

Informal Workshop Notes

Public Transport Committee Workshop

Held: 2:00 pm, Friday 1 November 2024, Bay of Plenty Regional Council Chambers Regional House 1 Elizabeth Street Tauranga and via Zoom (Audio Visual meeting)

Chairperson: Cr Andrew von Dadelszen - Bay of Plenty Regional Council Toi Moana (BOPRC)

Deputy Chairperson: Cr Lyall Thurston - BOPRC (via Zoom)

Members: Cr Jane Nees - BOPRC (via Zoom)
Cr Paula Thompson - BOPRC (via Zoom)
Cr Malcolm Campbell - BOPRC (via Zoom)
Cr Ken Shirley - BOPRC
Mayor James Denyer - Western Bay of Plenty District Council (WBOPDC)
Cr Andrew Iles - Whakatāne District Council (WDC)
Cr Gavin Dennis (Alternate) - WDC
Cr Glen Crowther - Tauranga City Council (TCC)
Cr Rod Taylor - TCC
Cr Rick Curach (Alternate) - TCC
Cr Conan O'Brien - Rotorua Lakes Council (RLC)
Garry Maloney (Alternate) - NZTA (via Zoom)

In Attendance: BOPRC Councillors: Cr Ron Scott (via Zoom); Cr Stuart Crosby; Cr Kevin Winters (via Zoom)

BOPRC Staff: Oliver Haycock - Director, Public Transport; Andrew Williams - Manager, Transport Planning; Niki Carling - Team Leader, Transport Planning; Beth Millar - Communications Advisor (via Zoom); Dale Clarke - Senior Transport Planner (via Zoom); Kim McFadden - Communications Partner; Jackie Healey - Communication Advisor (via Zoom); Claudia Cameron - Committee Advisor

1. Introduction

Recap and overview:

- Reviewed the outcomes from the previous Public Transport Committee workshop (24 September 2024) and the Regional Council workshop (5 September 2024).

Current State - Farebox Recovery:

- Outlined the current funding model and financial situation
- 13.9% current average farebox recovery with variation across the network
- Climate Emergency Response Fund (CERF) funding was currently received and considered critical to farebox recovery, however NZTA were awaiting guidance from central government around the future of the fund
- NZTA would engage with each Public Transport Authority (PTA) and set farebox recovery targets accordingly. Bay of Plenty (BOP) would likely see a target of around the 2019 levels (approximately 24%) with a step increase over three years.

2. Discussion

2.1 Regional Fares Review 2024 - Workshop 2

Presentation: Regional Fares Review - 1 November 2024: Objective ID A4810958 [⇒](#)

Presented by: Oliver Haycock – Director, Public Transport

Supported by: Niki Carling – Team Leader, Transport Planning and Andrew Williams
– Manager, Transport Planning

Modelling

Key Points:

- Domestic and international research has been used to inform an elasticity-based model, in alignment with generally adopted principles of demand forecasting. This had been applied to produce projected revenue and patronage levels. Minimal data was available for BOP meaning a degree of professional judgement had been used and potential changes would be presented as a range
- A relatively simple methodology setting adult fares across the region between \$3.50 and \$4 had been used
- Commuter price elasticity was relatively low, therefore a change in price was unlikely to create a large change in demand. Some reduction in patronage was to be expected but due to the low elasticity revenue was projected to increase
- For simplicity, point in time elasticity had been used as opposed to using short and long run elasticities over a time series
- Surveys to gauge elasticity would also produce a range/non-exact levels therefore they would not be of benefit. Sample sizes would also be a challenge.

Fare Structure

Key Points:

- Three options had been considered:
 - Distance based: distance based fares did not align with the guidance of simplicity and had been discarded
 - Flat fares: fares between \$3.50-\$4.00 with a set concession had been modelled. This option was considered easy to understand
 - Zone-based: Users paid more to travel further, with fares increasing as zonal boundaries were crossed. To ensure an easy to understand system, it was suggested urban areas be considered one zone. More

than 95% of BOP routes were within an urban area, meaning the patronage/revenue impact of a zonal system would be relatively low, providing only a 0.1% increase to farebox recovery.

In Response to Questions:

- Zone size/shape and the cost to travel between zones could be adjusted to establish the fairest model if staff were directed to investigate this further.

Guidance Provided:

- Supported additional research on potential zone shapes/sizes
- Suggested zone increases be incremental e.g. 50c, not a doubling of the fare when a zone boundary was crossed.

Concessions

Key Points:

- Provided assurance that the application for a Community Services Card was not complex, students on a student allowance without a spouse in work received a card automatically
- Scenarios had been considered to model the impact of different concessions on patronage and farebox recovery
- Modelling showed that an increased fare for school children had a substantial increase to farebox recovery
- Acknowledged that an increase to school fares may cause some decrease in demand, but fare-capping initiatives could help multi-child households
- A simple structure with concessions at 50% and a charge for children, combined with capping, had the potential to raise farebox recovery
- Noted that many users of On-Demand received a concession and some travelled for free, a trial within the trial could be conducted to gauge price elasticity of this service.

In Response to Questions - NZTA:

- Although the Queenstown flat fare had increased patronage, fares should be reviewed annually to ensure they were keeping up with inflation and covering increased costs.

In Response to Questions - BOPRC Staff:

- The BOP SuperGold/Senior concession extended beyond the government concession
- There was currently an incentive to use a Bee Card as cash fares were higher
- Tourists were able to purchase a day saver pass and did not require a concession
- A set fare for school children, such as \$1, was a concession
- National Ticketing Solution (NTS) would assist with applying fares to the school network as ticketing systems were to be installed on buses which currently had no ticket machine

- There were technical considerations around school buses and a potential fleet adjustment; new technology should only be installed on buses on which it would remain.

Key Points - Members:

- Expressed concern at the potential cost for multi-child households for the school commute
- Cautioned against raising school bus fares too much too quickly and going backwards with patronage. Increased costs may cause more families to drive, increasing congestion
- Noted the need to balance the cost to families and the rate payer and provide an equitable system
- Acknowledged the available funding for families from central government and questioned whether it was the responsibility of BOPRC to subsidise travel for school children.

Guidance Provided:

- Supported a consistent concession amount which would discount a set adult fare
- Suggested any fare increases for school children should be introduced incrementally and start with a nominal amount such as \$1-\$2.

Time of Travel

Key Points:

- Some routes in Tauranga were at capacity at peak times
- The goal of this incentive was to increase patronage and to encourage off-peak travel by offering lower fares during off-peak times
- Lower fares would impact farebox recovery however there was also a goal of “more bums on seats”.

Fare Capping

Key Points:

- Fare capping encouraged loyalty by capping the total spend to a set amount (either daily, weekly or monthly). Once the set cap amount was met, all future trips during the allocated time period were free
- Monthly fare-capping had been discarded. Most people budgeted on a weekly/daily basis and monthly trip levels were challenging for patrons to keep track of
- The revenue implications were difficult to model but it was expected there would be higher elasticity and excitement around a new product/initiative – termed the “NTS factor”
- A spike in interest was anticipated particularly if the cap was easy to reach and more likelihood of receiving free fares. Patrons potentially lost due to higher fares may be encouraged back with incentives such as fare capping.

In Response to questions:

- Targets from NZTA would be staged meaning fare increases could also be staged, although it was noted that the three year target was fast approaching
- A lower capping multiplier for children was a possibility, although any administrative burden resulting from a complex capping system would need to be considered.

Guidance Provided:

- Suggested investigation of a family cap or multi-child discount.

Engagement

Key Points:

- The goal of engagement was mainly to inform the public
- Information would be provided to the public via a Participate webpage with a short survey seeking feedback on concessions and fare products
- Posters would be displayed on buses directing people to the Participate page
- Face to face engagement was planned at bus interchanges and markets across the region
- Communication with schools would also occur.

Additional considerations

Key Points:

- It was assumed there would be some conservative growth levels of 3-6% over next few years
- Staff were anecdotally aware of losses through fare evasion from multiple factors including a lack of customer understanding of how to use services and bus drivers giving grace. Measures would be explored to prevent loss, including education and training
- On-Demand:
 - Only increasing the price would have minimal impact as so few customers were paying a full fare. Most gains would be made through reconsideration of concessions on this service
 - Staff were mindful that the cost should not become too close to that of an uber or taxi, but noted it was a premium service
- NTS would provide more payment options so a cashless service could be considered. Although cash could be added to an NTS Motu Move card, a cashless system may exclude unbanked members of the population. The NZTA preference was to move towards cashless, but the decision lay with each PTA.

Key Points - Members:

- Cautioned against unintentionally excluding members of society by going cashless, and suggested that were cash to be phased out it should be done via an adjustment to Regional Public Transport Plan (RPTP) policy
- Noted that previous fare increases had detrimentally impacted patronage
- On-Demand Trial:

- Noted the low farebox recovery with only 27.8% people paying to use the service, this was not considered financially sustainable in the present state
- Suggested staff adjust fares within the trial to attempt to increase farebox recovery.

In Response to Questions:

- Acknowledged the need to investigate OpEx cost efficiencies and savings but noted the importance of maintaining current levels of service. Highlighted the need for the Fares Review to happen first to assess the impact
- Staff would investigate whether the Transport System Plan (TSP) modelling system could assist with modelling congestion and emissions from potential fare changes.

Guidance Provided

- There was a preference for cash to remain for at least the early stages of the NTS rollout, with the potential to investigate further in the future
- On-Demand Trial:
 - Fare structure changes should be applied to the On-Demand service
 - Targeted consultation with users should be conducted to test price sensitivity and proposed fare structure
 - There was a need to make changes to fares; the trial would be unsuccessful if the current farebox recovery was maintained.

3. Conclusion

Next steps

- Staff would complete the further investigations as directed and provide a report to the next PTC meeting with the aim of recommending a draft proposed fare structure to Council in December 2024
- Scheduled go-live for NTS and the new fares was August 2025, the new technology would be installed prior to this
- Any school fare alterations were anticipated to take place at the start of the 2026 school year, changes mid-year would not be ideal and a fulsome information/communications campaign would be required
- A 6-monthly On-Demand Update report would be brought to the next meeting of the Public Transport Committee in November 2024.

Workshop closed: 3.51 pm