

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	National Ticketing Solution Financial and Programme Update
<b>Date</b>	18 December 2024
<b>Briefing number</b>	BRI-3030

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 <sup>st</sup> contact
Sarina Pratley	Chief Customer and Services Officer	s 9(2)(a)	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- Withdrawn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

Released under the Official Information Act 1982

18 December 2024

**Hon Simeon Brown – Minister of Transport**

## NATIONAL TICKETING SOLUTION FINANCIAL AND PROGRAMME UPDATE

### Purpose

1. This briefing provides you with an update on the National Ticketing Solution's (NTS) current financial status and the overall progress of the work programme, following the commencement of the live-pilot of the NTS' contactless payment technology on the Christchurch Airport bus service, operated by Environment Canterbury (ECan) on Sunday 8 December 2024.
2. The NTS project is on target to be completed on time and within budget, having moved into the delivery phase in early 2024, with 28 percent of the design and build budget expended to date. The total cost of the programme remains \$1.338 billion over the period 2023-2037.
3. The NTS programme team has been undertaking a review of its resourcing to identify efficiencies, alongside s 9(2)(g)(i) and the transition plans for the Public Transport Authorities (PTAs) to reduce our costs.

### Current programme activity

4. Activity in FY2023/24 has been focused on the detailed design and build of the solution. This phase included technical configuration, change impact assessments, as well as work to understand the needs of various traveller groups and communities (for example, people with disabilities, students, lower socio-economic groups, infrequent public transport users, Māori / iwi).
5. Since the start of 2024, NTS has moved into the delivery phase, with the commencement of the live-pilot of contactless payments technology on the Route 29 Airport Bus service in Christchurch. This has also included standing-up the new shared services organisation within NZTA for ticketing operation and support, known as the Transport Ticketing and Payments (TTP), which has also commenced operations. At the same time, work is being undertaken to plan and design the implementation of the NTS in subsequent regions including Invercargill, Gisborne, Bay of Plenty, Wellington, and Auckland.
6. As you are aware, NZTA co-funded Auckland Transport's (AT) 'Open Loop' project, i.e. contactless credit and debit payments elements on AT's existing (non-NTS) ticketing system, which is now live across the AT public transport network. This is the first step towards Auckland's transition to the NTS.
7. The \$23 million investment (51 percent funded by the National Land Transport Fund (NLTF) with the remainder from AT) ensures that the eventual AT customer transition to the NTS in 2026 will be smoother. The final cost for delivery of the project is \$25.6 million. NZTA has not increased its funding and the additional \$2.6 million was funded by AT.

8. NTS release 0.5 represents about 80 percent of the core functionality which will eventually be deployed across New Zealand. The live-pilot of release 0.5 marks the first time where the system has been used in a live, real-world situation. This will enable the technology to be tested on an end-to-end basis to ensure a smooth and seamless customer experience. Most notably the contactless credit / debit card payments can be accepted for full non-concession adult fares only. However, the Motu Move Transit Card is not yet available, nor are smart tickets and concession fares. Concession fares are, however, still available with ECan's current payment methods for the service (including the Metro transit card), as are cash fares.
9. Following the live pilot with release 0.5, release 1.0 will be rolled-out with Timaru's MyWay service around late-March or early-April 2025. s 9(2)(j)
10. The first full functionality release will be release 2.0, which will be delivered for the Greater Christchurch roll-out s 9(2)(j) . s 9(2)(j)
- s 9(2)(j)
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11. After release 2.0 is launched, we expect a largely 'cookie cutter' approach to the implementation of the solution for the Regional Consortium, subject to any local customer transition requirements.
12. s 9(2)(j)

### Gateway Review

13. The Treasury's recent Gateway Review has confirmed that the programme is managing the delivery well and requires ongoing focus with Cubic on its delivery, as well as ongoing collaboration with the PTAs.

### Financial Update – December 2024

14. The NTS programme continues to operate within the August 2022 Detailed Business Case cost estimates. These are:
- Total cost of \$1.338 billion over the period 2023-2037
  - Approximately \$530 million for design, build, and implementation, including around \$20 million for Early Integration in Auckland (see figure 1 below) which is not included in the overall \$1.338bn figure; and,
  - Approximately \$830 million for ongoing operational support over the period 2027 -2037.

- 15. The major components of these costs have previously been provided to you (BRI-2938 refers) and these remain unchanged as of the date of this briefing. The Benefit Cost Ratio for the programme also remains at 1.7.
- 16. The NZTA Board approved CAPEX spend is estimated at \$527.8 million, while OPEX spend is estimated to come to \$829.8 million.
- 17. Total CAPEX spend to date is 28 percent of the design and build budget. A summary of spending to-date is provided below, as at the end of October 2024:

Figure 1: breakdown of costs to end of October 2024

Spend category	Baseline as at June 2024 (\$M)	Spend as at end of October 2024 (\$M)
s 9(2)(b)(ii)		
AT Early Integration	20.0	7.7
Public Transport Authorities	143.7	18.1
NTS Programme Delivery	112.5	54.6
s 9(2)(j)		
<b>Totals</b>	<b>527.8</b>	<b>146.4</b>

- 18. You have communicated your expectation that all programmes are run efficiently and, where possible, achieves a level of savings from the original budget. s 9(2)(g)(i) [redacted]. Following your recent meeting with MCL Capital, we are also considering their proposal to determine any additional opportunities that may be available. We will provide an update to you in the new year on how this is tracking.
- 19. We undertook a financial deep dive in November 2024, and this exercise indicated that the NTS programme can still be delivered within the budget envelope and within current projections. s 9(2)(g)(i) [redacted]
- 20. The choice to proceed with a national solution was made due to the benefits gained from the ability to offer a better technological solution at a lower cost in terms of both establishment and maintenance, than would have been possible with the four separate regional systems that are currently in place.
- 21. The August 2022 Detailed Business Case (DBC) calculated that a total of \$1.1bn would have needed to be spent on the Regional Upgrade option, as some of the regional ticketing systems are near to, or at, end of life. The programme is still operating within the financial case assumptions, and we have no reason to believe that the overall picture has changed since the DBC.
- 22. In addition to the investment that would have been required to maintain or upgrade the current regional systems, any programme of improvements to introduce new technology – such as

Auckland’s \$23 million Open Loop investment to enable contactless payments – requires investment from both councils and central government through the NLTF.

**Challenges with the testing of Release 1.0**

- 23. There has been a delay of around three weeks in entering the user acceptance testing (UAT) phase of release 1.0. Release 1.0 is by far the largest release of functionality and includes a number of customised features being developed for New Zealand. s 9(2)(b)(ii)

s 9(2)(g)(i), s 9(2)(j)

**Post-Canterbury Implementation**

- 24. The overall scope of the programme is on track, with work now underway to simplify, standardise, and reduce the level of complexity in the product. s 9(2)(j)

- 25. The updated transition sequence is provided below. Timings are correct at the time of writing and are subject to further change as the programme develops through 2025.

Figure 2: Updated PTA roll-out sequence – November 2024.

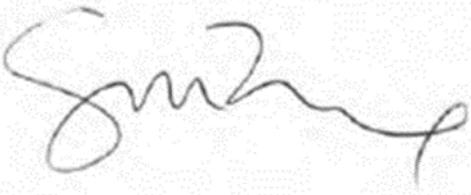
PTA	Transition timing
Canterbury (Timaru)	Late-March / early-April 2025
Canterbury (Greater Christchurch)	s 9(2)(j)
Invercargill	
Gisborne	
Bay of Plenty	
Taranaki	
Hawke’s Bay	
Waikato	
Northland	
Horizons	
Nelson	
Otago	
Greater Wellington (Customer Transition)	
Auckland (Early Integration)	
Auckland Transport (Full Customer Transition)	

**Next steps**

- 26. The programme team is working to prepare and finalise release version 1.0 for the Timaru launch in early 2025, now that the live-pilot is underway and feedback / data is being received. We will provide you with further updates on the progress of the pilot and preparations for the launch of version 1.0, as needed.
- 27. From January 2025, NTS programme updates will be included in monthly NZTA Reporting to you.

**It is recommended that you:**

- 1. **Note** the contents of this briefing



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**Sarina Pratley**

Chief Customer and Services Officer

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**Hon Simeon Brown, Minister of Transport**

Date: 2024

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