product migration strategy to ensure further enhancement to product suite	<ul style="list-style-type: none"> • Planned move in future to either weekly passes or weekly caps once New Network and PTOM fully deployed • Time based pricing – future options being identified
Technical performance of the model is sound – Integration and price elasticity assumptions not easily quantifiable - sensitivity analysis required	<ul style="list-style-type: none"> • Performed sensitivity analysis of “integration effect” and price elasticity • Reconcile AT model baseline patronage and fare revenue with actual reported data

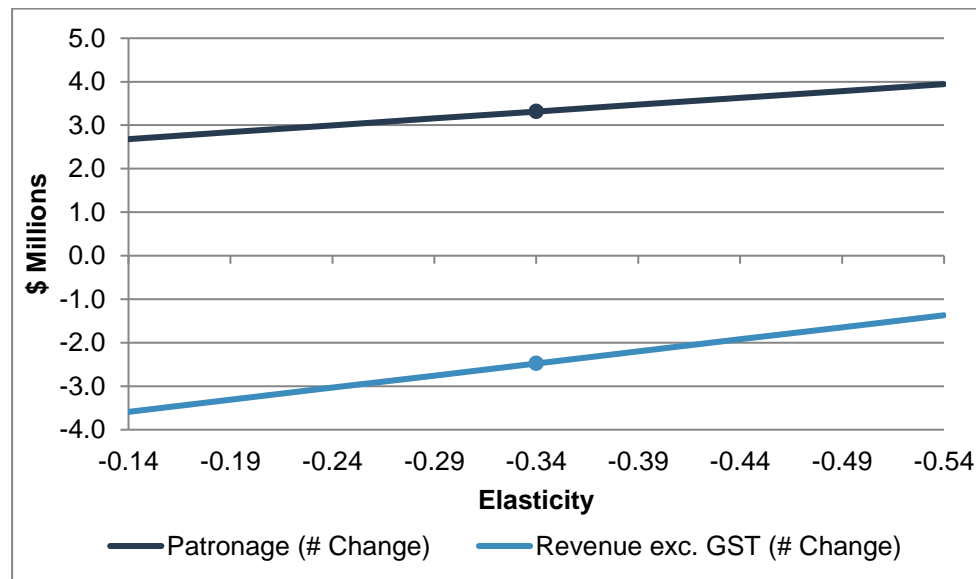
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Attachment 3 – Integrated Fares Model Sensitivity Test

Sensitivity analysis has been completed on three key assumptions: (1) fare elasticity, (2) the integration factor, and (3) HOP migration. The conclusions are that: (linear relationship to assumptions)

1. Fare elasticity:

- For fare change elasticity a standard -0.34 was used; i.e. for each 10% increase in fares a 3.4% reduction in patronage occurs. This is illustrated by the bullet point on the graph below:

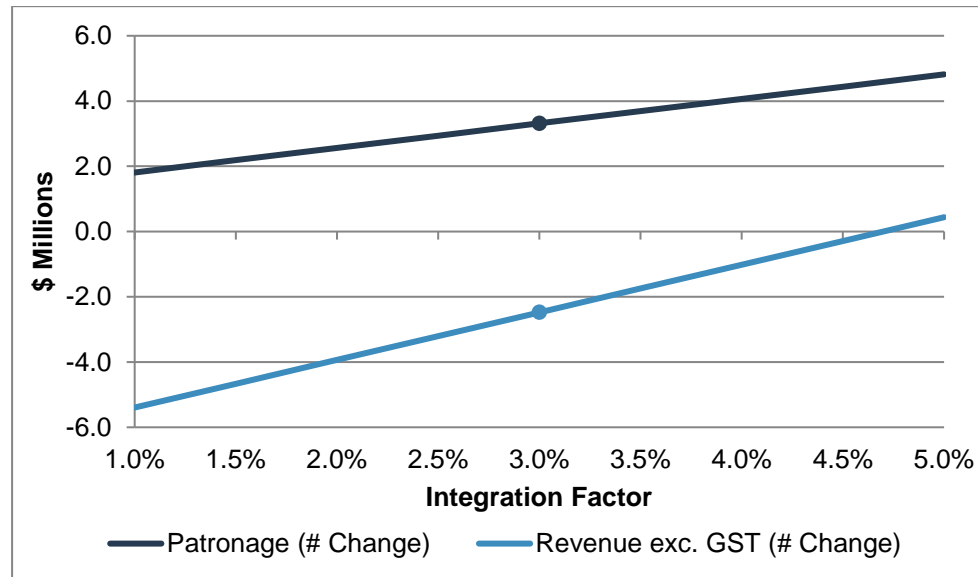


- A ± 0.1 change in fare elasticity (a 1/3 change to the input assumption) results in an approximate $\pm \$550k$ change in annual revenue; as illustrated in the above, showing relative moderate elasticity.

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2. Integration Factor:

- An integration factor of 3% has been used. This is an uplift in patronage as a result of implementing integrated fares, simplifying the offering and removing fare penalty between existing single trips as part of the journey concept. This is illustrated by the bullet point in the graph below:



- A $\pm 1\%$ change in the integration factor (a 1/3 change to the input assumption) results in an approx. $\pm \$1.5\text{m}$ change in annual revenue, as illustrated in the table above showing relative high elasticity.

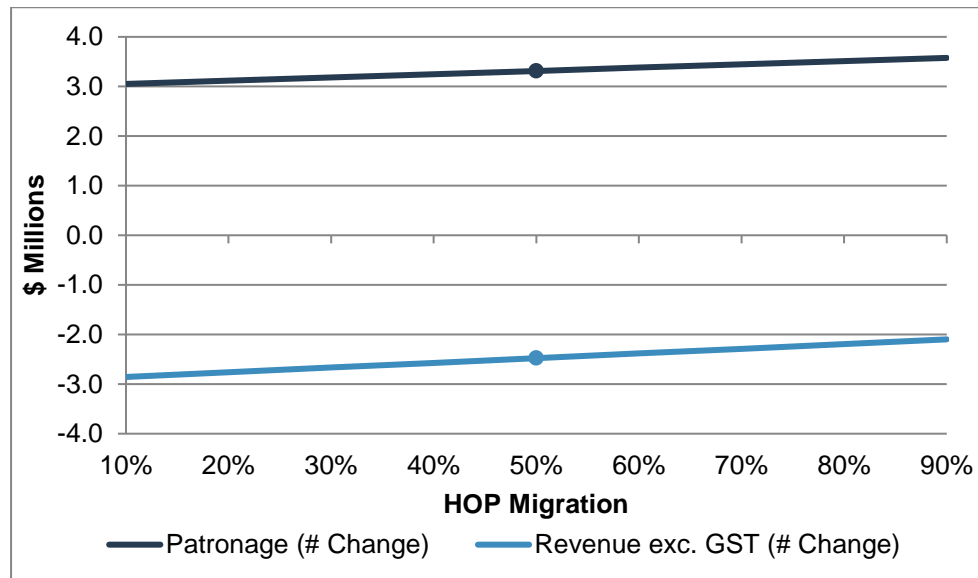
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3. Cash to HOP Migration:

- A progressive migration to HOP has been assumed for cash fare increases with a 50% migration for affected passengers that have a 10% or greater fare increase. For example:

Cash Fare Change	Price Elasticity Effect (Patronage Decrease)	Modelled Migration to HOP	Residual Leave Metro
+5%	-1.7%	+0.42%	-1.28%
+10%	-3.4%	+1.7%	-1.7%

- As illustrated in the graph below, the cash to HOP migration factor is relatively inelastic. A $\pm 20\%$ variance from the modelled 50% results in a $\pm 200k$ revenue change.



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Attachment 4 – Simplified Fare Zone Map – Bus and Train



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Attachment 5 – Ferry Fares Zone Map



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Attachment 6 –Simpler Fares Fare Schedule and Impacts by Fare Type

Bus and Rail Simpler Fares (FINAL) Fare Schedule					
Concession	Adult		Child		Tertiary
Product	AT HOP	Cash	AT HOP	Cash	AT HOP
CityLink	\$0.50	\$1.00	\$0.30	\$0.50	\$0.40
1 zone	\$1.80	\$3.00	\$0.99	\$2.00	\$1.28
2 zone	\$3.10	\$5.00	\$1.73	\$3.00	\$2.31
3 zone	\$4.90	\$7.00	\$2.72	\$4.00	\$3.59
4 zone	\$6.00	\$9.00	\$3.46	\$5.00	\$4.52
5 zone	\$7.50	\$10.00	\$4.45	\$6.00	\$5.80
6 zone	\$8.80	\$12.00	\$5.10	\$7.00	\$6.70
7 zone	\$10.10	\$13.50	\$5.60	\$7.50	\$7.50
8 Zone	\$11.20	\$15.00	\$6.00	\$8.00	\$8.20

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Ferry Simpler Fares (FINAL) Fare Schedule					
Concession	Adult		Child		Tertiary
Product	AT HOP	Cash	AT HOP	Cash	AT HOP
Inner Harbour	\$4.90	\$7.00	\$2.72	\$4.00	\$3.59
Mid Harbour	\$7.50	\$10.00	\$4.45	\$6.00	\$5.80
Outer Harbour	\$11.20	\$15.00	\$6.00	\$8.00	\$8.20

Ferry Current Fare Schedule					
Concession	Adult		Child		Tertiary
Product	AT HOP	Cash	AT HOP	Cash	AT HOP
Inner Harbour	\$4.50	\$6.20	\$2.30	\$3.70	\$3.60
Mid Harbour	\$7.04-\$8.00	\$8.80-\$10.00	\$4.22-\$4.80	\$5.30-\$6.00	\$5.63-\$6.40
Outer Harbour	\$11.00-\$11.20	\$14.00	\$5.67-\$6.72	\$8.30-\$8.40	\$8.36-\$8.96

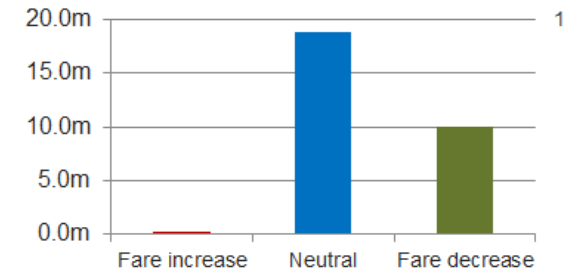
There are approximately 1.2m ferry journeys paid for with HOP stored value (excluding Waiheke). 77.8% of these journeys do not include a transfer (are ferry only travel), where 20.4% include a single leg transfer either pre or post the ferry leg and the remaining 1.8% include a transfer pre and post the ferry leg. Current fare revenue is \$6.09m and with full ferry integration on HOP stored value means there would be a decrease in revenue of approximately \$40k.

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Fares – impacts – Adult HOP

All 1 zone passengers either have no fare increase or a substantial fare decrease

Only passengers with a fare increase are the 1 stage to 2 zone and 3 stage to 3 zone, but these numbers are very low



		Adult - Tag-On					
	Fare	CityLINK	1 Zone	2 Zone	3 Zone	4 Zone	5 Zone
		\$0.50	\$1.80	\$3.10	\$4.90	\$6.00	\$7.50
CityLINK	\$0.50	926,000, 0%, \$0.00					
CBD	\$1.80		516,000, 0%, \$0.00				
1 Stage	\$1.80		9,561,000, 0%, \$0.00	186,000, 72%, \$1.30			
2 Stage	\$3.10		1,712,000, -42%, -\$1.30	5,091,000, 0%, \$0.00	2,000, 58%, \$1.80		
3 Stage	\$4.10		327,000, -56%, -\$2.30	6,066,000, -24%, -\$1.00	118,000, 20%, \$0.80		
4 Stage	\$4.90		95,000, -63%, -\$3.10	226,000, -37%, -\$1.80	2,494,000, 0%, \$0.00		
5 Stage	\$6.00		12,000, -70%, -\$4.20	64,000, -48%, -\$2.90	822,000, -18%, -\$1.10	266,000, 0%, \$0.00	
6 Stage	\$6.80		1,000, -74%, -\$5.00	20,000, -54%, -\$3.70	75,000, -28%, -\$1.90	320,000, -12%, -\$0.80	
7 Stage	\$7.60			10,000, -59%, -\$4.50	9,000, -36%, -\$2.70	110,000, -21%, -\$1.60	
8 Stage	\$8.40			2,000, -63%, -\$5.30	6,000, -42%, -\$3.50	94,000, -29%, -\$2.40	69,000, -11%, -\$0.90



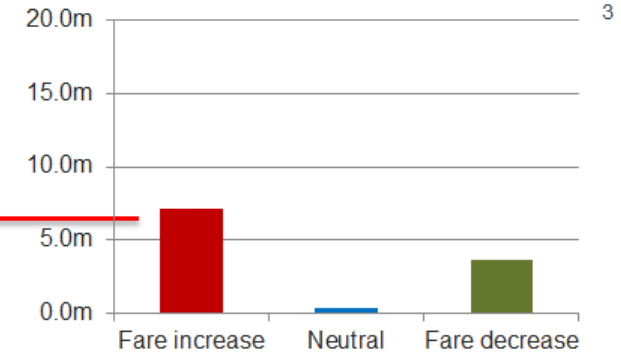
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Fares – impacts – Adult Cash

\$0.50 increase for both 1 stage to 1 zone and 2 stage to 2 zone

Largest 2 zone passenger group has a fare decrease

More than 97% of passengers with a fare increase have a \$0.50 increase



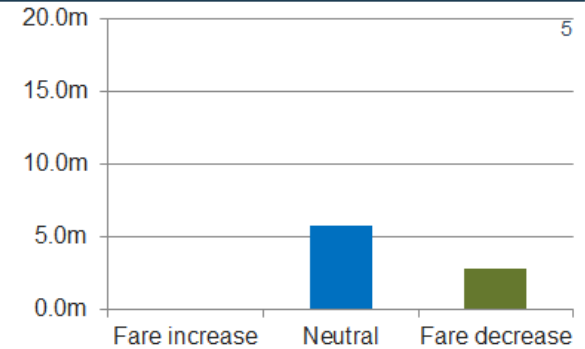
		Adult - Paper Ticket					
Stages	Zones Fare	CityLINK \$1.00	1 Zone \$3.00	2 Zone \$5.00	3 Zone \$7.00	4 Zone \$9.00	5 Zone \$10.00
CityLINK	\$1.00	415,000, 0%, \$0.00					
CBD	\$2.50		291,000, 20%, \$0.50				
1 Stage	\$2.50		3,971,000, 20%, \$0.50	78,000, 100%, \$2.50			
2 Stage	\$4.50		732,000, -33%, -\$1.50	1,860,000, 11%, \$0.50	1,000, 56%, \$2.50		
3 Stage	\$5.50		173,000, -45%, -\$2.50	2,167,000, -9%, -\$0.50	32,000, 27%, \$1.50		
4 Stage	\$6.50		74,000, -54%, -\$3.50	73,000, -23%, -\$1.50	799,000, 8%, \$0.50		
5 Stage	\$8.00		3,000, -63%, -\$5.00	18,000, -38%, -\$3.00	251,000, -13%, -\$1.00	64,000, 13%, \$1.00	
6 Stage	\$8.50		1,000, -65%, -\$5.50	4,000, -41%, -\$3.50	26,000, -18%, -\$1.50	77,000, 6%, \$0.50	
7 Stage	\$9.50			2,000, -47%, -\$4.50	2,000, -26%, -\$2.50	42,000, -5%, -\$0.50	
8 Stage	\$10.50			<1,000, -52%, -\$5.50	1,000, -33%, -\$3.50	40,000, -14%, -\$1.50	16,000, -5%, -\$0.50



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Fares – impacts – Child HOP

Other than 1 stage to 2 zone (very few passenger trips) all 1 and 2 zone child passengers will have either the same or a lower fare



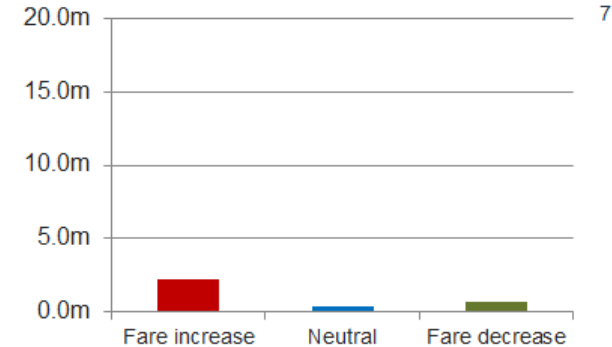
		Child - Tag-On					
Stages	Zones	CityLINK	1 Zone	2 Zone	3 Zone	4 Zone	5 Zone
	Fare	\$0.30	\$0.99	\$1.73	\$2.72	\$3.46	\$4.45
CityLINK	\$0.30	80,000, 0%, \$0.00					
CBD	\$0.99		60,000, 0%, \$0.00				
1 Stage	\$0.99		4,579,000, 0%, \$0.00	47,000, 75%, \$0.74			
2 Stage	\$1.73		1,168,000, -43%, -\$0.74	1,070,000, 0%, \$0.00	<1,000, 57%, \$0.99		
3 Stage	\$2.29		178,000, -57%, -\$1.30	820,000, -24%, -\$0.56	62,000, 19%, \$0.43		
4 Stage	\$2.88		20,000, -66%, -\$1.89	108,000, -40%, -\$1.15	298,000, -6%, -\$0.16		
5 Stage	\$3.55		3,000, -72%, -\$2.56	19,000, -51%, -\$1.82	138,000, -23%, -\$0.83	30,000, -3%, -\$0.09	
6 Stage	\$4.00		<1,000, -75%, -\$3.01	5,000, -57%, -\$2.27	23,000, -32%, -\$1.28	24,000, -14%, -\$0.54	
7 Stage	\$4.40			2,000, -61%, -\$2.67	2,000, -38%, -\$1.68	8,000, -21%, -\$0.94	
8 Stage	\$5.04			<1,000, -66%, -\$3.31	<1,000, -46%, -\$2.32	5,000, -31%, -\$1.58	6,000, -12%, -\$0.59

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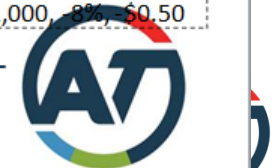
Fares – impacts – Child Cash

Shorter distance passengers (1 stage and 2 stage) have fare increases (majority +\$0.50). Most of remaining passengers are neutral or have fare decreases

Largest group of passengers with an increase (1 stage to 1 zone) have a \$0.50 increase



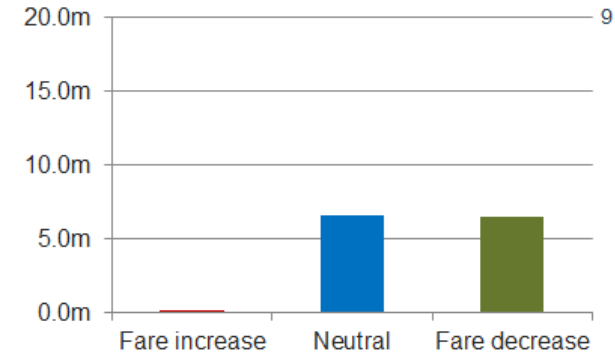
Child - Paper Ticket							
	Zones	CityLINK	1 Zone	2 Zone	3 Zone	4 Zone	5 Zone
Stages	Fare	\$0.50	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00
CityLINK	\$0.50	36,000, 0%, \$0.00					
CBD	\$1.50		34,000, 33%, \$0.50				
1 Stage	\$1.50		1,776,000, 33%, \$0.50	18,000, 100%, \$1.50			
2 Stage	\$2.50		484,000, -20%, -\$0.50	385,000, 20%, \$0.50	<1,000, 60%, \$1.50		
3 Stage	\$3.00		74,000, -33%, -\$1.00	273,000, 0%, \$0.00	14,000, 33%, \$1.00		
4 Stage	\$4.00		14,000, -50%, -\$2.00	30,000, -25%, -\$1.00	95,000, 0%, \$0.00		
5 Stage	\$4.50		<1,000, -56%, -\$2.50	4,000, -33%, -\$1.50	44,000, -11%, -\$0.50	7,000, 11%, \$0.50	
6 Stage	\$5.00		<1,000, -60%, -\$3.00	1,000, -40%, -\$2.00	10,000, -20%, -\$1.00	6,000, 0%, \$0.00	
7 Stage	\$5.50			<1,000, -45%, -\$2.50	<1,000, -27%, -\$1.50	2,000, -9%, -\$0.50	
8 Stage	\$6.50			<1,000, -54%, -\$3.50	<1,000, -38%, -\$2.50	2,000, -23%, -\$1.50	1,000, -8%, -\$0.50



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Fares – impacts – Tertiary HOP

Like Adult HOP, the only tertiary passengers with a fare increase are 1 stage to 2 zone (only 87,000 passenger trips)



Tertiary - Tag-On							
Stages	Zones	CityLINK	1 Zone	2 Zone	3 Zone	4 Zone	5 Zone
	Fare	\$0.40	\$1.28	\$2.31	\$3.59	\$4.52	\$5.80
CityLINK	\$0.40	430,000, 0%, \$0.00					
CBD	\$1.28		338,000, 0%, \$0.00				
1 Stage	\$1.28		3,101,000, 0%, \$0.00	87,000, 80%, \$1.03			
2 Stage	\$2.31		599,000, -45%, -\$1.03	2,492,000, 0%, \$0.00	<1,000, 55%, \$1.28		
3 Stage	\$2.92		101,000, -56%, -\$1.64	3,339,000, -21%, -\$0.61	33,000, 23%, \$0.67		
4 Stage	\$3.64		24,000, -65%, -\$2.36	79,000, -37%, -\$1.33	1,501,000, -1%, -\$0.05		
5 Stage	\$4.52		7,000, -72%, -\$3.24	19,000, -49%, -\$2.21	578,000, -21%, -\$0.93	244,000, 0%, \$0.00	
6 Stage	\$5.08		2,000, -75%, -\$3.80	7,000, -55%, -\$2.77	31,000, -29%, -\$1.49	158,000, -11%, -\$0.56	
7 Stage	\$5.85			3,000, -61%, -\$3.54	4,000, -39%, -\$2.26	25,000, -23%, -\$1.33	
8 Stage	\$6.69			<1,000, -65%, -\$4.38	3,000, -46%, -\$3.10	19,000, -32%, -\$2.17	32,000, -13%, -\$0.89



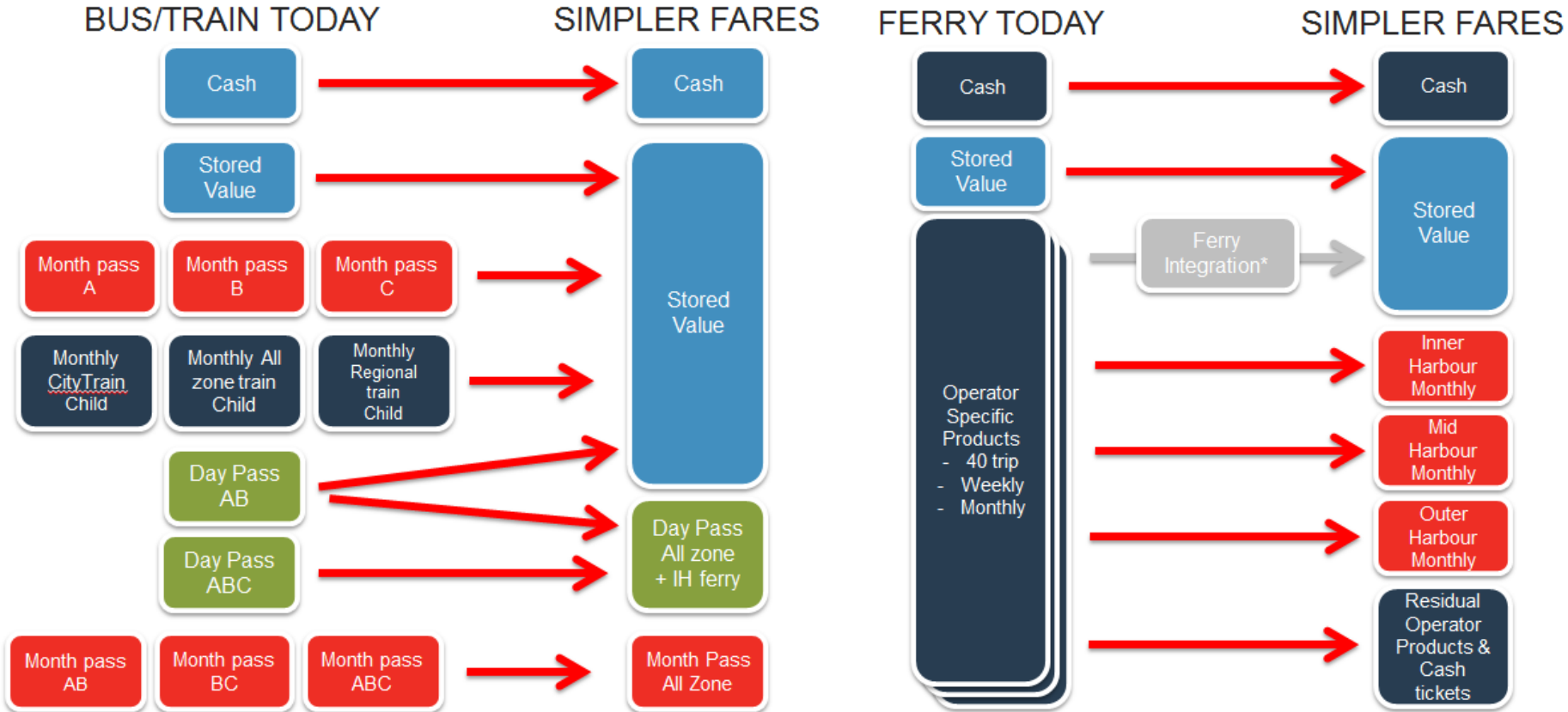
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Attachment 6 continued

Passengers with largest fare increases			
Passenger group	# pax trips	Fare increase	Comment
Adult HOP – 1 stage to 2 zone	186K	\$1.30 (72%)	67% are at City/Isthmus boundary where we expect behaviour to change. 24% of remaining are at Manukau Nth and Sth boundary which is a new boundary (not a current stage boundary)
Adult HOP – 3 stage to 3 zone	118K	\$0.80 (20%)	Majority of 3 stage travellers will have a 2 zone fare (6M pax with a \$1.00 fare decrease – 24%)
Adult Cash – 1 stage to 1 zone	4,262K	\$0.50 (20%)	Only 3% of cash passengers with a fare increase have more than a \$0.50 increase.
Adult Cash – 2 stage to 2 zone	1,860K	\$0.50 (11%)	
Adult Cash – 4 stage to 3 zone	799K	\$0.50 (8%)	
Child Cash – 1 stage to 1 zone	1,561K	\$0.50 (33%)	Children travelling shorter distances will pay \$0.50 more but any longer distance travellers (3 stage or more) pay less.
Child Cash – 2 stage to 2 zone	385K	\$0.50 (20%)	More children travelling 2 stages get a fare decrease (484K get a \$0.50 decrease)
Tertiary HOP – 1 stage to 2 zone	87K	\$1.03 (80%)	As for adult HOP the majority of these are at the City/Isthmus boundary.

Entered by Board Secretary

Attachment 7 – Product Transition



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Attachment 8 – Journey Concept – Ferry Impacts*

The following tables illustrate the percentage breakdown of HOP ferry journeys by the zone fare they would pay under integrated fares. This shows that very few HOP ferry journeys travel further than 1 zone outside what their ferry integrated fare entitles.

Ferry Service		Integrated Fares								Ferry Annual Patronage		
Ferry Fare	Location	3 Zone	4 Zone	5 Zone	6 Zone	7 Zone	8 Zone	9 Zone	10 Zone	HOP	Total	HOP %
Inner Harbour	All	90.0%	7.3%	2.1%	0.5%	0.1%				788,111	2,257,183	35%
Mid Harbour	Upper Harbour			97.8%	1.7%	0.5%	0.0%	0.0%		114,091	141,639	81%
Mid Harbour	Half Moon Bay			98.7%	0.9%	0.4%	0.0%			238,139	377,917	63%
Outer Harbour	Gulf Harbour						96.1%	3.6%	0.3%	12,775	142,671	9%
Outer Harbour	Pine Harbour						98.0%	1.8%	0.2%	65,614	143,561	46%

Ferry Service		Integrated Fares					Ferry Annual Patronage		
Ferry Fare	Location	Ferry Fare	+1 Zone	+2 Zones	+3 Zones**	+4 Zones	HOP	Total	HOP %
Inner Harbour	All	90.0%	7.3%	2.1%	0.5%	0.1%	788,111	2,257,183	35%
Mid Harbour	Upper Harbour	97.8%	1.7%	0.5%	0.0%	0.0%	114,091	141,639	81%
Mid Harbour	Half Moon Bay	98.7%	0.9%	0.4%	0.0%		238,139	377,917	63%
Outer Harbour	Gulf Harbour	96.1%	3.6%	0.3%			12,775	142,671	9%
Outer Harbour	Pine Harbour	98.0%	1.8%	0.2%			65,614	143,561	46%

* This is constrained by HOP card only being a limited amount of total ferry patronage although it is a reasonable assumption that HOP ferry users are more likely than non-HOP ferry users to do multi-leg travel.

**Inner Harbour %'s above 3 Zone (or Ferry Fare) could be inflated by the HOP Daily Pass and journeys that travel by bus and ferry between the Lower North Shore and the City (as this would double count the second zone).