

Report 04.51
Date 4 February 2004
File T/09/01/002

Committee Passenger Transport
Author Anthony Cross Manager Transport Service Design

1. Fares Review Update

To progress the adoption of a consistent standardised fare structure throughout the Region.

2. Background

At its meeting on 12 June 2003 the Committee considered Report 03.311 (**attachment 1**) and resolved as follows:

	Committee Resolution 12 June 2003	Progress to Date
(1)	<i>That an information brochure be prepared for wide distribution, explaining the proposed changes to fares, and seeking feedback on the issue of concessions for seniors and youth with a media briefing and the issuing of a household information leaflet.</i>	A brochure was prepared and distributed in September 2003. A media briefing was held on 2 September 2003. More than 1700 responses were received, together with a petition organised by Evan Key of Island Bay which was tabled at the Committee's meeting on 9 October 2003. A summary of the findings was presented to a Councillors' workshop on 16 December 2003, and a copy of the presentation is attached to this report.
(2)	<i>That the new standard bus fare structure based on a boarding charge of \$1.00 and 50 cents per zone be implemented in the Hutt Valley from 25 October 2003, and throughout the rest of the region as soon as practicable thereafter, but subject to a case for case consideration of a \$1.00 only charge within central business district areas.</i>	The new standard bus fare structure was implemented in the Hutt Valley as planned on 25 October 2003. The new structure will be introduced to all routes operated by Mana Coach Services and Newlands Coach Services at the same time as timetable changes on 11 April 2004. Implementation on routes operated by Stagecoach Wellington is dependent on the response to this report.
(3)	<i>That the new standard fare structure be applied to rail services as soon as practicable.</i>	Pending resolution of the rail issue.

(4)	<i>That a further report be prepared on the likely costs of implementing universal concessionary fares for seniors and youth.</i>	For consideration at a future meeting of the Committee.
-----	---	---

3. Comment

This report is concerned solely with the most contentious issue arising from the consultation which we carried out in the second half of last year - the proposal that the 1 section¹ cash fare should be \$1.50 for adults and \$1.00 for children which was a particular issue in the area served by Stagecoach Wellington² as it would result in a fare increase of 50% for adults and 100% for children.

A decision on this issue will enable us to fully implement resolution (2) above.

A significant proportion of the adverse comment in the submissions was because the brochure did not make it clear enough that we were proposing to retain the \$1.00 cash fare in the CBD section.

Outside the CBD, however, it was an issue which particularly affected child passengers, given that for 1 section journeys the fare would double, and this was the motivation behind the petition which was received by the Committee at its 9 October 2003 meeting.

The new fare schedule otherwise adopted the existing Stagecoach Wellington fare schedule for adults with some modifications in the case of child fares (the effect of rounding fares up to the next 50 cents or whole dollar).

A table setting out the various fare structures is **attachment 2**.

For many years fares in Stagecoach Wellington's operating area have been the lowest in the region for 1 section, and the highest in the region (along with Newlands) for 2 or more sections. This meant that, to achieve consistency of fares throughout the region, and to ensure that fare revenue was not adversely affected by reducing fares, 1 section fares would need to increase for Stagecoach Wellington passengers, and fares for 2 or more sections would need to increase for Mana and Cityline passengers.

In other words, the fares were set on the assumption that, other things being equal³, consistency should be achieved by adopting the "highest common denominator" fare for each section, so that fares would stay the same or increase. In some cases fare reductions would result because of changes to fare boundaries rather than because the fares themselves were being reduced. (In retrospect we should have been explicit about this in the brochure, in

¹ In this report "section" will be used instead of the term "zone" which was the cause of some confusion when it was used in the consultation brochure.

² This refers to Wellington south of Broadmeadows and Ngauranga, and would also apply to any other operator who won a contract in this area.

³ ie, fare boundaries remaining the same.

anticipation of the criticism that the exercise was simply “increasing fares by stealth”).

In the Hutt Valley, where the new fares were introduced on 25 October 2003, the new 1 section cash fares increased in price from \$1.30 to \$1.50 (adult) and from 70 cents to \$1.00 (child). We have received surprisingly little negative feedback directly or through Ridewell about this change, although the fact that everything changed at the same time, including fares, would have influenced this lack of adverse reaction.

4. Options

There appear to be four main options to resolve this issue, bearing in mind the overall objective which is to achieve a standardised fare structure across the region:

1. Implement the change as proposed, with the 1 section fare of \$1.50 for adults and \$1.00 for children, on the basis that these amounts still represent good value for money and compare favourably with minimum fares charged in other New Zealand and Australian cities⁴. We would expect some adverse reaction from Stagecoach Wellington passengers, especially children and their parents, and some loss of 1 section patronage, with consequent increases in the Council’s funding requirement over time. Stagecoach Wellington carries more than 2 million 1 section passengers each year, so the risk is not insubstantial. This option could be implemented with or without \$1.00 adult cash fares in some or all of the region’s CBDs.
2. Implement the new cash fares of \$1.50 and \$1.00, but make no change in the interim to the price of 10-trip tickets, in order to preserve a cheaper option for passengers, at least in the short term. Fare increases are often more palatable if customers are given other options which allow them to avoid the full impact of the increase. 59% of Stagecoach Wellington’s 531,000⁵ 1 section child passengers pay cash – maintaining the current 10-trip price (\$4.00), or increasing it by a much lower percentage than the cash increase, would give parents the option of buying 10-trip tickets to avoid the full extent of the cash fare increase. There would still be an anomaly between this and the standard 20% multi-ride discount on all other fares, including 1 section on Mana, Newlands and Cityline services (where electronic smartcards are used).
3. Retain the \$1.00 and 50 cent 1 section cash fares for Stagecoach Wellington passengers, but implement \$1.50 and \$1.00 elsewhere, and accept that this would compromise regional consistency on the grounds that, in general, Stagecoach Wellington sections are shorter than sections elsewhere in the Region.

⁴ Refer to attachment 2 for comparison of lowest short distance bus fares in various New Zealand and Australian cities.

⁵ 2003

4. Adopt \$1.00 for adults and 50 cents for children as the cash 1 section fare throughout the region. There would clearly be a cost in terms of lost revenue from existing 1 section passengers on Mana, Newlands and Cityline services, estimated to be in the order of \$300,000 per annum. Against this amount needs to be balanced the opportunity to increase the culture of short distance bus journeys which is well established in Wellington to other parts of the region. Clearly short distance fares of \$1.00 and 50 cents are very marketable, although there is a potential conflict with the Council's desire to encourage greater use of "slow modes". An advantage of this option is that there is no need for "special case" fares to encourage short journeys within CBDs.

This is not an easy issue. Whichever option is adopted there are costs and benefits, risks and opportunities. Only Options 1 and 4 fully satisfy the requirement for a simple and consistent standard fare structure as the first step towards a fully integrated regional fares and ticketing system, and only Option 4 does not compromise the Council's desire to achieve continuous growth in public transport patronage. This is therefore the recommended option.

5. Implementation Issues

In the Hutt Valley the new fare structure was implemented as proposed from 25 October 2003, with the exception that the boundary of the Upper Hutt fare zone was extended to north to include Totara Park and south as far as Trentham Memorial Park and Trentham Station. As a consequence the Heretaunga zone was renamed Silverstream.

In the Hutt Valley also, senior citizens' fares were retained. Senior Citizens previously paid 90 cents for 1 section and \$1.30 for 2 or more sections. Senior Citizens now pay the same fare as a child when using a Cityline "Go Rider" card. This change was made pending a decision on a region-wide seniors fare, on the grounds that a senior citizens fare (albeit one not directly funded by Greater Wellington) already existed in the Hutt Valley, and it would be perverse to withdraw it only to reintroduce something similar at a later date.

6. Recommendations

1. *That the new fare boundaries and fares be implemented as agreed by the Committee on 12 June 2003, except that \$1.00 for adults and 50 cents for children be adopted as the standard one section cash fare throughout the Region, recognising that this may cost the Council as much as \$300,000 per annum in increased contract payments to operators.*
2. *That the Committee notes the already-implemented changes to the proposals as described in section 5 above.*

Report prepared by:

Report approved by:

Anthony Cross

Manager Transport Service
Design

Dave Watson

Divisional Manager Transport

Attachments:

1 – Report 03.311

2 – Regional fare structures compared

3 – Copy of presentation made on 16 December 2003 by Anthony Cross

Report **03.311**
Date 10 June 2003
File T/9/1/2

Committee **Passenger Transport**
Author **Anthony Cross Manager Transport Service Design**

Fares Structure

1. Purpose

To seek the Committee's agreement to restructuring of bus fares in order to achieve greater simplicity and consistency throughout the Region.

2. Background

The attached powerpoint slides (**attachment 1**) were shown at the Councillors' workshop on 19 May 2003.

At the workshop Councillors discussed the adoption of:

- a single standard fare structure for all bus services, which would also be applicable to rail services under any future contract.
- a single set of rules about eligibility for concessionary fares which would be applicable on all services.

These measures represent important steps towards a fully integrated, "seamless" fares and ticketing system. Many further steps still need to be taken towards this goal over the coming months and years.

3. Comment

At the workshop Councillors seemed to be comfortable with implementing the basic fare structure. In principle this is long overdue, and the commencement of so many contracts at Labour Weekend makes the timing ideal from an administrative point of view, in that tender prices can be based on the new fare structure, thereby minimising the need to negotiate with the operators on the revenue impact of the change. In practice however, for publicity reasons, there may be a delay in implementing the new fares in parts of the region other than the Hutt Valley.

Notwithstanding that we will be aiming to be revenue neutral as far as possible, there will be a "swings and roundabouts" impact as some fares go up and others go down as the new fares and fares boundaries are put into place. Inevitably many of those whose fares go up will be unhappy and we will need to be prepared for the response from disgruntled customers. We will need to focus on the long-term objective which is to achieve simplicity and

consistency, in order for fares to be as simple to explain to new users as possible. In this respect, it should be noted that, having achieved consistency, we may move towards even greater simplicity by halving the number of fare zones and fares in a further round of fares reform in the medium term.

In the case of fares for youth and seniors, more work needs to be done to give Councillors greater confidence about the affordability of the two currently favoured options:

For youth, we are looking at instituting an age qualification rather than an entitlement based on attendance at school. One of the primary aims of simplifying fares is to reduce the level of stress for bus drivers by removing sources of conflict and “drama” between drivers and passengers. Currently 16 to 19 year olds are entitled to half fares if they are full time at secondary school and can produce a photo ID card to prove it. Other 16 to 19 year olds, including those in tertiary education, currently receive no concession. Once we have some indication of the likely cost of this change, the debate will centre around the age until which the concession should be available - 18 and 20 being the most likely contenders. The cost of the change will include the cost of Greater Wellington being responsible for issuing the ID cards in a single standard format.

For seniors, we are intending to align eligibility for reduced fares with eligibility for New Zealand Superannuation (currently age 65), but making the concession available throughout the Region rather than just to Wellington City residents using Stagecoach services as at present. Wellington City residents aged between 60 and 65 would therefore be disadvantaged by the change, but residents aged over 65 elsewhere in the Region would benefit. Given that seniors are not big users of public transport at present, the lost revenue from existing passengers is not likely to be significant; the debate is more likely to centre on the cost of “topping up” operators through the concessionary fares reimbursement scheme for any new patronage generated as a result of both reduced fares and improved service levels. It may be that a simple capping mechanism on the level of concessionary fares reimbursement will address this issue.

4. Communications

In the next few weeks we will be producing and distributing a brochure to explain the new standard fare structure to be introduced from October this year, and the reasons for it, and consulting on the idea of universal youth and senior fares, without making a commitment as to the likely introduction of such concessions.

5. Recommendations

1. *That an information brochure be prepared for wide distribution, explaining the proposed changes to fares, and seeking feedback on the issue of concessions for seniors and youth.*
2. *That the new standard bus fare structure based on a boarding charge of \$1.00 and 50 cents per zone be implemented in the Hutt Valley from 25 October 2003, and throughout the rest of the region as soon as practicable thereafter.*
3. *That the new standard fare structure be applied to rail services as soon as practicable.*
4. *That a further report be prepared on the likely costs of implementing universal concessionary fares for seniors and youth.*

Report prepared by:

Report approved by:

Anthony Cross

Manager Transport Service Design

Dave Watson

Divisional Manager Transport

Attachment 1: Powerpoint slides

Regional fare structures compared

Adult Cash

No. of sections ¹ :	City ²	1	2	3	4	5
Regional as proposed (already implemented in Hutt Valley)	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50
Stagecoach Wellington	\$1.00	\$1.00	\$2.00	\$2.50	\$3.00	\$3.50
Newlands Coach Services	\$1.00	\$1.50	\$2.00	\$2.50	\$3.00	\$3.50
Mana Coach Services (Porirua, Kapiti Coast)	\$1.00	\$1.40	\$1.60	\$1.70	\$1.90	\$2.00
Cityline Hutt Valley (superseded)	N/A	\$1.30	\$1.70	\$2.10	\$2.40	\$2.60
Cityline Eastbourne (superseded)	\$1.00	\$1.30	\$1.70	\$2.10	\$2.40	\$3.00

Child Cash

No. of sections ³ :	City ⁴	1	2	3	4	5
Regional as proposed (already implemented in Hutt Valley)	\$1.00	\$1.00	\$1.00	\$1.50	\$1.50	\$2.00.
Stagecoach Wellington	\$0.50	\$0.50	\$1.00	\$1.30	\$1.50	\$1.80
Newlands Coach Services	\$0.50	\$0.90	\$1.00	\$1.30	\$1.50	\$1.80
Mana Coach Services (Porirua, Kapiti Coast)	\$0.50	\$0.70	\$0.80	\$0.90	\$1.00	\$1.10
Cityline Hutt Valley (superseded)	N/A	\$0.70	\$0.90	\$1.10	\$1.20	\$1.30
Cityline Eastbourne (superseded)	\$0.50	\$0.70	\$0.90	\$1.10	\$1.20	\$1.50

¹ Section for section comparison may not be valid as regional fare system results in fewer sections on Porirua, Kapiti Coast and Hutt Valley routes.

² Wellington and Porirua CBDs only

³ Section for section comparison may not be valid as regional fare system results in fewer sections on Porirua, Kapiti Coast and Hutt Valley routes.

⁴ Wellington and Porirua CBDs only

Fares compared with other cities

Adopting a **\$1.00** fare would mean that Wellington would have the cheapest short distance cash fares of any city in New Zealand ~~or~~ **Australia**.

The table below shows the short distance single cash fares currently charged on buses elsewhere in **New** Zealand and **Australia** (assuming that the New Zealand and Australian **dollars** have the same relative buying power).

City	Cheapest adult cash fare	Cheapest child dash fare
Wellington (Stagecoach)	\$1 .00	50 cents
Hutt, Newlands	\$1 . 50	\$1 .00, 90 cents
Porirua, Kapiti Coast	\$1.40	70 cents
Auckland	\$1.20	70 cents
Christchurch ⁵	\$2.00	\$1.00 Cents
Dunedin	\$1.20	80 cents
Brisbane	\$1.80	90 cents
Sydney	\$1.60	80 cents
Newcastle	\$2.60 (2hour ticket)	\$1.30
Canberra	\$2.40	\$1.30
Melbourne ⁶	\$3.00 (2 hour ticket)	\$1.70
Adelaide	\$1.90 (\$1.40offpeak)	\$1.50
Perth	\$1.30	50 cents
Darwin	\$1.40	70 cents

⁵ Introduced with metrocard, 27 October 2003

⁶ Short trip fare withdrawn from 1 January 2004

Fares Review

Quality for Life


greater WELLINGTON
THE REGIONAL COUNCIL

Committee Decision

- *That an information brochure be prepared for wide distribution, explaining the proposed changes to fares, and seeking feedback on the issue of concessions for seniors and youth.*

Quality for Life


greater WELLINGTON
THE REGIONAL COUNCIL

Committee Decision

- *That the new standard bus fare structure based on a boarding charge of \$1.00 and 50 cents per zone be implemented in the Hutt Valley from 25 October 2003, and throughout the rest of the region as soon as practicable thereafter.*

Committee Decision

- *That the new standard fare structure be applied to rail services as soon as practicable.*

Committee Decision

- *That a further report be prepared on the likely costs of implementing universal concessionary fares for seniors and youth.*

Hutt fare changes in place since Labour Weekend, including senior fare

Consultation

- 1714 responses
- 1611 bus users (94%)

Responses by age group

Under 16	53
16-19	109
20-24	162
25-34	221
35-44	269
45-54	228
55-64	240
65-74	198
75 and over	139
Unstated	94

Do you support the proposed simplified fares system?

	Yes	No	Not stated
Wellington	538	391	37
North Wellington	115	36	9
Porirua	54	40	2
Kapiti Coast	49	20	2

Do you support the proposed simplified fares system?

	Yes	No	Not stated
Hutt	154	36	5
Wainuiomata	45	25	3
Eastbourne	35	19	4
Upper Hutt	36	15	6
Wairarapa	3	1	1

Support by whether or not fare will increase

	Support	Don't support	Unstated
Fare will increase	408	462	24
Fare will not change	288	68	14
Fare will reduce	206	32	8
	900	562	46

Reasons for Not Supporting

- My fare will increase - 358
- Excuse to put fares up - 71
- No need to change, simple enough already - 65
- Confused/don't understand - 27
- Badly planned and thought out - 8
- Don't care what happens outside my area - 7
- Unstated - 45

“Do you support the new fare zone names and boundaries ...?”

- Yes 1038 (61%)
- No 519 (30%)
- Unstated 151 (9%)

Senior Fares

- In response to the question “Do you support discounts for senior citizens?”:
- 1550 (92%) said yes
- 104 said no
- 47 did not answer

Submission 439

- *“Discounted fares for senior citizens is of great social benefit because the older folk will go out more which is beneficial for their mental and physical health”*
- Age 65 - 74, Lyall Bay

Submission 480

- *“Discounts should be given only in case of need. So, in an ideal world, no senior citizen would be too poor to afford public transport.”*
- Age 65 - 74, Waikanae

Youth Fares

- In response to the question “Do you support discounts for young people?”:
- 1551 (91%) said yes
- 104 said no
- 44 did not answer

Youth Fares

- Of those who supported discounts for young people:
- 609 (43%) said 18
- 342 (24%) said 20
- 464 (33%) chose another age limit

Submission 1

- *“Although the fare for my usual bus journey will increase, overall the system seems fairer”*
- Age 55 - 64, Maoribank

Submission 2

- *“Badly planned and thought out (not in the real world)”*
- Age 65 - 74, Woburn

Submission 452

- *“I don’t think the fare system was complicated. As a new resident in Wellington I had no problem understanding the fares - it’s the section boundaries that were hardest to determine.”*
- Age 25 - 34, Kilbirnie

Submission 35

- *“It makes sense to regionalise public transport systems. I’m a relatively new user and initially found it hard to get my head around ‘how many’ sections I was travelling through and ‘where’ the boundaries start and finish. Learnt by process of elimination!”*
- Age 55 - 64, Wilton

Submission 459

- *“You’re lowering fares for Hutt people and raising it for people who actually live in Wellington???!!!”*
- Age 55 - 64, Miramar

Submission 442

- *“Would like to see this apply to the Wairarapa region.”*
- Age 65 - 74, Masterton

Submission

- *“It seems much easier and I hate never knowing how much a bus will charge me when I get on it”.*
- Age 16 - 19, Porirua - travels to Mt Victoria and Hataitai)

Submission 552

- *“It’s intimidating to use the bus companies you don’t use - you don’t know how much they’ll charge.”*
- Age 20 - 24, Thorndon

Submission 564

- *“Probably it will be easier for drivers and passengers - all you say is where you are going rather than determining how many sections it is to wherever.”*
- Age 25 - 34, Wadestown

Submission 444

- *“For both passengers and drivers, the proposed fare system should lessen boarding times on buses”*
- Age 75+, Khandallah

Submission 585

- *“It sounds to me like someone or quite a few people have given this matter a great deal of thought. And you’ve come up with some excellent solutions. Good show.”*
- Age 55 - 64, Newtown

Elements of Fares and Ticketing Strategy

- Fares Standardisation
- Concessions
- Integrated Ticketing (low-tech)
- Electronic Integrated Ticketing

Issues

- Confusion, misunderstandings
- Concern about monthlies, dailies, etc
- Transfers and inter-operator issues
- Concern about change in lowest fare, Wellington City south of Ngauranga

Future Steps

- Transitional arrangement for Wellington City south of Ngauranga
- Implement cash fares but “massage” 10-trip fares to “ease the pain”
- Further work on cost and management of senior and youth fares

Transition Fares

Wellington City south of Ngauranga

Zones or Sections	Adult Cash	Adult 10-trip	Child Cash	Child 10-trip
CBD	\$1.00	-	-	-
1	\$1.50	\$10.00	\$1.00	\$5.00
2	\$2.00	\$16.00	\$1.00	\$8.00
3	\$2.50	\$20.00	\$1.50	\$10.00
4	\$3.00	\$24.00	\$1.50	\$12.00
5	\$3.50	\$28.00	\$2.00	\$14.00

Quality for Life



greater WELLINGTON
THE REGIONAL COUNCIL

Possible Strategy

- Implement Johnsonville, Porirua, Kapiti 1 April 2004
- Implement transitional “Stagecoach” fares from 1 April 2004 - standard cash fares with greater 10-trip discount
- Senior discount from 1 July 2004?
- Youth discount from 1 January 2005?

Quality for Life



greater WELLINGTON
THE REGIONAL COUNCIL