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Committee   Regional Transport
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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 Transport and Access 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 for AIFS 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 are currently in progress and 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 negotiations have progressed further.

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, it is still a relatively early one and no detailed information has been released as sensitive 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 of 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, by resuming the liaison with interested parties that has been in abeyance throughout the sensitive AIFS tendering phase. So far this has included NZTA-led workshop sessions with Regional representatives on 18 September, and with ticketing industry representatives on 21 September.

The workshops have included preliminary consideration of the broad implications of possible national scheme options, including their interoperability potential, requirement for standards, possible service models and required commercial arrangements.

It must be stressed that this approach is a preliminary building block in laying the foundations of a possible national approach, and will be used initially to provide advice to NZTA Board.

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 and from the subsequent NZTA interaction means that it is not possible to speculate on implications in detail, or to draw any firm conclusions at this stage.

However, since in most Regions there will be at least some existing electronic ticketing activity, the treatment of legacy issues will be a significant element of any solution. In Wellington for example, the existing Snapper card scheme deployed on Go Wellington and Valley Flyer bus services, has its own central system, which also incorporates Snapper's non-transport retail transactions.

The initial potential for interoperability with possible future 'national scheme' smartcards (which could include, for example a Greater Wellington rail smartcard developed to national standards) would be limited, and the benefits of a national central system to the user, in being able to use the same card between operators, modes or regions, would therefore be minimal without further development taking place.

It is expected that part-funding by NZTA of future ticketing scheme developments by Regions will be conditional upon their compliance with 'national' standards. 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 have the potential 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 continue to 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.*

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