

MINISTERIAL BRIEFING NOTE

Subject	Open loop services in Auckland
Date	11 April 2024
Briefing number	BRI-3019

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 st contact
Sarina Pratley	Chief Customer & Services Officer	s 9(2)(a)		✓

Action taken by Office of the Minister

- ☐ Noted
- ☐ Seen by Minister
- ☐ Agreed
- ☐ Feedback provided
- ☐ Forwarded to
- ☐ Needs change [please specify]
- ☐ Withdrawn
- ☐ Overtaken by events

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11 April 2024

Hon Simeon Brown – Minister of Transport

OPEN LOOP SERVICES IN AUCKLAND

Purpose

1. This briefing provides you with information regarding the roll out of open loop (contactless) payment and ticketing services in Auckland.

Background and context section

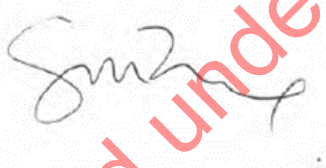
2. Auckland Transport (AT) currently operates a closed loop system on its public transport for ticketing and payments, i.e., prepaid HOP cards are required to pay for fares.
3. The COVID-19 pandemic has had a significant impact on AT's public transport patronage. To help address this, the AT Board agreed in September 2022 to move to an open loop on its public transport fleet to make it easier to take public transport.
4. Two options were considered to achieve this outcome; either implementing this capability on AT's existing platform or bringing forward capability planned for the National Ticketing Solution (NTS).
5. The AT Board agreed the open loop solution will first be implemented on the existing platform, followed by a hybrid solution using AT HOP equipment with contactless transaction processing via the NTS back-end.
6. This approach brings forward some of the planned NTS transition expenditure for AT. In return, we expect this approach to enable a more cost-effective and less disruptive implementation of the NTS solution for Aucklanders as it will:
 - a) mitigate the transition risk for the largest group of public transport users in the country (AT customers) by allowing a gradual transition to the use of contactless payments; and
 - b) almost eliminate the need to enable HOP card refunds or provide free fares on buses during transition, as the current and new systems will co-exist for a short time.
7. Given the benefits to the public, the NZTA Board endorsed this mixed approach by committing to fund the \$23 million cost of the open loop solution at a normal Funding Assistance Rate (FAR) from the Public Transport Infrastructure activity class (i.e., 51 percent NLTF and 49 percent local share).
8. The full AT transition to the NTS will occur in three steps:
 - a) Late 2024: Limited open loop – AT plans to upgrade its equipment to enable its current Ground Transportations Systems (GTS, previously Thales) system to accept payments by contactless debit and credit cards and devices, in addition to AT HOP cards. At that stage, contactless payments will only be available for full adult fares (no concessions), and transactions will not be visible on customer's AT HOP accounts.
 - b) Late 2025: Early Integration with NTS – AT will start integration with NTS in the back-office with transaction payment processing being split. Contactless payments will be processed by the NTS back-end system and the AT HOP card payments will be processed by AT's existing GTS system.
 - c) Mid-2026: Full NTS migration – all of the remaining relevant features of NTS will be introduced to enable AT to fully transition into the NTS, including concessions, migration

from HOP to NTS prepaid cards etc. This is expected to be completed by the end of 2026.

9. AT bus equipment will also need to transition at some stage and we will undertake a cost benefit analysis to determine the most cost-effective timing for this to occur.
10. Originally, the full NTS transition for AT was expected to cost between s 9(2)(j) (assumed to be paid for via a normal FAR rate of 51 percent NLTF and 49 percent local share). However, the decision to undertake the early integration phase means these costs have decreased.
11. It is now estimated to cost between s 9(2)(j). In addition, once AT has fully transitioned to NTS, there will be operational savings of approximately s 9(2)(j) per year as AT's ongoing NTS-related operational costs will be included as part of the cost for the overall NTS.
12. s 9(2)(j)
13. s 9(2)(j)
14. s 9(2)(j)
15. s 9(2)(j)

It is recommended that you:

1. Note the contents of this briefing



Sarina Pratley

Chief Customer & Services Officer

Hon Simeon Brown, Minister of Transport

Date:

2024