

NZ TRANSPORT AGENCY BOARD PAPER

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In confidence/Commercially sensitive

Purpose

This paper seeks the Board's confirmation to proceed with issuing the request for proposals (RFP) for the National Ticketing Project (NTP) which will deliver an 'open-loop' bring your own token system for payments on public transport that is consistent throughout the country.

Recommendations

It is recommended that Waka Kotahi New Zealand Transport Agency Board resolves to:

- **Confirm** the Transport Agency issuing a request for proposals on behalf of public transport authorities and to negotiate with suppliers for the delivery of a National Ticketing Solution;
- **Note** all public transport authorities support the continuation of this project despite the potential impact of Covid19;
- **Note** that, subsequent to the last paper, Greater Wellington Regional Council has formally approved the arrangements contained in the February 2020 paper to the Board and Auckland Transport has approved in principle.

Background

The National Ticketing work programme was last before the Board in February 2020. The Board at that meeting:

- **Approved** the Transport Agency establishing a team to manage the back-office functions and contracting arrangements with suppliers of the National Ticketing Solution;

- **Approved**, subject to confirmation of availability, additional budget of \$7.9m from the PT activity class to allow completion of the Business Case and procurement phase and to ensure alignment of the National Ticketing Solution with Transport Agency systems and procedures;
- **Approved** the Request for Proposal being issued by the Transport Agency noting that the risk this may be viewed as a closed tender is mitigated by the comprehensive process which successfully secured the group of shortlisted respondents;
- **Supported** the preparation and execution of a Participation Agreement with Public Transport Authorities;
- **Noted** finalisation of the Business Case and completion of the procurement process has been delayed and an outcome is not expected until early 2021. This will delay the first implementation, being busses in Canterbury for Environment Canterbury, until early 2022 with Wellington trains to follow soon thereafter;
- **Noted** the proposed approach to funding the National Ticketing Solution, including the Transport Agency assuming development costs relating to the system and ongoing running costs while Public Transport Authorities will be responsible for their own transition costs, equipment supply and support & maintenance under normal SAR provisions. Transport Agency costs will be charged against the National Land Transport Fund - Public Transport Services;
- **Noted** the shared governance model that will be adopted with Regional/Territorial Authorities for the ticketing function delivered by the Transport Agency;
- **Noted** that Greater Wellington Regional Council and Auckland Transport will need to formally agree to the proposed arrangements;
- **Noted** that, in conjunction with the Ministry of Transport, the legal implications of the Transport Agency assuming this role for the National Ticketing Solution is in the process of being finalised; and
- **Noted** some enhancement work will need to continue on the AT-HOP product to keep it current until such time as Auckland transitions to the National Ticketing Solution, not expected before 2025. Enhancements will not materially impact the Business Case outcomes.

The procurement process has been well progressed with a shortlist of suppliers selected through a global process. These shortlisted respondents will be invited to respond to a detailed request for proposals which is now ready for release pending confirmation from the Waka Kotahi Board to proceed and final sign off from the Auckland Transport CEO that their Board's concerns have been addressed.

Key issues

The Project Steering Group for Project NEXT is made up from representatives from Auckland Transport, Greater Wellington Regional Council (GWRC), Environment Canterbury (ECAN), Otago Regional Council (on behalf of the RITS Consortium) and Waka Kotahi. They have considered, in consultation with their organisation's leadership, what impact, if any, COVID19 might have on releasing the request for proposal particularly as some public transport authorities (PTAs) may be under increasing financial pressure as a result of lower than expected public transport income from the travelling public.

The following factors were considered by the Steering Group:

- Substantial investment (to date [section 9\(2\)\(b\)\(iii\)](#)) has been made by Waka Kotahi and the PTAs to get us to this position to issue an RFP for the provision of a National Ticketing Solution.

- To stop or pause the project now would lead to substantial loss of skilled people together with the current impetus from all PTAs and Waka Kotahi to introduce a single national solution.
- It is likely much of the work completed to date would need to be reconstituted should the project recommence at a later date and skills may not be readily available to support the restart.
- With current systems requiring upgrade this would likely still occur if Project Next was stopped but it would most likely be in a haphazard way with individual solutions from PTA to PTA resulting in the loss of economies of scale and a national solution.
- AT would be looking to upgrade its current AT-HOP card system to accept open loop payments and indications are that this would cost circa \$20m without the full benefits the proposed National Ticketing Solution would provide and would be a hybrid solution.
- GWRC and ECAN would both need to invest in new ticketing solutions. Wellington needs to replace paper tickets on trains and Canterbury's system is no longer fit for purpose requiring substantial operator assistance to make it work.
- Ticketing in New Zealand has a checkered history with several previous failed attempts to institute national solutions. This has caused a level of scepticism among solution providers and at the interactives with shortlisted respondents their questions focused on whether New Zealand is serious about a national ticketing solution.
- It is likely that if the RFP is delayed for any period most, if not all, of the shortlisted respondents will walk away from bidding to be the solution provider based on the perceived inability of New Zealand authorities to agree and take forward a solution.
- Discussions held between the project team and respondents indicated all except one are keen to get on with quoting on a solution for the National Ticketing Solution despite the movement restrictions currently being imposed on a global basis by the pandemic.
- Questions have been raised regarding PTAs ability to meet their financial obligations under Project NEXT should lower public transport usage be the norm following the lifting of COVID restrictions. While this is a risk, AT for example has many readers due for replacement as they are at end of life and this is the principle cost for them entering the new ticketing solution so it will be incumbent on the Project to minimise transition costs.

The Steering Committee recommends the project continue to issue the RFP as the next step toward a national ticketing solution.

Health & Safety, Customer & Other Stakeholder and Environmental Impact

The impact of this decision is considered by the NZ Transport Agency to be neutral, in terms of health and safety, the public and other stakeholders, and the environment.

Related Documents

Nil