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Committee Transport & Access Committee
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Integrated Ticketing update

1. Purpose

To update the Committee of the status of national integrated ticketing progress following recent developments in Auckland.

2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

3. Background

At its meeting of 13 November 2007, the Committee considered an update on the Greater Wellington integrated ticketing project. This provided what detail was then known about the possible development of a national ticketing approach by Land Transport New Zealand (LTNZ) (now New Zealand Transport Agency (NZTA)), and described the Greater Wellington collaboration with Auckland Regional Transport Authority (ARTA) in advance of the tendering phase of the ARTA integrated ticketing project.

Since November 2007, Greater Wellington has continued to liaise with regional councils, and ARTA, and has participated in discussions at a national level. However, the opportunity to develop the rail element of Greater Wellington's integrated ticketing project has been limited by the delay in the progress of the ARTA project, and the linking of that by NZTA with the preliminary development of a national approach framework.

4. Announcement of Preferred Tenderer for the Auckland integrated ticketing project

Auckland Regional Transport Authority (ARTA) announced on 22 July 2009 the selection of a preferred tenderer for the design, supply, installation and

maintenance of the ARTA integrated ticketing project, known as Auckland Integrated Fares System (AIFS).

ARTA's tender request for AIFS was issued in November 2007, following registrations of interest some 5 months earlier. The announcement is nearly a year later than expected for a number of reasons, including delays caused by the resolution of challenges to the conduct of the tender, and to the appropriateness of its technical specification. Further delays over potential affordability have resulted partly from the impact on the Auckland Regional Council (ARC) capital programme of the non-realisation of expected income through regional fuel tax.

ARTA's preferred tenderer is a consortium led by French electronics company Thales, in partnership with the Bank of New Zealand and Transfield Services. Thales is active in the international defence, aerospace, information technology and transportation sectors, and has delivered multi-modal ticketing systems in over 100 cities, including Paris, Oslo, Toronto, Bangkok and Hong Kong.

The expected value of the contract is unknown, although the initial capital cost estimate was \$80M, subject to 60% NZTA funding, with annual operating costs of around \$6.5M. NZTA has provided ARTA with indicative funding information for the purposes of commercial negotiations, which have begun but are expected to take some further months. The level of indicative funding has not been publicised, and provisional funding approval would not be considered by NZTA until September 2009 at the earliest.

The remaining two tenderers for AIFS were consortia led respectively by Snapper Services Ltd and by Downer EDI.

It is important to note that although this welcome and important stage has been reached and progress is being made, no detailed information has been released as commercial negotiation is still in process.

5. Role of NZTA and development of national approach

Progress of the AIFS scheme and confirmation of NZTA funding will be dependent upon ensuring that value for money is achieved, and that the system for Auckland is compatible with NZTA's approach to integrated ticketing for the future delivery of a national system.

In 2007, LTNZ developed a set of principles to guide the development of transport smartcard ticketing projects in New Zealand, and to progress the basis of an approach to a national system. They are reproduced below:

“Principle 1: Regional Councils to specify smartcard system requirements, including requirements for ensuring confidentiality in access to, and use of, commercial data.

Principle 2: Smartcard system operation to be independent of public transport operators.

Principle 3: Regional councils to use open procurement procedures (compliant with Section 25 off the Land Transport Management Act) to select smartcard system operators.

Principle 4: Regional Councils to be encouraged to seek economies of scale by sharing clearinghouses and other elements of smartcard systems.

Principle 5: Regional Councils and their smartcard system contractors ensure that their systems are developed to achieve interoperability as opportunities arise.”

NZTA’s application of these principles to the AIFS situation is intended to maximise return on investment in Auckland, for public transport across New Zealand. It involves NZTA working with ARTA to develop a self-standing Auckland solution, of which certain parts (notably the ‘central system’) could also be utilised as a central system for the ticketing schemes of other approved organisations.

The potential for several ticketing schemes, or public transport operators, to use the same central system depends upon the extent of ‘interoperability’ between them. Interoperability refers to whether the smart ticketing infrastructure (the smartcards, card readers and central system) of one scheme (or one public transport operator) is technologically compatible with that of another. If it is, the same smartcard can be used in both schemes (or on both operators), and the two central systems can send information between them (or it can be shared across partitions of a common central system).

Interoperability between ticketing schemes requires a common technical specification, or standards, to ensure compatibility. The adoption of such standards will be a requirement of the AIFS solution, and compliance with them would be necessary for any other scheme or operator to join it, or to benefit from access to the central system.

NZTA is further shaping its objective, and in particular the interoperability question, through a range of interactions with the ticketing industry. The liaison with Regional representatives that has been in abeyance throughout the sensitive AIFS tendering phase, will be resumed at a NZTA-led workshop session scheduled for mid-September.

It must be stressed that this approach is a preliminary building block in laying the foundations of a possible national approach. It does not represent the imposition of a single national ticketing solution, or mandate a specific vendor or vendors.

6. Implications for development of Greater Wellington integrated ticketing project

At its meeting of 13 November 2007, in response to its consideration of a report (07.754) ‘Integrated Ticketing – Update’, this committee resolved to:

(a) *Receive the report.*

- (b) Note the content of the report.*
- (c) Reconfirm the scope and approach of the Greater Wellington integrated ticketing project as “rail only, with capability for extension to bus at a later stage”.*
- (d) Note that Greater Wellington is working closely with LTNZ (now NZTA) and ARTA and acknowledges the support of ARTA in allowing Greater Wellington to use the work already undertaken by them.*

The limited amount of information that is so far available from AIFS means that it is not possible to speculate on implications in detail, or to draw any firm conclusions at this stage.

However, existing, or legacy schemes such as the Christchurch Metro card, (subject to complying with the necessary standards) could in future utilise a ‘national’ central system rather than their own. But continued use of the existing legacy smartcard would mean that ‘national scheme’ smartcards could not be used in Christchurch unless the on-bus equipment was developed to be able to accommodate both types of card. In the case of existing or legacy schemes, therefore, the benefits to the user of a national central system would be minimal without further development taking place.

In Wellington, the existing Snapper card scheme deployed on Go Wellington and Valley Flyer bus services, would fall into the same ‘legacy’ category. Snapper’s proprietary payment solution has its own central system, which also incorporates Snapper’s non-transport retail transactions. The potential for interoperability with ‘national scheme’ smartcards (which could include, for example) a Greater Wellington rail smartcard developed to national standards - is limited in the same way as the Christchurch example.

It is likely that part-funding by NZTA of future ticketing scheme developments would be conditional upon their compliance with ‘national’ standards. There would inevitably remain situations where legacy schemes and nationally compliant schemes co-existed. This would mean that the benefits to public transport users of being able to use the same card between operators, modes or regions, would be limited. The situation would improve as legacy schemes were refreshed with compliant technology, and crucially, as interoperability agreement between schemes, spreads.

Greater Wellington’s ‘rail only with capability for extension to bus at a later date’ objective acknowledges the development of a specific ticketing application, which could be designed to expand or become interoperable with others in due course. It therefore remains valid and pragmatic in the context of the possible national development.

7. Next Steps

Officers will participate fully in the interactions with NZTA and other regions, as the detail of the AIFS solution becomes clearer. Their objective will be to ensure that development options for the confirmed scope and approach of

Greater Wellington's integrated ticketing objectives, are maintained as widely as possible.

Further update reports will be brought in due course, as progress is made.

8. Communication

None is required.

9. Recommendations

That the Committee:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Welcomes the resumption of formalised Regional interaction with NZTA.***
4. ***Accepts further updates as the AIFS procurement develops and further information becomes available.***

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