



HAVE *your say* ON THE PUBLIC TRANSPORT FARE SYSTEM

FOR THE GREATER WELLINGTON REGION



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

JUNE 2012

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1 INTRODUCTION

Greater Wellington Regional Council (Greater Wellington) is seeking public feedback on a review of how Metlink fares are calculated, the methods used for paying fares, and fare discounts. This review is separate from Greater Wellington's annual review of fare prices.

This is the first of a series of consultation activities that include face-to-face meetings with public transport and community groups and organisations, a request for submissions from interested groups, and an invitation to individual public transport users to complete an online questionnaire.

We expect to know what the region's future fare system will look like around the middle of 2013. Any changes will be put in place gradually and may also depend on the timing and progress of other projects, such as the proposed integrated ticketing system.

You can provide feedback by filling out the questionnaire at www.farereview.co.nz (adding your own comments if you wish to). If you'd like to contribute on behalf of a group, you can add your comments to this booklet or on a separate document and either email it to ptreview@gw.govt.nz or post it to:

Greater Wellington Regional Council
Public Transport Fare System Review
PO Box 11646
Wellington 6142

This first round of consultation closes on 14 September 2012.

Your contact details

Name: _____

Organisation/group: _____

Postal address: _____

Email: _____



2 REVIEW CONTEXT, REQUIREMENTS AND SCOPE

2.1 WHY REVIEW FARE STRUCTURES FOR THE REGION?

The New Zealand Transport Agency (NZTA) requires us to review our fare system for public transport services in the region at least every six years. The last review was in 2005/06, and the Wellington Regional Public Transport Plan says that a review will be undertaken in 2011/12.

Wellington's public transport system currently uses a range of tickets and fares with different terms and conditions. Each operator has its own ticketing system, with tickets and fares depending on the time of the day and the day of the month.

Greater Wellington's policy is to move to an integrated fare and ticketing system for all public transport modes (buses, trains and ferries) and services, which would be supported by a network-wide electronic ticketing system. To achieve this we need to simplify and ensure consistency in our fare system. We also need to keep up with public transport best practice and compare what we're doing with what's happening overseas. That way we can ensure we have the best fare system for our region.



2.2 SCOPE OF REVIEW

Fare and ticketing systems commonly have five components: fare structures, fare products, fare levels, fare concessions and ticketing systems (see Figure 2.1). The current review focuses on our fare structure and our fare products and concessions.

FIGURE 2.1: FARE SYSTEM COMPONENTS

Fare structure	»»	The foundation for the system. For example, it could be based on flat, distance-based, time-based or zonal-based fares, or a combination of fare types.
Fare products	»»	The range of tickets available (e.g. single, multi-ride, periodical*) and associated business rules (e.g. in relation to concessions and transfers).
Fare levels	»»	The price of the fare products (which is addressed through Greater Wellington’s annual fare review).
Fare concessions	»»	Particular groups that qualify for concessions (such as children, young people, tertiary students and ‘seniors’), and the concession levels.
Ticketing system	»»	The technology used to process transactions, such as paper tickets, tokens, magnetic-stripe cards and ‘stored-value cards’**. This will be addressed through a separate project.

* Periodical tickets enable passengers to make unlimited trips within timeframes for which the tickets are valid. They include electronic and paper-based monthly passes, school term passes and day or weekend ‘rovers’.

** Stored-value cards have a monetary value stored on them. Stored-value cards used in Wellington include Snapper, Mana/ Newlands Smartcard etc.

Any changes in the fare system must fit within Greater Wellington’s current budget and with the Government’s requirement that fares cover at least half of the public transport costs. For example, if we introduced new concessions we’d probably need to increase revenue in other areas, which could mean higher standard adult fares.

2.3 REVIEW TIMELINE

So far, the review has involved collecting data, assessing the region's existing fare structure, examining fare structures in Auckland, Christchurch and selected overseas cities, and developing options for the region. You can read about these stages in a report at www.farereview.co.nz.

After this consultation, we'll refine the options and develop a preferred package. We'll consult on this in early 2013, and we expect to know what the region's future fare system will look like around the middle of 2013.

We expect that the review will result in a phased implementation plan, rather than a one-off change in fare system. Some fare structure changes might have to wait until the proposed electronic ticketing system is up and running; others could be introduced within the next two or three years, and would be compatible with the longer-term, fully integrated system.

The implementation plan will be addressed in the next stage of the review.



2.4 PROPOSED ASSESSMENT FRAMEWORK AND CRITERIA

Drawing on Greater Wellington’s objectives and policies, we’ve developed seven criteria for use in assessing our fare structure options:

TABLE 2.1: FARE STRUCTURE ASSESSMENT CRITERIA – SUMMARY

Criteria	Description
C1. Simple, easy to understand	<ul style="list-style-type: none"> This indicates the extent to which users/potential users find the fare structure simple and easy to understand, and they are therefore not discouraged from using the services and paying appropriate fares.
C2. Maximise patronage	<ul style="list-style-type: none"> This measures the relative level of patronage (boardings) and passenger kilometres expected within the specified financial constraints.
C3. Support efficient network design, operations and asset utilisation	<p>This reflects the fare structure’s contribution to:</p> <ul style="list-style-type: none"> Encouraging/Supporting efficient network design, by removing any fare impediments (e.g. by allowing free transfers). Encouraging peak spreading (travel outside peak periods/peak directions), which also means improving the use of public transport assets and reducing the capital/operating costs for a given transport task. Reducing bus boarding/alighting times, which will also reduce operating costs and encourage increased patronage. Reducing fare collection and ticketing costs.
C4. Cost reflective	<p>This indicates the extent to which, within the overall cost recovery constraint specified, fares vary relative to costs (e.g. fares increase with increasing costs).</p>
C5. Ease and costs of fare/ ticketing system implementation and ongoing administration	<p>This reflects:</p> <ul style="list-style-type: none"> Any differences between options in the capital and operating costs of the proposed electronic ticketing system. The extent of any technology-related difficulties anticipated in the initial implementation and periodic adjustments of the proposed fare structure/ ticketing system. The extent of difficulties anticipated in adjusting operator contracts in response to introducing and periodically adjusting the new fare structure.
C6. Economic efficiency	<ul style="list-style-type: none"> Fares have a consistent relationship to the marginal economic costs of different trips. Relevant costs include the costs of congestion, environment effects etc.
C7. Improves access	<ul style="list-style-type: none"> Public transport provides a travel option for people who depend on public transport (i.e. those who don’t have access to motor vehicles or can’t walk or cycle for most of their trips).

Using these criteria we've compared all the options with the existing situation, using a seven-point scale:

+ A little better	0 About the same	- A little worse
++ Considerably better		- - Considerably worse
+++ Very much better		- - - Very much worse

Note that the ratings given in this document represent the best estimates available (at this stage) of the relative performance of the various options against the assessment criteria, based on the work of Greater Wellington's consultant. The consultant is likely to review and refine them in later stages of the review.

3 EXISTING FARE SYSTEM

= OVERVIEW



Table 3.1 summarises the current fare system, which has about 250 different fare products and uses a zonal-based system that generally applies equally to buses and trains.

The system uses a mixture of paper-based and electronic tickets, but these tickets are usually only available for travel on the services provided by the ticket issuers. There are limited opportunities to transfer between services run by the same or other service providers without needing a new ticket and paying a new fare.

The fare structure, basic fare products and fare levels are generally set by Greater Wellington. Operators can have their own fare products within that structure, and set the fares for those products.

The operators of commercial services, such as the Airport Flyer, set their own fares for those services. However, they usually do this within the basic fare structure of zones, ticketing and concessions.

TABLE 3.1: SUMMARY OF CURRENT WELLINGTON FARE SYSTEM

Component	Description
FARE STRUCTURE	
S1. Basic structure type (flat, zones, sections)	<ul style="list-style-type: none"> Zonal-based system, but tickets are valid only for single boarding, no free transfers (in general).
S2. Zonal-based principles, numbers and geographic structure	<ul style="list-style-type: none"> Concentric system, radiating from Wellington’s central business district (CBD). 14 ‘zones’. Fares are calculated according to the number of zones in which travel takes place (independent of start/end zones).
S3. Transfer ticket conditions	<ul style="list-style-type: none"> Only limited ‘free’ transfers (between services of same operator). Limited bus/rail ‘plus’ transfers (free bus connections for monthly train pass holders) in specific locations.
S4. Fare vs distance	<ul style="list-style-type: none"> Most current fares are charged according to the number of zones travelled and are based broadly on a flag-fall (boarding) charge plus a charge per zone travelled. This means that the cost per kilometre is higher for shorter trips.
S5. Fare vs. time period (peak/off-peak)	<p>Some off-peak discounts, e.g.:</p> <ul style="list-style-type: none"> Rail – inter-peak cash fares (c.20%-25% off ‘standard’ cash fares, but ‘off-peak’ time periods differ by line). Bus – no off-peak discounts for single/return trips, but some day tickets valid only after 9am (e.g. NZ Bus ‘BusAbout’).

Component	Description
FARE PRODUCTS	
P1. Cash tickets	<ul style="list-style-type: none"> • Single-ride cash tickets: <ul style="list-style-type: none"> - Zone based - adults/children - same for bus and rail - no transfers generally - price about 25% above stored-value card (bus) or 10-trip (rail) tickets.
P2. Stored-value cards/ multi-trip tickets	<ul style="list-style-type: none"> • Stored-value cards (bus) and 10-trip tickets (rail): <ul style="list-style-type: none"> - zone based - adults/children - no transfers generally - taken as 'base' price.
P3. Periodical tickets	<ul style="list-style-type: none"> • Rail monthly (paper) tickets: <ul style="list-style-type: none"> - station-station basis - adults/children - price 25% below 10-trip tickets (40 trips/month). • Bus monthly stored-value card (smartcard): <ul style="list-style-type: none"> - three main versions, for defined areas/operators - adults only. • School term passes – rail (paper): <ul style="list-style-type: none"> - station-to-station basis - price 25% below 10-trip tickets (100 trips/term).
FARE CONCESSION GROUPS	
C1. Infants (<5)	<ul style="list-style-type: none"> • Free.
C2. School children (5-15); high school students (16-19)	<ul style="list-style-type: none"> • General trips – discounts typically 50% (longer trips). • To/from school – school term passes, discounted 25% from stored-value card/10-trip tickets (based on 40 trips/month).
C3. Seniors (65+)	<ul style="list-style-type: none"> • Free except during weekday peak periods (before 9am, 3pm-6.30pm). • Government scheme (SuperGold Card).
C4. Beneficiaries, people with disabilities	<ul style="list-style-type: none"> • Limited concessions (e.g. Royal Foundation of the Blind). • Only available on some services.

4 OPTIONS BEING CONSIDERED



The review is looking at a number of issues, including:

- Whether fares should be based on zones (where fares are defined by the number of geographic zones travelled) or be point-to-point (where fares are calculated according to the distance between actual stops).
- If zones are used, what area they should cover.
- Whether fares should be based on a standard charge per kilometre, or whether this should vary with distance.
- Whether fares should be different at different times of the day.
- What mix of ticket types there should be (e.g. cash, stored-value cards, periodical).
- What concessions there should be, and what discount levels they should have.

In the following sections we discuss these issues and outline the options we're considering and how they compare with the current system using our seven assessment criteria. If you'd like more information about any of these options, please see the background report at www.farereview.co.nz.

5 FARE STRUCTURE

5.1 GEOGRAPHIC STRUCTURE – ZONAL-BASED AND/OR POINT-TO-POINT

The Wellington region's public transport fare structure is currently based on a system involving 14 zones. The fare for any trip depends on the number of zones in which travel takes place. When a trip involves a transfer between modes or services, the passenger generally has to buy another ticket for the second mode or service.

With the increasing use of stored-value cards for fare payments, it would be possible to introduce a point-to-point fare system, where the fare for any journey would be based on the distance between its specific boarding and alighting stops.

However, it would be difficult to implement point-to-point fares with cash, as the fare schedule would be complicated and it would be hard to check that each passenger gets off at the correct stop. Cash fares would probably need to stay zone based, resulting in a combined system.

We're assessing two options:

A: A purely zonal-based system (based on the existing system)

B: A combined system (point-to-point for stored-value card fares, zone based for cash fares).

Table 5.1 shows our initial assessment of these two options against the seven criteria, using Option A (based on the existing system) as the 'base' (=0) throughout. Note that, on average, the costs of any trip would be the same under either option, although for any specific trip they could differ slightly.

The assessment indicates that:

- The relative merits of the two options are not clear-cut; the differences between them on all criteria are either quite small or insignificant.
- The criterion on which the difference appears most significant is C1 (Simple, easy to understand), where Option B is clearly worse. Having different fares between every stop could make it difficult for a customer to work out their fare for a particular journey before they start it.
- The next most significant difference is on criterion C7 (Improves access). Point-to-point fares tend to be lower than zonal-based fares for most short trips, particularly those that cross zone boundaries. Option B would therefore be better for lower-income people whose travel often involves making short journeys to local centres; however, they would need to use stored-value cards to get these lower fares.



Please indicate your preferred option by ticking the relevant box:

TABLE 5.1: ASSESSMENT OF ZONAL-BASED VS POINT-TO-POINT OPTIONS

Criteria	Assessment ratings by option		Comments
	A: Zonal-based system (based on existing, with free transfers)	B: Combined system (point-to-point for stored-value card fares, zone based for cash fares)	
C1. Simple, easy to understand	0	- -	Combined system more complex, harder to understand.
C2. Maximise patronage	0	0	Minimal difference (same average fares).
C3. Support efficient network design, operations and asset utilisation	0	0	Minimal difference – both options effectively allow free transfers.
C4. Cost reflective	0	+	Arguably Option B is better, as fares are more closely related to the distance travelled.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	-	Option B is more complex and could potentially result in more disputes with passengers and administrative difficulties.
C6. Economic efficiency	0	0	Minimal difference.
C7. Improves access	0	+	Option B is likely to provide lower fares for short-distance trips, which will tend to benefit people on low incomes who depend on public transport.
Your preference (tick one box)			



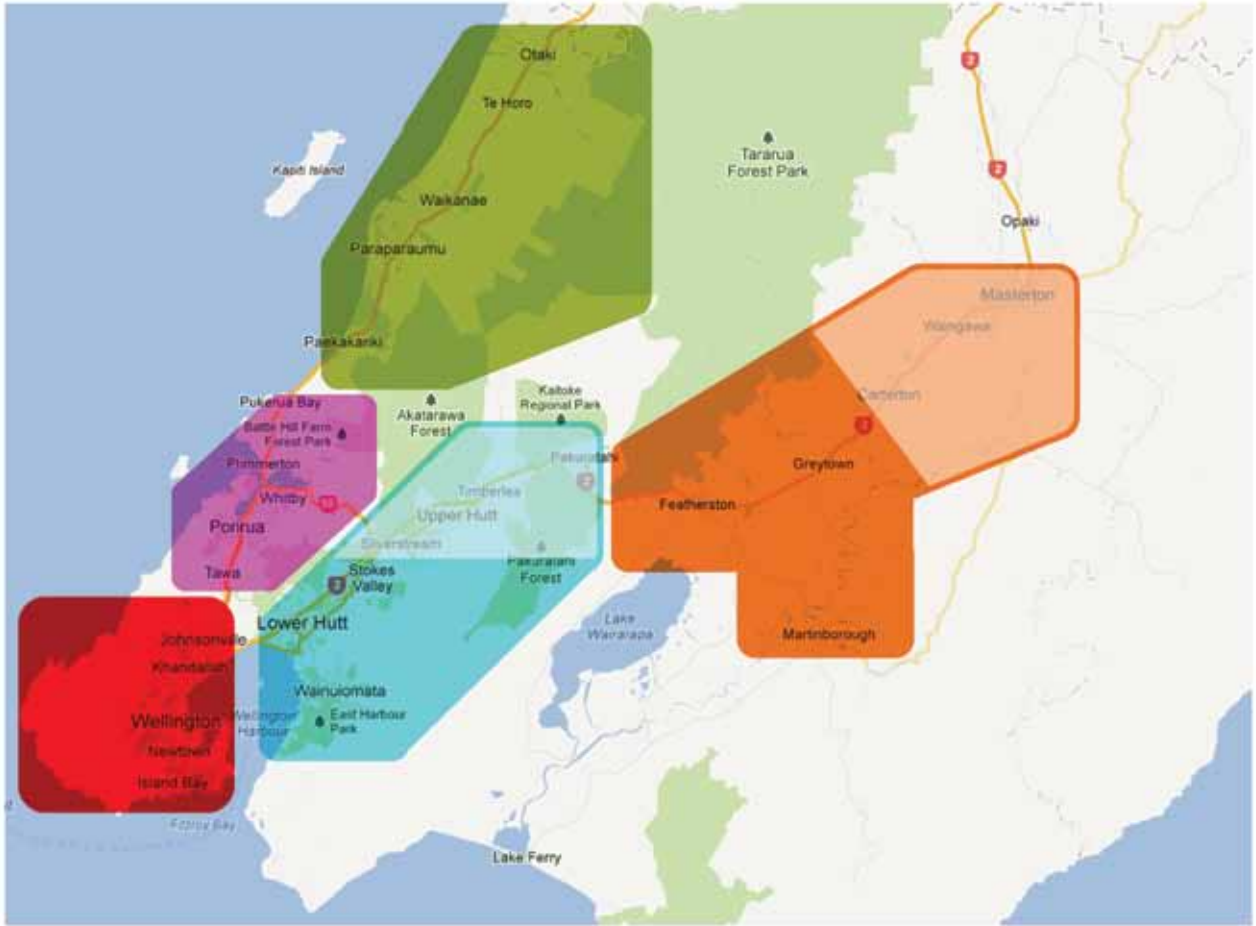
5.2 NUMBER OF ZONES

The Wellington region has more public transport zones than many others in New Zealand and around the world. This in part reflects the relatively long distances within the region (Masterton is almost 100 kilometres from the Wellington CBD).

Reducing the number of zones would help to simplify the fare system, and would enable us to better match zones to patterns of urban and rural development. However, having fewer zones would mean larger zones, and the minimum fare for short-distance trips would tend to increase – particularly in Wellington city if it became a single fare zone.

We're assessing three options:

- A: Keep the existing zones: 14 zones radiating from the CBD.
- B: Use district-based 'fine' zones: seven zones based largely on the local government areas of Wellington City, Porirua, Kapiti, Lower Hutt, Upper Hutt, Wairarapa South and Wairarapa North (see the map).
- C: Use district-based 'coarse' zones: five zones based largely on the local government areas of Wellington City, Porirua, Kapiti, Hutt Valley and Wairarapa (see the map).



PUBLIC TRANSPORT ZONES

SMALL DISTRICT (7 ZONES)



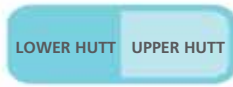
WELLINGTON



PORIRUA



KAPITI



LOWER HUTT UPPER HUTT



WAIRARAPA SOUTH WAIRARAPA NORTH

LARGE DISTRICT (5 ZONES)



WELLINGTON



PORIRUA



KAPITI



HUTT VALLEY



WAIRARAPA



Please indicate your preferred option by ticking the relevant box:

TABLE 5.2: ASSESSMENT OF ZONE OPTIONS

Criteria	Assessment ratings by option			Comments
	A Existing	B 7 zones	C 5 zones	
C1. Simple, easy to understand	0	++	+++	The fewer the zones, the better the simplicity and understanding.
C2. Maximise patronage	0	-	- -	The fewer the zones, the higher the fares for short-distance trips. This could reduce patronage although maybe not the total distance passengers travel on public transport.
C3. Support efficient network design, operations and asset utilisation	0	0	0	No substantial differences by number of zones (assuming free transfers in each option).
C4. Cost reflective	0	-	- -	A coarse zone structure (fewer zones) reduces the ability to achieve consistent cost recovery ratios across different market segments.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	0	0	The number of zones will have minimal effects on relative performance according to this criterion.
C6. Economic efficiency	0	-	- -	In addition to C4, a coarser zone structure would reduce the ability to price discriminate between market segments, for example by the degree of congestion relief and train vs. bus.
C7. Improves access	0	-	- -	Fewer zones will result in higher fares for short-distance trips.
Your preference (tick one box)				

5.3 FARE STRUCTURE BY DISTANCE

Most current fares are charged according to the number of zones travelled and are based broadly on a flag-fall (boarding) charge plus a charge per zone travelled. This means that the cost per kilometre is higher for shorter trips.

For example, the cash fare for a two-zone trip (typically around five kilometres) is \$3.50 (average around \$0.70/km), while the cash fare for a 10-zone trip (typically around 50 kilometres) is \$12.00 (average around \$0.24/km).

This means that the current fare system 'tapers' with distance, with long-distance trips involving a considerably lower fare per kilometre than short trips. This is typical of fare systems in most metropolitan areas worldwide: most have a flag-fall-plus-distance structure similar to Wellington's (and similar to the fare systems used by most taxi services).

We're assessing three 'generic' options for varying fares by distance travelled:

- A: Existing – flag fall plus a constant distance charge.
- B: Flag fall plus a distance charge that reduces with increasing distance.
- C: Flag fall plus a distance charge that increases with increasing distance.



Please indicate your preferred option by ticking the relevant box.

TABLE 5.3: ASSESSMENT OF FARE VS DISTANCE OPTIONS

Criteria	Assessment ratings by option			Comments
	A Distance charge constant	B Distance charge reducing	C Distance charge increasing	
C1. Simple, easy to understand	0	-	- -	The existing structure is arguably easier to understand, with Option B being second (zone boundaries in outer areas might be adjusted to give constant fare increments per zone travelled).
C2. Maximise patronage	0	-	+	Option B would involve higher fares for short-distance trips. This could reduce patronage although maybe not the total distance passengers travel on public transport. With Option C, the reverse would be the case.
C3. Support efficient network design, operations and asset utilisation	0	0	0	No significant differences between options.
C4. Cost reflective	0	- - -	- - -	The existing fare structure results in similar ratios of fare revenues to costs for trips of different distances. This makes Option A preferable to the other options.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	0	0	No/Minimal difference between options.
C6. Economic efficiency	0	-	+	Congestion (and other external) costs per kilometre will typically be less, on average, for long-distance trips, so that fares per kilometre should be higher for these trips. On this Option C is rated best, as it will lead to less longer trips, Option B worst.
C7. Improves access	0	-	+	Option B would result in slightly higher fares for short-distance trips, while Option C would result in lower fares for these trips.
Your preference (tick one box)				

5.4 PEAK AND OFF-PEAK FARES

Wellington's current fare system provides limited discounts for off-peak travel. These differ between train and bus modes, and between routes/lines and operators within each mode.

The main reasons for offering cheaper fares at 'off-peak' periods are that:

- The costs per passenger at off-peak periods are lower than in the peak periods (particularly when assessed on a marginal cost basis).
- Off-peak passengers are generally more sensitive ('elastic') to fare prices, so charging lower fares in off-peak periods and higher fares in peak periods tends to maximise patronage and make more effective use of available capacity.

More affordable off-peak fares might benefit low-income passengers who travel outside the peak period, such as students, beneficiaries and part-time workers.

We're assessing three options for off-peak discounts (relative to peak fare levels):

- A: No discounts, i.e. the same fares apply (for a given ticket type) at all times of the day and week.
- B: An off-peak discount of about 25% across all services. This approximates the current Interpeak discount on train cash fares.
- C: An off-peak discount of about 50% across all services. This is a more radical approach, as the discount is at the top end of off-peak discounts in other countries.

Table 5.4 assesses these options against the seven criteria, using Option B (closest to the existing situation) as the 'base' (= 0) throughout. Note that the assessment is on a 'revenue-neutral' basis, i.e. the greater the off-peak discount percentage, the higher that peak fares will need to be to achieve a constant total fare revenue.

The assessment indicates a strong case for a differential peak/off-peak fare structure, with Option C generally preferable to Option B.



Please indicate your preferred option by ticking the relevant box.

TABLE 5.4: ASSESSMENT OF OFF-PEAK DISCOUNT LEVELS

Criteria	Assessment ratings by option			Comments
	A No off-peak discount	B Off-peak discount 25%	C Off-peak discount 50%	
C1. Simple, easy to understand	+	0	0	Option A (same fares all day) is simplest to understand. Option B (25% discount) and Option C (50% discount) are rated similarly. In practice, both should be better than the existing situation, where discounts differ between buses and trains.
C2. Maximise patronage	- -	0	+ +	Options with higher off-peak discounts tend to be more effective in increasing patronage.
C3. Support efficient network design, operations and asset utilisation	- -	0	+ +	Options with higher peak/lower off-peak fares offer the potential to reduce asset requirements and achieve corresponding cost savings.
C4. Cost reflective	- -	0	+ +	The cost per passenger in peak periods is, in many cases, at least twice the cost in off-peak periods, for both allocated costs and marginal costs. On this basis, off-peak discounts of at least 50% are warranted.
C5. Ease and cost of fare/ ticketing system implementation and administration	+	0	0	While Option A may be preferable to the other options, the difference is small. The discount level will have no significant effect on ticketing costs.
C6. Economic efficiency	-	0	+	While high peak fares can lead to public transport cost savings, they will be offset, at least in part, by increases in congestion costs resulting from additional car travel in peak periods. So the economic efficiency case for off-peak discounts is less strong than the financial case.
C7. Improves access	- -	0	+ +	Relative to Option B, off-peak fares would be significantly higher in Option A and significantly lower in Option C.
Your preference (tick one box)				

6 FARE PRODUCTS

The major fare products are:

- Cash (for single-ride tickets) for buses, trains and ferries.
- Stored-value (electronic) cards – currently Snapper, the Mana/Newlands Smartcard, the Madge/ Uzabus Smartcard and the Classic Coaches Smartcard.
- Periodical tickets. Note that monthly train passes currently offer larger discounts than other passes.

Because transport operators offer similar products with different fare levels, moving to a consistent fare system will mean changes to fare levels on some products; for example, a three-zone pass will cost the same for all bus and rail services. This change will probably be phased in over time.

With the introduction of the proposed electronic ticketing system, it would be possible to integrate all current non-cash products into 'smartcards'. For example, a smartcard could contain a 'stored-value' purse, a '10-trip' purse and a 'periodical' purse, such as a monthly pass.

Alternatively '10-trip' cards and periodical tickets could be replaced with other forms of multi-trip discount that offer greater flexibility (such as in the number of trips or the value loaded onto a card). For example, a 'stored value' purse could allow free travel for all trips beyond the first 10 trips a week or 40 trips a month. This approach is used in Brisbane, where integrated/electronic ticketing was accompanied by a transitioned removal of all multi-trip and periodical tickets. Christchurch has successfully used fare caps to replace paper monthly passes that existed before 2002.

Fare caps would also be suitable for people with 'contactless' debit/credit cards and suitably equipped mobile phones, with the ticketing system recording their boarding and alighting locations and charging the fares to their bank or mobile phone accounts. However, stored fare products, such as passes and multi-trip tickets, couldn't be stored on contactless debit/credit cards or phones.



6.1 OPTIONS AND ASSESSMENTS – PRODUCT TYPES

We're assessing two options for the future availability of the current stored-value, multi-trip and periodical tickets:

A: A smartcard with two separate purses – 'stored-value' and 'periodical'.

B: A smartcard with a single 'stored-value' purse, through which a user would be charged for a set number (such as nine) of the most expensive trips made in a week, with any additional trips being free.

Table 6.1 shows that the assessment results are not very conclusive at this stage:

- The single stored-value purse approach might result in lower ticketing system costs (in both capital and ongoing operating terms). However, further work is needed to quantify these (criterion C5).
- Passenger reactions to the single versus dual purse approach are uncertain (criterion C1). Further research might be needed – both through local market research and public consultation, and through reviewing any research evidence.



Please indicate your preferred option by ticking the relevant box.

TABLE 6.1: ASSESSMENT OF SMARTCARD-BASED PRODUCT TYPES

Criteria	Assessment ratings by option		Comments
	A Stored-value and periodical purses	B Stored-value purse only, with free trip provision	
C1. Simple, easy to understand	0	0	The single purse is easier for passengers in terms of 'topping up' their smartcards, but the complexities associated with the 'free trips' provision may offset this.
C2. Maximise patronage	0	0	The net effects are unclear. Abolishing periodicals may result in higher fares for commuters making only 10 trips a week, with some loss of patronage; but it will also encourage an increase in discretionary trips by other commuters. Fare capping can be used to ensure no additional cost for regular users of passes and 10-trip tickets.
C3. Support efficient network design, operations and asset utilisation	0	0	Minimal differences between options.
C4. Cost reflective	0	0	Minimal differences (unless relative prices are changed).
C5. Ease and cost of fare/ ticketing system implementation and administration	0	+	The single purse approach is likely to result in some ticketing system cost savings.
C6. Economic efficiency	0	0	Minimal difference (unless relative prices are changed).
C7. Improves access	0	++	Low-income users who can't afford the upfront costs of periodical passes pay a higher fare under Option A. Fare caps reward regular customers based on their use, rather than their ability to afford monthly passes.
Your preference (tick one box)			

7 CONCESSIONS



7.1 CHILDREN/YOUTH

The current child/youth concession covers:

- All children aged 5-15 (inclusive).
- All secondary school students age 16-19 (inclusive) who are in school uniform or produce current school identification photos.

Concession fares for this group are set at about half the equivalent adult fares (subject to rounding).

We're assessing three options for child/student/youth concession eligibility:

A: Maintain the existing approach.

B: Maintain the existing approach and extend it to all children in full-time primary or secondary education (including home-schooled and other pupils without school issued identification.).

C: Maintain the existing approach and extend it to all young people under 20 years of age.

Table 7.1 shows our initial assessment of these options against the seven criteria, taking Option A (the existing situation) as the 'base' (= 0) throughout. Note that the assessment is on a 'revenue-neutral' basis; the more people who qualify for a concession, the greater the increase needed in general fare levels to achieve a constant total fare revenue.

The assessment results indicate:

Option B v Option A

- The differences between Option B and Option A are small, consistent with the small number of students affected.
- Option B has an advantage over Option A in being simpler to understand, but it will be more difficult to administer as there is no standard ID product. Overall, there seems little to choose between the two options, although Option B may be preferred on the grounds of 'fairness'.

Option C v Option A/B

- Option C has more pronounced impacts than Option B, as it extends concessions to a sizeable group of people who are not in full-time secondary education. This group includes a significant proportion of tertiary-level students.
- Option C has a significant advantage over Options A and B in being easier to understand (C1) and probably easier to administer (C5). Some photo ID giving proof of age is all that is required.

In terms of the other criteria, the advantages/disadvantages of Option C over Options A/B are small and quite finely balanced. Overall, we believe they are positive: the market segment affected by Option C would include many people who have relatively low incomes, depend on public transport and are relatively price sensitive. Hence Option B has advantages under criteria C2 and C7.

Please indicate your preferred option by ticking the relevant box.

TABLE 7.1: ASSESSMENT OF CHILD/YOUTH CONCESSION ELIGIBILITY OPTIONS

Criteria	Assessment ratings by option			Comments
	A Existing	B All full-time primary/ secondary students	C All people age < 20	
C1. Simple, easy to understand	0	+	++	Option C has a significant advantage – the eligibility criterion is very simple.
C2. Maximise patronage	0	0	+ +	Option C offers concessions to a relatively price-sensitive market segment.
C3. Support efficient network design, operations and asset utilisation	0	0	-	Any increases in patronage with Option C are likely to be primarily in peak periods (when the discount is more generous), thus not improving asset utilisation.
C4. Cost reflective	0	0	-	Offering discounts for peak-period travel is unlikely to improve the matching of revenue to costs at peak/off-peak periods.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	- -	+ +	Option C is likely to be easier to administer based on some photo ID giving proof of age.
C6. Economic efficiency	0	0	0	No significant differences – any impacts external to the public transport system (e.g. congestion relief) are likely to be very small.
C7. Improves access	0	0	+	The market segment affected by Option C will tend to be relatively low income and depend on public transport.
Your preference (tick one box)				



7.1.1 OPTIONS AND ASSESSMENT – DISCOUNT LEVELS

Currently the child concession fare offers a discount of about 50% on the equivalent adult fare (but subject to rounding). If we pursue Options B or C above and extend the eligibility for concession fares, we'll need to consider reducing the current discounts or making other changes to the fare structure to make them affordable on a 'revenue-neutral' basis.

We're assessing three options for 'child' concession discount levels:

A: As existing – about 50% below the adult fare.

B: Lesser discount – 33% below the adult fare.

C: Lesser discount – 25% below the adult fare.

Table 7.2 shows our initial assessment of these options against the seven criteria, taking Option A (the existing situation) as the 'base' (= 0) throughout. Note the assessment is on a 'revenue-neutral' basis; the lower the discount offered, the greater the affordability of a decrease in general fare levels (or the extension of the concession to other groups) while maintaining a constant total fare revenue.

The assessment results indicate that:

- Reduced discounts/higher fares will have adverse effects on people who are relatively dependent on public transport (and arguably have relatively low incomes).
- Reduced discounts will improve the cost recovery performance of school services towards that of route services in the same areas.

Please indicate your preferred option by ticking the relevant box.

TABLE 7.2: ASSESSMENT OF CHILD/YOUTH CONCESSION DISCOUNT LEVELS

Criteria	Assessment ratings by option			Comments
	A Existing 50% discount	B 33% discount	C 25% discount	
C1. Simple, easy to understand	0	0	0	There is little difference between the options, although there are advantages in consistency of discounts across all concession groups and between concession discounts and any off-peak discounts.
C2. Maximise patronage	0	0	0	Any net effects are unclear and likely to be small.
C3. Support efficient network design, operations and asset utilisation	0	0	0	No significant effects.
C4. Cost reflective	0	+	+	Reduced discounts (higher fares) tend to improve the cost recovery of school services towards levels typical of route services (in the same areas).
C5. Ease and cost of fare/ ticketing system implementation and administration	0	0	0	Any effects are not likely to be significant – but note the advantages of consistent discount levels across concession groups and off-peak periods.
C6. Economic efficiency	0	0	0	Any net effects are unclear, but they are likely to be small in terms of congestion impacts etc.
C7. Improves access	0	-	-	Reduced discounts will have adverse effects on a group of people who are relatively dependent on public transport (and arguably have low incomes).
Your preference (tick one box)				



7.2 TERTIARY STUDENTS

Tertiary students in the Wellington region currently pay full adult fares on all public transport services. This is consistent with the practice in most regions in New Zealand, although Auckland has a concession for full-time tertiary students attending accredited courses and holding appropriate ID. Its tertiary 'HOP Card' offers discounts of up to 40% on adult single fares on most bus, rail and ferry services, for both stored-value and 10-trip tickets. These concession arrangements, established in 2008, appear to have been very successful in increasing tertiary students' use of public transport, but it also increases the cost of the public subsidy required.

We're assessing two options for tertiary student concessions (eligibility and pricing):

A: No concessions – the existing situation.

B: Concession fares offered to all full-time tertiary students, at the same rate as the child concession fare (see Table 7.1 and 7.2).

Table 7.3 shows our assessment of these options against the assessment criteria, taking Option A (the existing situation) as the 'base' (= 0) throughout. Note that the assessment is on a 'revenue-neutral' basis; the likely loss in revenue from introducing a tertiary student concession would need to be compensated for with an increase in general fare levels.

The assessment results indicate that:

- Option B will have a significant positive impact on 'affordability' (C7) for a group of people with relatively low incomes and a high dependency on public transport.
- Other impacts of introducing the concession tend to be less substantial, but still significant. These include an increase in patronage (a positive impact) and administration issues (a negative impact).

Please indicate your preferred option by ticking the relevant box.

TABLE 7.3: ASSESSMENT OF TERTIARY STUDENT CONCESSION OPTIONS

Criteria	Assessment ratings by option		Comments
	A Existing	B Concessions at 'child' rate	
C1. Simple, easy to understand	0	-	The current policy on tertiary student concessions is simple and easy to understand. Introducing concessions is bound to be less simple/easy, as administrative procedures will be needed.
C2. Maximise patronage	0	+	Tertiary students are believed to be a relatively price-sensitive market – this is supported by evidence from the Auckland tertiary student concession scheme. It's likely that providing a concession will increase system patronage overall.
C3. Support efficient network design, operations and asset utilisation	0	+	As most students travel outside the peak periods, Option B would tend to improve asset utilisation.
C4. Cost reflective	0	0	The difference is likely to be small or insignificant.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	- -	The experience with the Auckland tertiary student concession scheme indicates that it requires significant administration resources.
C6. Economic efficiency	0	0	Any externality effects are likely to be very small.
C7. Improves access	0	+ +	The tertiary student market tends to comprise people on relatively low incomes and dependent on public transport, so it will significantly benefit under this criterion.
Your preference (tick one box)			



7.3 SENIORS

The SuperGold Card scheme is open to everyone aged 65 and over, as well as war veterans and superannuation recipients. Cardholders can travel free in all off-peak periods – 9am to 3pm and after 6.30pm on weekdays, and all day on weekends and public holidays.

The scheme, which was introduced in 2008, is fully funded by the Government. All regions are required to participate, at no cost to their rates.

In Auckland, travel is free at all times except before 9am on weekdays. The costs of travel in the afternoon peak period are funded by Auckland Council through local rates, and currently with a contribution from the NZTA.

We're assessing two options for 'senior' concessions:

A: Keep the existing scheme.

B: Extend the scheme to allow free travel through weekday afternoon peaks (i.e. at all times except weekdays before 9am).

Table 7.4 shows our initial assessment of these options against the seven criteria, taking Option A (the existing situation) as the 'base' (= 0) throughout. Note that the assessment is on a 'revenue-neutral' basis; if Option B is adopted, the loss in revenue plus any additional costs would need to be compensated for by a small increase in general fare levels.

The assessment results indicate that:

- Option B performs well in terms of criteria C1 (simplicity) and C7 (affordability), but relatively poorly in terms of C3 (asset utilisation etc) and C6 (economic efficiency).
- On the other criteria, any differences between the two options are small or insignificant.

Please indicate your preferred option by ticking the relevant box.

TABLE 7.4: ASSESSMENT OF SENIOR CONCESSION (FREE TRAVEL) OPTIONS

Criteria	Assessment ratings by option		Comments
	A Existing	B Extend free travel through PM peak period	
C1. Simple, easy to understand	0	+	Option B will enhance the scheme's simplicity and ease of understanding.
C2. Maximise patronage	0	0	Any net effects on patronage are expected to be very small: it's anticipated that most seniors' trips in the afternoon peak period under Option B would transfer from earlier/later in the day.
C3. Support efficient network design, operations and asset utilisation	0	-	Option B may require additional services in the afternoon peak, with small negative effects on asset utilisation.
C4. Cost reflective	0	-	Arguably the loss in revenue from some existing passengers in Option B would have adverse effects on this criterion.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	+	Option B is likely to result in small benefits in terms of administration from the operator/Greater Wellington viewpoints.
C6. Economic efficiency	0	-	Providing free travel in the afternoon peak period has an adverse impact on this criterion (pricing does not reflect marginal operating costs or any impacts external to the public transport system).
C7. Improves access	0	+	Option B is likely to have a small positive impact – scheme users are on relatively low incomes and have a moderate/ high degree of dependence on public transport.
Your preference (tick one box)			



7.4 BENEFICIARIES AND PEOPLE WITH DISABILITIES

Currently, most beneficiaries and people with disabilities don't receive any fare concessions. However, historical practices mean that some concessions are available to a small number of people in these groups (see Table 3.1).

The policy rationale for concessions for these groups is not well defined. For beneficiaries it focuses on their relatively low incomes, although it could be argued that benefit payments (a Government responsibility) should be enough to make a separate public transport concession unnecessary.

If concessions were to be extended to cover, for example, all people with disabilities, there would be significant practical difficulties in determining eligibility and establishing and administering the concession scheme. While 'child' and 'senior' groups are well defined and eligibility is easily proved (through ID, the SuperGold Card etc), there is no equivalent system for identifying people with disabilities.

We're assessing three options for fare concessions for beneficiaries and people with disabilities:

- A: As existing – continue to offer concessions (at the same rate as child fares) to limited groups on selected services only.
- B: Phase out the current limited concessions.
- C: Phase out the current limited concessions, but introduce discounted off-peak fares available to everyone.

Table 7.5 shows our initial assessments of these options against the seven criteria, taking Option A (the existing situation) as the 'base' (= 0) throughout. Note that the assessment is on a 'revenue-neutral' basis; any loss in revenue would need to be compensated for by a small increase in general fare levels.

The assessment results indicate that:

Option B v Option A

- Any differences between these two options tend to be very small given the few passengers directly affected (i.e. those benefiting from the current concessions).
- Option B has advantages in terms of criteria C1 (simplicity) and C5 (reduced administration), and marginal disadvantages in terms of C2 (patronage) and C7 (affordability). It would also improve the actual and perceived fairness of the concession system.

Option C

- The merits of introducing off-peak discounts for all users have been addressed in Table 5.4, and are best considered in this wider context.

Please indicate your preferred option by ticking the relevant box.

TABLE 7.5: ASSESSMENT OF CONCESSION OPTIONS FOR BENEFICIARIES AND PEOPLE WITH DISABILITIES

Criteria	Assessment ratings by option			Comments
	A Existing – retain limited concessions	B Phase out current limited concessions	C Offer off-peak discounts for all users	
				(Option B v Option A) For comments on Option C see Table 5.4
C1. Simple, easy to understand	0	+		Eligibility for the current concessions isn't easy to understand.
C2. Maximise patronage	0	-		Withdrawing the concession could result in a marginal loss of patronage.
C3. Support efficient network design, operations and asset utilisation	0	0		Any effects are very small.
C4. Cost reflective	0	0		Any effects are very small.
C5. Ease and cost of fare/ ticketing system implementation and administration	0	+		The administration costs for the current system are significant relative to the number of people benefiting from the concession.
C6. Economic efficiency	0	0		Any effects are very small.
C7. Improves access	0	-		A very small number of people are affected.
Your preference (tick one box)				

