
Planning Committee Workshop: Public Transport Fares scenarios and options MINUTES

Minutes of a workshop held in Room 1, Level 26, 135 Albert Street on Tuesday, 7 May 2019 at 9.31am.

PRESENT

Chairperson Cr Chris Darby	
Deputy Chair Cr Richard Hills	
Cr Josephine Bartley	
Cr Cathy Casey	
Deputy Mayor Bill Cashmore	
Cr Efeso Collins	From 9.42am
Cr Linda Cooper	
Cr Alf Filipaina	From 9.37am until 10.56am
Cr Daniel Newman	From 10.16am until 11.09am
Cr Greg Sayers	From 9.36am until 10.22am
Cr Desley Simpson	
Cr John Walker	
Cr Wayne Walker	From 9.53am
Cr John Watson	From 9.40am
Cr Paul Young	From 9.33am

APOLOGIES

Cr Ross Clow	
Cr Christine Fletcher	
Mayor Phil Goff	On council business
IMSB Member Tau Henare	
Cr Penny Hulse	On council business
IMSB Member Liane Ngamane	
Cr Sharon Stewart	
Cr John Walker	
Cr Wayne Walker	
Cr John Watson	

ABSENT

Cr Mike Lee

Note: No decisions or resolutions may be made by a workshop, unless the Governing Body or Committee resolution establishing it specifically instructs such action.

Purpose of the workshop
To provide information and context ahead of Annual Plan deliberations.
Declarations of Interest
<ul style="list-style-type: none">• There were no declarations of interest.
Notes
<ul style="list-style-type: none">• A PowerPoint presentation was provided. Auckland Transport gave permission following the workshop for this presentation to be released publicly.• Committee members asked several questions about free travel for dedicated school bus services, free weekend and public holiday travel for children aged between 5 and 15, and capacity to meet projected demand.• Committee members were generally supportive of the recommended options on Slide 17 of the presentation:<ul style="list-style-type: none">○ Further investigation of ferry fare integration○ Free weekend and public holiday travel for children aged between 5 and 15 years○ Increasing fare discounts for tertiary students
Next steps
<ul style="list-style-type: none">• Auckland Transport to investigate the implications of implementing free weekend and public holiday travel for children aged between 5 and 15 years in August 2019 rather than February 2020 (subject to relevant budget approvals).• Recommended options are to inform broader Auckland Transport/Auckland Council budget discussions, including the scheduled Finance and Performance Committee workshop on 15 May.• Other initiatives such as discounts for Community Services Card holders to be investigated and incorporated in discussions for the next Long-term Plan.

The workshop closed at 11.16am.

AT 2019/20 Fare Scenarios Council Planning Committee Workshop 7 May 2019



Context

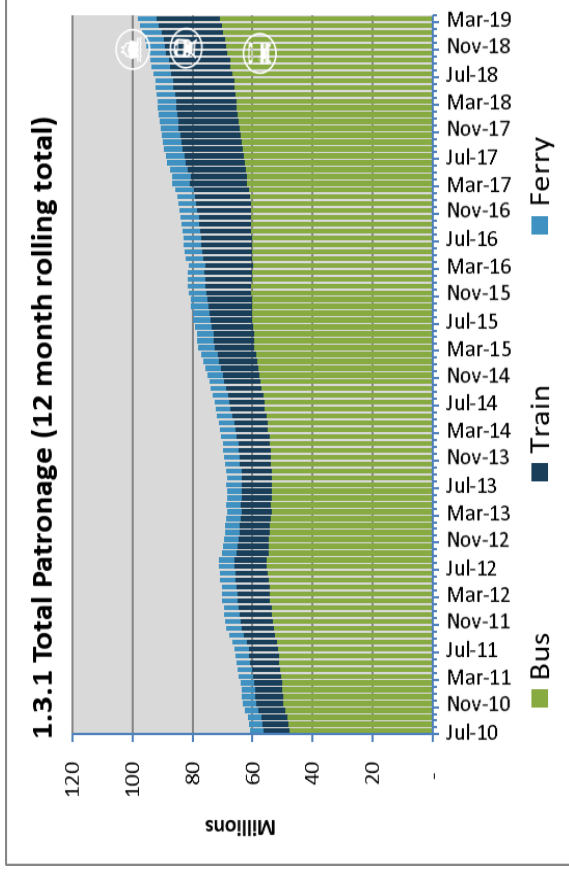
- The purpose of this paper is to provide Councillors an opportunity to provide feedback on the options to be considered as part of the Accelerated Mode Shift work being prepared jointly by AT & NZTA
- At the AC Joint Planning and Finance & Performance Committee Workshop on 19 February AT was requested to come back to Councillors with potential fare reduction scenarios
- Impact of ERA changes which come into effect on 6 May 2019 will have an immediate \$4m impact and ~\$10m next year (2019/20)
- \$5m has been included in AT's proposed 2019/20 budget to implement certain nuanced fare scenario's
- A 2% average fare increase is budgeted in Feb 2020
- Current approved strategy is to develop and implement Ferry Fare integration, daily and weekly caps (substituting monthly passes) and off-peak fares

PT Growth

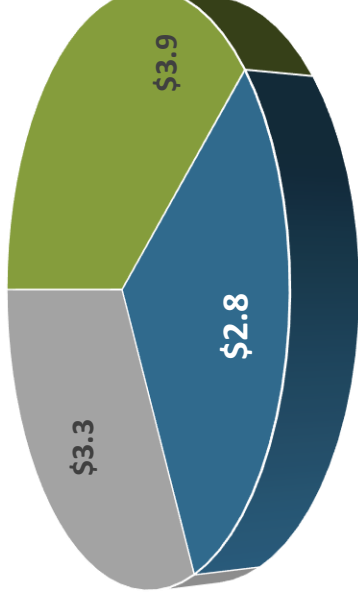
- PT patronage 30% growth over six years
- PT satisfaction 91%
- Current PT service contract costs \$414 million
- Every \$10 of extra services, requires \$6 of funding (\$3 from AC and \$3 from the Transport Agency)
- Expecting 100m pax by June2019



- When patronage is going up so is cost



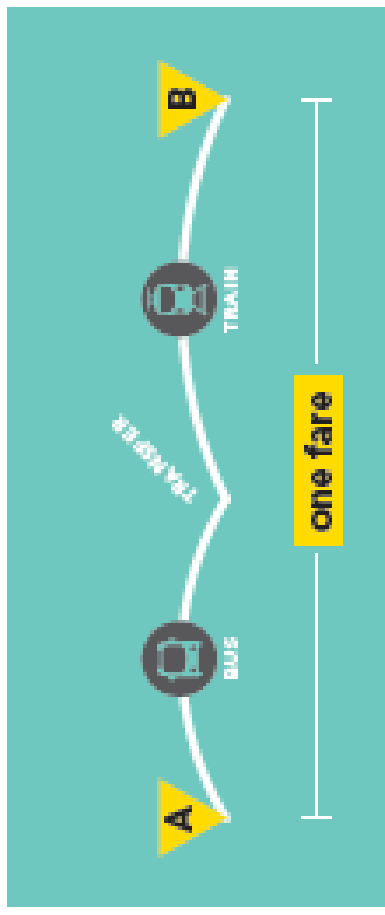
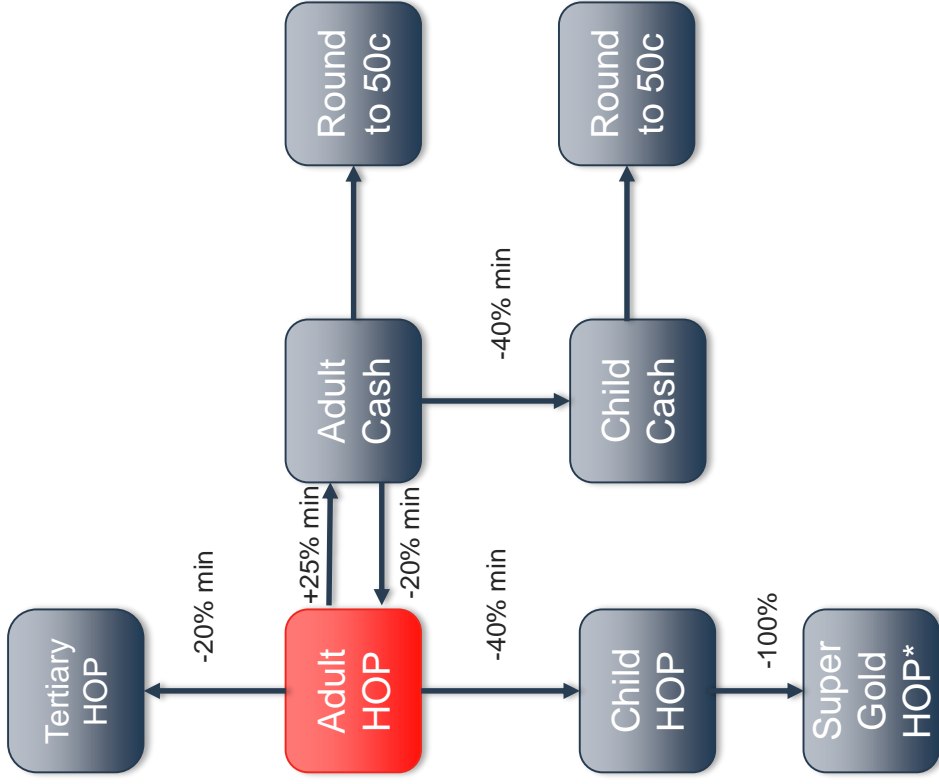
Farebox



- Fares
- Auckland Council
- NZ Transport Agency

Current Fare Structure

- Bus and train fares fully **integrated** with ferry fares (not at fare parity) being developed
- **Transport disadvantaged** offered discounts in the form of reduced fares at minimum discount levels. Children under 5 travel free.
- **Disability** fares offered at same level as Child/ secondary student
- A **journey** consists of up to 5 legs with a maximum of 4 hours and no more than 30 minutes between transfer

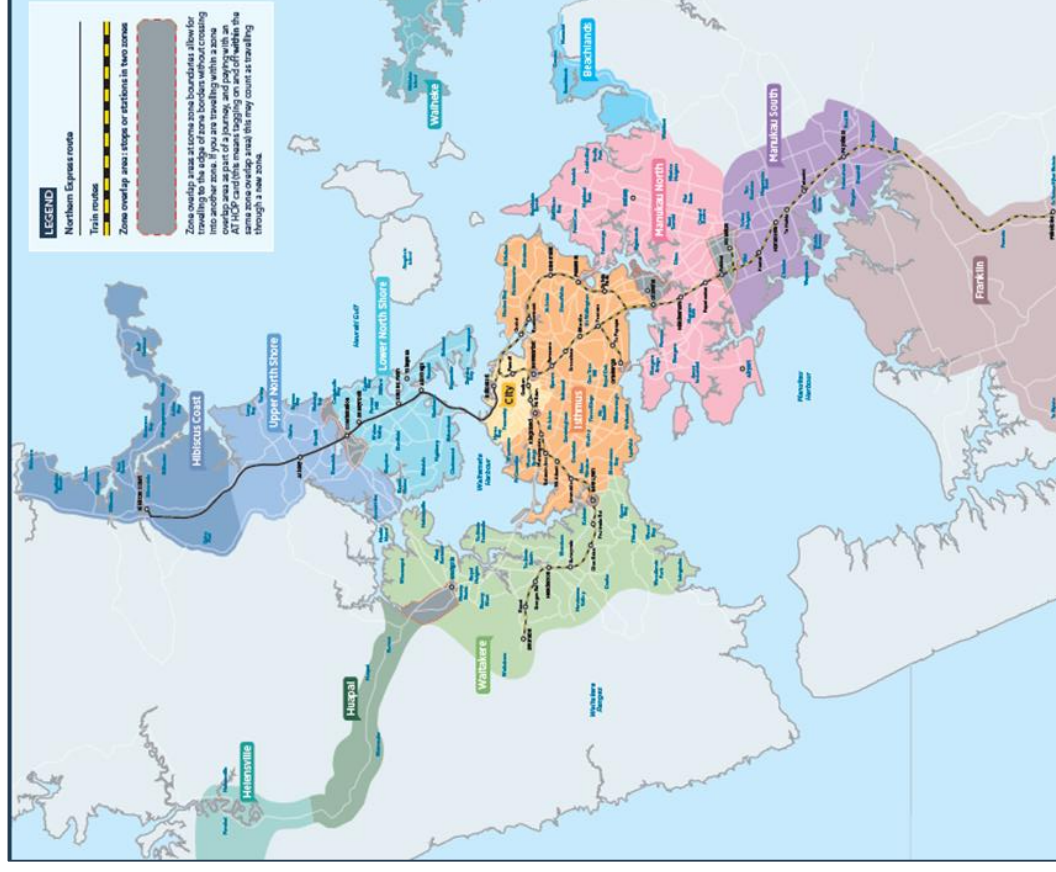
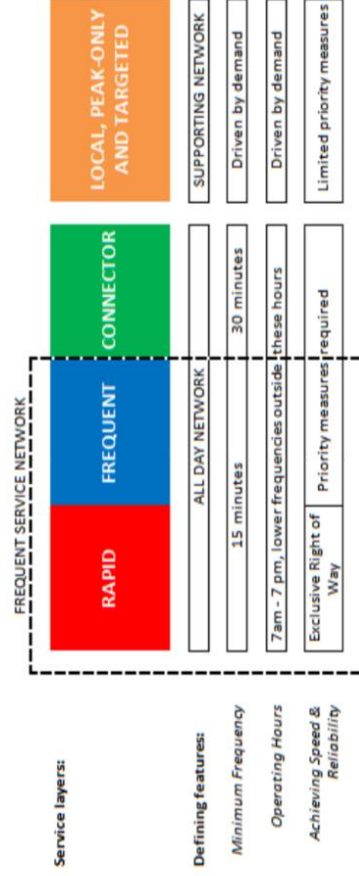


Current Fare Structure

Family travel which allows children < 16yrs to travel for 99c per journey on weekends

Daily passes are available only on HOP card at \$18 per day all buses and trains and inner harbour ferries to last service of the day
 Monthly pass on all zones Bus and Train \$215 per month

Inner Harbour Ferry \$150
 Mid Harbour Ferry \$255
 Outer Harbour Ferry \$330



Fare parameters

- Fares are targeted to recover 50% of operating cost
- SOI target is 47% to 50%



- Current subsidy per passenger is approximately \$2.06
- Fares have descending cost per zone making travel per kilometre to from the CBD cheaper for longer distance travel
- Fare policies is as per the 2018 Regional Public Transport Plan

For every \$1 invested in services 50c is targeted to be recovered in revenue

Changes

- Any changes to fares should be made in the context of the fare structure, setting and types desired (many subsets of these).
- Research:
 - Simple is best
 - Equity in pricing
 - Elasticity -0.34 standard used but is dependent on size of increase less for small increases, greater elasticity off-peak and inelastic in peak, asymmetrical between increases and decreases with decreases being about half of increases
- +10% price increase * -0.34 = -3.4% patronage (decrease)
- -10% price decrease * -0.17 = +1.7% patronage (increase)
- Ticket system development costs are also a consideration.
- Principles:
 - That fares shall be structured so as to cover a reasonable portion of operating costs
 - That fares should be set at a level which will attract passengers to the service and retain them
 - That the cost of using public transport should be competitive with the cost of equivalent car travel
 - That fares are set in such a way that they reflect the costs and benefits of a service
 - That the system shall be easy for the public and transport operators to understand and use
 - That the rationale for the fare structure shall be seen to be applied consistently to all modes and across the region and any fare level variations shall be justified

Risks

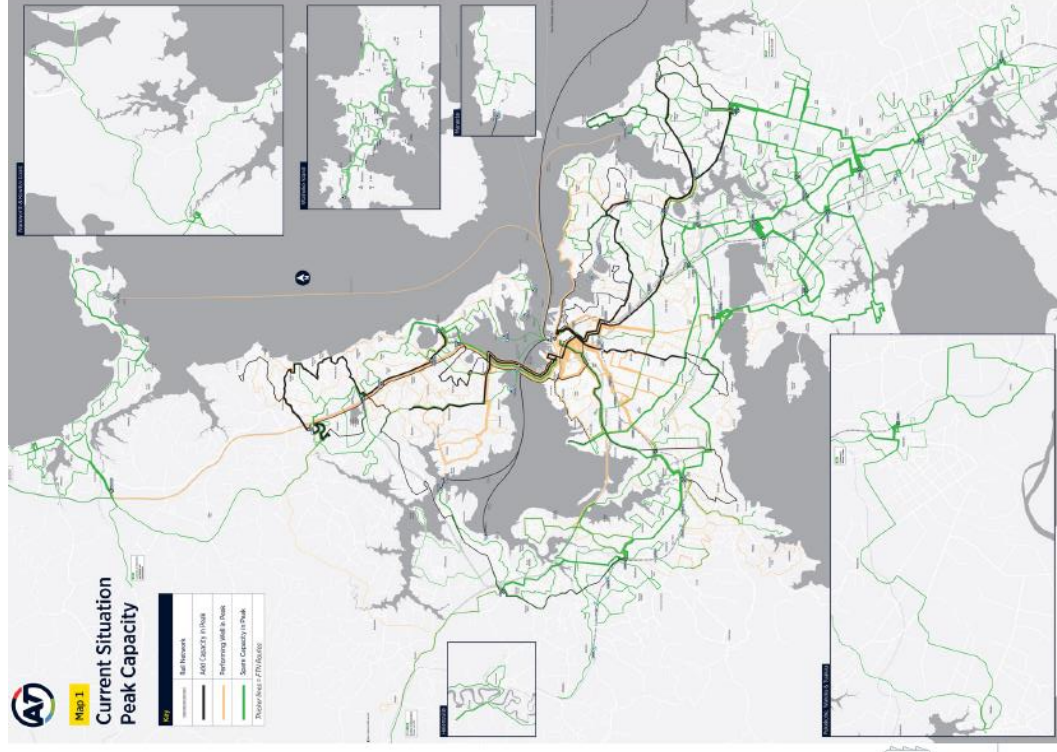
- Demand could exceed modelled results (behavioural shift) resulting in additional cost
- Elasticities are sensitive – Auckland specific elasticities not fully developed
- Ticket system development costs and timeframes could cost more/longer as not fully scoped
- Free travel on dedicated school buses may see an increased demand for school buses while public buses capacity is not utilised (additional cost of operation)
- Assumptions on even growth of patronage across network not correct resulting in increased cost for capacity in pockets across the network
- Modelled outcomes based on current HOP data, which does not fully account for recent changes to New Network implementation

Capacity

CAPACITY SNAPSHOT

- The rapid and frequent transit network is the backbone of the public transport system.
- Most of the growth in PT use is on these routes, which operate at 15 minute frequencies or better.
- Core parts of the network are under pressure.
 - Generally routes into the City Centre and Frequent Transport Network.
- However, there is spare capacity on routes in the south and west.
 - Opportunity to increase take-up.

— Green indicates spare capacity at peak



Fare product types

- **Time based fares**
 - Targeted to encourage travel in lower demand timeframes (SuperGold and child weekend fares currently), but could include off-peak fares say with 30% discount on peak fares
- **Loyalty / high usage**
 - Targeted to make travel affordable for high usage travellers (Day pass and Monthly passes currently), but could be substituted with daily caps and/or weekly caps
- **Concession fares**
 - Targeted to most transport disadvantaged users (Child, secondary school, tertiary students, disability and SuperGold currently)

Time based fares

- Off-peak fares
 - Say between 9am and 3.30pm and after 6.00pm weekdays and all weekends and public holidays
 - 30% discount off HOP fares when using a HOP card
- Journey concept
 - 5 trips
 - In 4 hours
 - Max 30 minute transfer

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost***	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Off-Peak Fares (30% discount)	\$19.34m	\$800,000	\$20.14m	2.01m**	Patronage + 2.01M
Unlimited pass add-ons for HOP Cards – Weekend and Six-Hour (\$15 Capped)	\$146,000	\$40,000	\$186,000	9,330	Patronage + 9,330
Increasing free transfer time to 1 hour	\$3.35m	\$50,000	\$3.4m	380,000	Patronage + 380,000



Loyalty

- **Daily pass (active based) or Daily Cap (inertia based)**
 - Allows unlimited travel on all/ selected/ restricted modes/services/zones on a certain day for a set value
- **Monthly pass**
 - Allows unlimited travel on all/ selected/ restricted modes/services on a rolling/set month
- **Weekly Cap**
 - Allows unlimited travel on all/ selected/ restricted modes/services/zones in a week (set) for a set value (\$ or trips)

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Fare Caps – Weekly Caps (4 Caps)	\$7.34m	\$ -	\$7.34m	665,000	12.3% of HOP passengers will benefit (no behaviour change modelled) + 665,000 (indicative)
Fare Caps – Weekly Caps (3 Caps; excludes 1-2 zone cap)	\$3.04m	\$ -	\$3.04m	353,000	6.8% of HOP passengers will benefit (no behaviour change modelled) + 360,000 (indicative)
Daily Caps (Zone Based)	\$6.43m	\$150,000	\$6.59m	1.69m	Patronage + 1.69M
Fare Caps – Daily	\$456,000	\$ -	\$456,000	n/a	Approximately 4,500 HOP passengers will benefit (no behaviour change modelled) No discount based on current daily pass.



Concessions

- Reduced fares (usually from a standard fare) for certain groups on certain service types/times/zones/modes

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost***	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Discount applied to all Concessions (50%)	\$8.7m	\$2.56m	\$11.26m	615,000	Patronage + 615,000
Discount for Community Service Card (CSC) holders (50%)	\$8m	\$11m	\$19m	1.93m	Approximately 80,000 CSC holders + 1.93M
Fare-free – 5 -15yrs	\$13.3m	\$18.5m	\$31.8m	4.2m*	124,600 Child concessions + 4.2M
Fare-free – Secondary to 19yrs	\$3.8m	\$5.7m	\$9.5m	1.3m*	36,800 Secondary concessions + 1.3M
Fare-free – Tertiary Students	\$23m	\$21m	\$44m	4.8m	111,400 Tertiary concessions + 4.8M
Complete fare-free travel for Children aged 5 - 15yrs (phased in over 5 years)	\$21m	\$20.33m	\$41.33m	4.8m	Ranges from 3,000 to 140,000 child concessions over five years + 4.8M
Tertiary Student Discount (40%)	\$4.7m	\$1.28m	\$5.98m	307,000	Patronage + 307,000



Accelerated Mode Shift Options

Accelerated Mode Shift scenarios would require significantly higher funding

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost***	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Off-Peak Fares (30% discount)	\$19.34m	\$800,000	\$20.14m	2.01m**	Patronage + 2.01M
Discount applied to all Concessions (50%)	\$8.7m	\$2.56m	\$11.26m	615,000	Patronage + 615,000
Discount for Community Service Card (CSC) holders (50%)	\$8m	\$11m	\$19m	1.93m	Approximately 80,000 CSC holders + 1.93M
Fare-free – 5 -15yrs	\$13.3m	\$18.5m	\$31.8m	4.2m*	124,600 Child concessions + 4.2M
Fare-free – Secondary to 19yrs	\$3.8m	\$5.7m	\$9.5m	1.3m*	36,800 Secondary concessions + 1.3M
Total	\$53.1m	\$38.6m	\$91.7m	10.1m	

The above changes would cost \$91.7 million annually but could be phased in over time. Some of the initiatives on the next slide are subsets of these, hence the numbers are not cumulative.

Generation Zero suggestions

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Free weekend and public holiday travel – Everyone	\$19.3m	\$500,000	\$19.8m	3.5m	Patronage + 3.5M
Increasing free transfer time to 1 hour	\$3.35m	\$50,000	\$3.4m	380,000	Patronage + 380,000
Unlimited pass add-ons for HOP Cards – Weekend and Six-Hour (\$15 Capped)	\$146,000	\$40,000	\$186,000	9,330	Patronage + 9,330
50% discount of HOP fare for Tertiary Students	\$6.56m	\$2.6m	\$9.16m	602,000	Patronage + 602,000
Fare-free travel for children under 12yrs and everyday 99 cent child fares for those who are 12-15yrs	\$3.28m	\$9.66m	\$12.9m	2.24m	Patronage + 2.24M
Disposable paper-based HOP Card for Tourists (Expires in 7 days)	+\$4.01m	\$8.2m	\$4.19m	1.5m	Patronage + 1.5M
Daily Caps (Zone Based)	\$6.43m	\$150,000	\$6.59m	1.69m	Patronage + 1.69M
\$6 credit on all new HOP Cards	\$2.28m	\$776,000	\$3.05m	180,000	Patronage + 180,000

Nuanced Fare Scenarios

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Ferry Fare Integration – Fully integrated from ferry fare only	\$502,000	\$ -	\$502,000	180,000*	28% of ferry HOP passengers will potentially benefit
Tertiary Student Discount (25%) from 20%	\$1.17m	\$517,000	\$1.69m	124,000	Patronage + 124,000
Free weekend and public holiday travel – Child 5 -15yrs from 99c/journey**	\$623,000	\$20,000	\$643,000	989,000	58,000 Child concessions + 989,000**
Fare-free – All dedicated school bus travel child & secondary	\$2.7m	\$3.7m	\$6.4m	850,000	161,400 Child and Secondary concessions + 850,000

If the above are all implemented in February 2020 when fares are reviewed annually then the impact in 2019/20 will be ~ \$5 million with full annualised cost being \$9.23 million

* estimate only not fully modelled as includes Devonport

** assumes HOP card still required

Recommended Options to be included in AT 2019/20 Budget

Certain nuanced fare reductions could potentially be accommodated within next years budget, while at the same time absorbing the ERA impacts

Fare Option	Revenue Foregone net of revenue from pax increase	Capacity Cost	Total Net AT OPEX Impact	Pax Increase	Patronage/Customer Impact
Ferry Fare Integration – Fully integrated from ferry fare only	\$502,000	\$ -	\$502,000	180,000*	28% of ferry HOP passengers will potentially benefit
Free weekend and public holiday travel – Child 5 -15yrs from 99c/journey	\$623,000	\$20,000	\$643,000	989,000	58,000 Child concessions + 989,000
Tertiary Student Discount (25%) from 20%	\$1.17m	\$517,000	\$1.69m	124,000	Patronage + 124,000

Any further fare scenarios would require additional funding

*estimate only not fully modelled as includes Devonport