

Local Government NZ Regional Sector

Meeting Speech Notes

Transport priorities including the National Ticketing Solution and Public Transport.

Speech for: Hon Michael Wood, Minister of Transport

17 February 2023

Time of speech: 9:00am-9:20am

Speech length allocated: 7-15 minutes

Question and answer time allocated: 15 minutes

Speaking points

National Ticketing Solution

- As you will know, a key transport priority has been securing and announcing Aotearoa's National Ticketing Solution.
- This will be delivered through a partnership between Public Transport Authorities and Waka Kotahi NZ Transport Agency.
- All public transport users will be able to pay for trips using their everyday payment methods such as physical credit and debit cards, and via services such as Apple Pay and Google Pay.
- People will be able to use what's already in their pockets – there will no longer be multiple cards for different regions, and you'll no longer need to pay upfront for your travel.
- This is a significant change for public transport ticketing, which will make it easier for people to use public transport anywhere in the country - it will also support national concessions such as SuperGold and Community Connect customers.
- I believe the solution will encourage more people to use public transport, which will ultimately contribute to reducing carbon emissions and improving safety and congestion on our roads.
- The solution gives Public Transport Authorities a modern digitally enabled system which will be easy to adapt as our needs change.
- It will also provide a deeper understanding of customer journeys, allowing us to better target investment in service improvements.
- The technology that will power the system is being provided by Cubic Transportation Systems – a world leading provider of ticketing services in places such as London, New York, and Chicago and closer to home in Sydney and Queensland.

- Design work and configuration of the solution for the Aotearoa environment is underway. Using a global supplier allows us to tap into system innovation from around the world.
- Funding for the National Ticketing Solution is being met through the National Land Transport Fund. Public Transport Authorities will part-fund their own transition and operating costs based on their normal Funding Assistance Rate.
- Waka Kotahi will provide implementation funding. This national approach will avoid the duplication of investment in multiple systems and hardware.
- This means that about 93 percent of the cost will be borne by the National Land Transport Fund and seven percent by Public Transport Authorities. This will be a marked reduction in costs for collecting fares compared to current systems, realising cost savings for Public Transport Authorities.
- The total cost of the new system is \$1.3 billion over 15 years. If this investment hadn't been made, our existing systems would have cost around \$1 billion to operate over the same period.
- The National Ticketing Solution represents a significant technology lift for the sector and showcases a mutually beneficial partnership between local and central Government. It will require full commitment from Public Transport Authorities throughout its development to ensure its success.

Public Transport

- Public transport has been another key transport priority, as it is critical to how we address cost of living challenges and Climate Change.
- By 2035, public transport will be carrying a significantly larger number of people in order to meet our target of a 20 percent reduction in light vehicle kilometres under the emissions reduction programme.
- Reaching this target will require a significant effort across government and the regional sector.
- In response to the rising cost of living, half price fares have been extended to 30 June 2023 and have made a significant contribution towards reducing the cost of using public transport.
- Community Connect will continue half price fares indefinitely for those with a Community Services Card, with around one million low-income people able to continue benefiting from half price fares, targeted to those who need it the most.
- I wish to thank the regional sector for their help in delivering these benefits to our communities as quickly as possible.
- I acknowledge that the regional sector has been struggling to deliver public transport services due to the bus driver shortage and increased costs due to inflation.
- We are making significant improvements by taking a multi-faceted approach, including increasing wages and opening recruitment to overseas drivers.

- Minimum bus driver wage rates are now improving towards our target of \$28 per hour in regional areas and \$30 per hour in urban areas.
- This has been a joint funding effort across the public transport sector, including investment from government through the Climate Emergency Response Fund and the National Land Transport Fund, along with significant investment from the regional sector and bus operators.
- The improvements we have made are increasing recruitment both domestically and overseas and will go a long way towards addressing driver shortages in the coming months, however, further work is still required.
- As we approach target wage rates, our attention will turn to improving other terms and conditions in partnership with the sector.
- We are establishing a transport sector agreement to provide a time-limited residence pathway for bus drivers from overseas.
- We will also be making long term and enduring changes to improve the retention and recruitment of public transport workers through implementation of the Sustainable Public Transport Framework.
- The Sustainable Public Transport Framework has four key objectives:
 - Public transport services support mode shift from private motor vehicles, by being integrated, reliable, frequent, accessible, affordable, and safe,
 - Employment and engagement of the public transport workforce is fair and equitable, providing for a sustainable labour market and sustainable provision of public transport services,
 - Well-used public transport services reduce the environmental and health impact of land transport, including by reducing reliance on single occupancy vehicles and by using zero emission technology, and
 - Provision of services supports value-for-money and efficiency from public transport investment while achieving the first three objectives
- The Ministry of Transport is now implementing the required legislation changes for the framework and Waka Kotahi is developing the operational policy to support those changes. Waka Kotahi is also engaging with regional councils, operators, and unions to ensure that the changes are workable and achieve sector buy-in.
- We have made significant progress towards delivering a zero-emission bus fleet with over 200 buses already deployed and more on the way.
- As well as reducing harmful greenhouse gas emissions, zero emission buses will help us develop healthier and more pleasant urban centres.
- Waka Kotahi is developing a contestable fund to accelerate decarbonisation of the bus fleet with funding through the Climate Emergency Response Fund with intention to invite bids for the first contestable funding round in April 2023.
- I am pleased to say we are on track for meeting our target of 100 percent zero emission urban public transport fleet by 2035.

Minister Wood Q&A

National Ticketing Solution

Q: When will the NTS be up and running?

A: It is expected that the solution will be up and running in Canterbury in June 2024 - all other regions are expected to be up and running by the end of 2026.

Q: How will those who do not have access to (or do not use) accepted payment methods use public transport once the system is up and running?

A: There will be a dedicated Transit Card and single trip tickets able to be topped up and purchased online as well as at some 3,000 retailers across the country.

Q: How will fares and routes be determined?

A: The setting of fare policy and routes will remain the preserve of the Public Transport Authorities.

Q: What is the cost of the new system?

A: \$1.3 billion over 15 years.

Q: How will this effect Public Transport Authorities?

A: The solution will provide a modern new digital system, reduce costs for collecting fares and allow full fare revenue to be retained by Public Transport Authorities.

Public Transport

Q: How much has the half price public transport scheme cost?

A: During the first six months of the half price public transport scheme (1 April to 30 November 2022), a total of \$76.7 million was claimed by Public Transport Authorities.

Q: What will happen when half price fares end?

A: We will be introducing Community Connect, a scheme targeted to kiwis most in need, so they can continue to benefit from half price fares.

Q: Have the reduced fares resulted in increased patronage?

A: Reduced fares were introduced to assist with the cost of living. A modest increase in patronage has also been attributed to the half price fares.

Q: How many vehicles are there in the public transport bus fleet?

A: The total public transport fleet includes approximately 2,600 buses.

Q: When should we expect to see further decarbonisation of the public transport bus fleet?

A: Decarbonisation is a continual process as vehicles are replaced and services expanded. Larger blocks of transition will occur as the current urban buses exit the fleet as contracts end.