



Meeting: Public Transport Committee Workshop

Meeting Date: 1 November 2024

Presentations

Agenda Item 1 Regional Fares Review 2024 - Workshop 2

Presentation: Regional Fares Review - 1 November 2024 **2**

Please note: The patronage and revenue implications presented in this document are draft, to illustrate indicative high-level impact of various initiatives. These numbers should not be used for any forecasting or reporting at this stage.

Public Transport Fares Review



PTC Workshop 2 – 1 November 2024





Background

- Second of two Public Transport Committee workshops on the regional public transport fares review
- Process to-date:
 - 5 September Regional Council workshop
 - 24 September Public Transport Committee workshop



Regional Council workshop

- Highlighted key drivers in the current operating environment:
 - GPS on land transport 2024/ NZTA guidelines
 - Rising operating costs
 - National Ticketing Solution
- Tested the broad direction for the fares review, including key principles and appetite for charging school students



Regional Council direction

- Importance of fare principles:

Principle	Rating
Simple	High
Customer-focused	High
Equitable	Medium
Incentivised	High
Transport system efficiency	Medium
Social equity	Medium
Financial sustainability	Medium-High

- Consider charging children/youth as part of the review
- Undertake engagement at the ‘information sharing’ end of the engagement spectrum



Public Transport Committee workshop

- Highlighted key drivers in the current operating environment and high-level direction provided by the Regional Council
- Sought the PTC's direction for the fares review on key fare system components, including:
 - Fare concessions
 - Fare products



Public Transport Committee direction

- Fare concessions:

Cohort	Concession
Infant	Yes - free
Child/Young Person (5-18)	TBC. No free fares
Tertiary	No
Community Connect (CSC)	Yes – 50% discount
SuperGold	Yes – free after 9.00
Accessibility	Yes – free for passenger & +1
Senior (65+)	No

- Consider fares based on ‘time of travel’ e.g. peak/ off-peak, weekend fares
- Consider fare capping



Progress

Since the previous workshop we have:

- Created a Participate page to host information on the fares review
- Modelled fare system options
- Identified possible face-to-face engagement opportunities

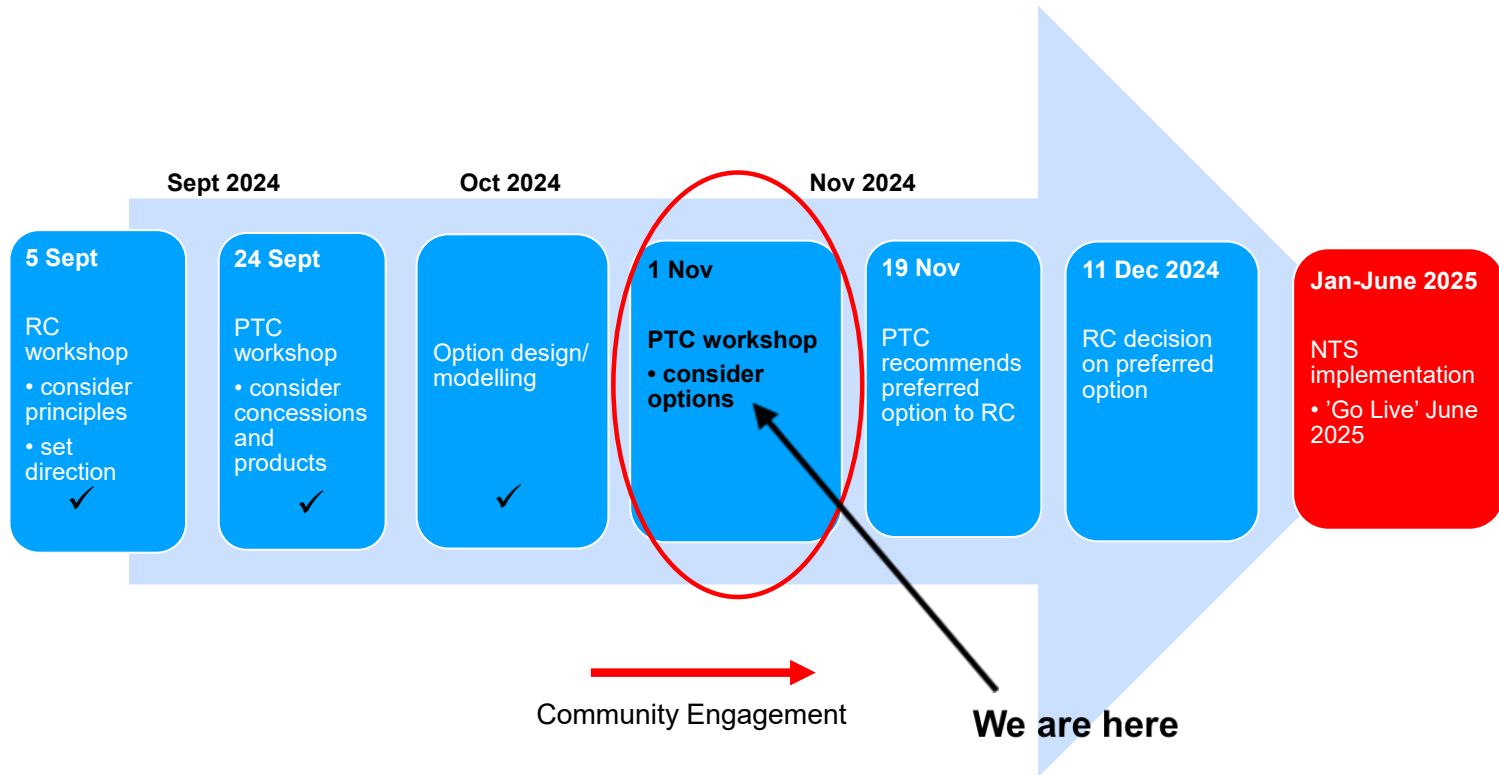


Workshop purpose

- To seek the Committee's further direction on overall fare system design in advance of making a recommendation to the Regional Council at the 19 November Committee meeting



Timeline





Outcome sought

- Committee members confirm preferred fare structure and key assumptions for the new fare system

Option evaluation





Farebox Recovery – Current State

Service Group	Total Costs	Revenue					Farebox Recovery
		Farebox	Advertising	CERF	SGC Revenue	Total Revenue	
Tauranga Urban Unit - Tauranga Urban	\$ 21,601,972	\$ 1,593,279	\$ 246,035	\$ 760,643	\$ 536,143	\$ 3,136,101	14.52%
Tauranga - OD	\$ 264,431	\$ 7,331	\$ 0	\$ 357	\$ 2,030	\$ 9,717	3.67%
Tauranga Urban Unit - Te Puke	\$ 389,835	\$ 61,550	\$ 0	\$ 30,336	\$ 15,281	\$ 107,167	27.49%
Norther Corridor - Katikati to Tauranga	\$ 565,807	\$ 47,169	\$ 0	\$ 6,126	\$ 24,904	\$ 78,199	13.82%
Town Connector - Katikati/Waihī Beach	\$ 67,107	\$ 3,083	\$ 0	\$ 138	\$ 2,107	\$ 5,328	7.94%
Rotorua Unit - Rotorua Urban	\$ 4,351,920	\$ 406,622	\$ 16,071	\$ 155,120	\$ 130,517	\$ 708,330	16.28%
Rotorua Unit - Murupara	\$ 132,661	\$ 6,576	\$ 260	\$ 2,509	\$ 3,979	\$ 13,323	10.04%
Ruatāhuna - Rotorua	\$ 85,672	\$ 5,377	\$ 0	\$ 1,973	\$ 2,569	\$ 9,919	11.58%
Eastern Corridor - Ōhope to Whakatāne	\$ 293,071	\$ 11,791	\$ 0	\$ 4,785	\$ 11,721	\$ 28,297	9.66%
Matatā to Whakatāne	\$ 19,540	\$ 114	\$ 0	\$ 46	\$ 782	\$ 942	4.82%
Eastern Corridor - Kawerau/Ōpōtiki to Whakatāne and Tauranga	\$ 497,432	\$ 29,971	\$ 0	\$ 12,162	\$ 19,895	\$ 62,029	12.47%
Pōtaka - Ōpōtiki	\$ 96,045	\$ 4,330	\$ 0	\$ 800	\$ 8,996	\$ 14,126	14.71%
Tauranga - Schools	\$ 6,232,252	\$ 0	\$ 0	\$ 628,286	\$ 0	\$ 628,286	10.08%
TOTAL	\$ 34,597,745	\$ 2,177,192	\$ 262,366	\$ 1,603,283	\$ 758,925	\$ 4,801,765	13.88%

Note: The Government will continue with Crown funding support for half-price public transport concessions for Community Services Card holders and 75% discounts.

There is no further guidance around the other Public Transport initiatives within the CERF programme at this stage, therefore any further funding for these initiatives will remain on hold until we receive direction from the new Government.

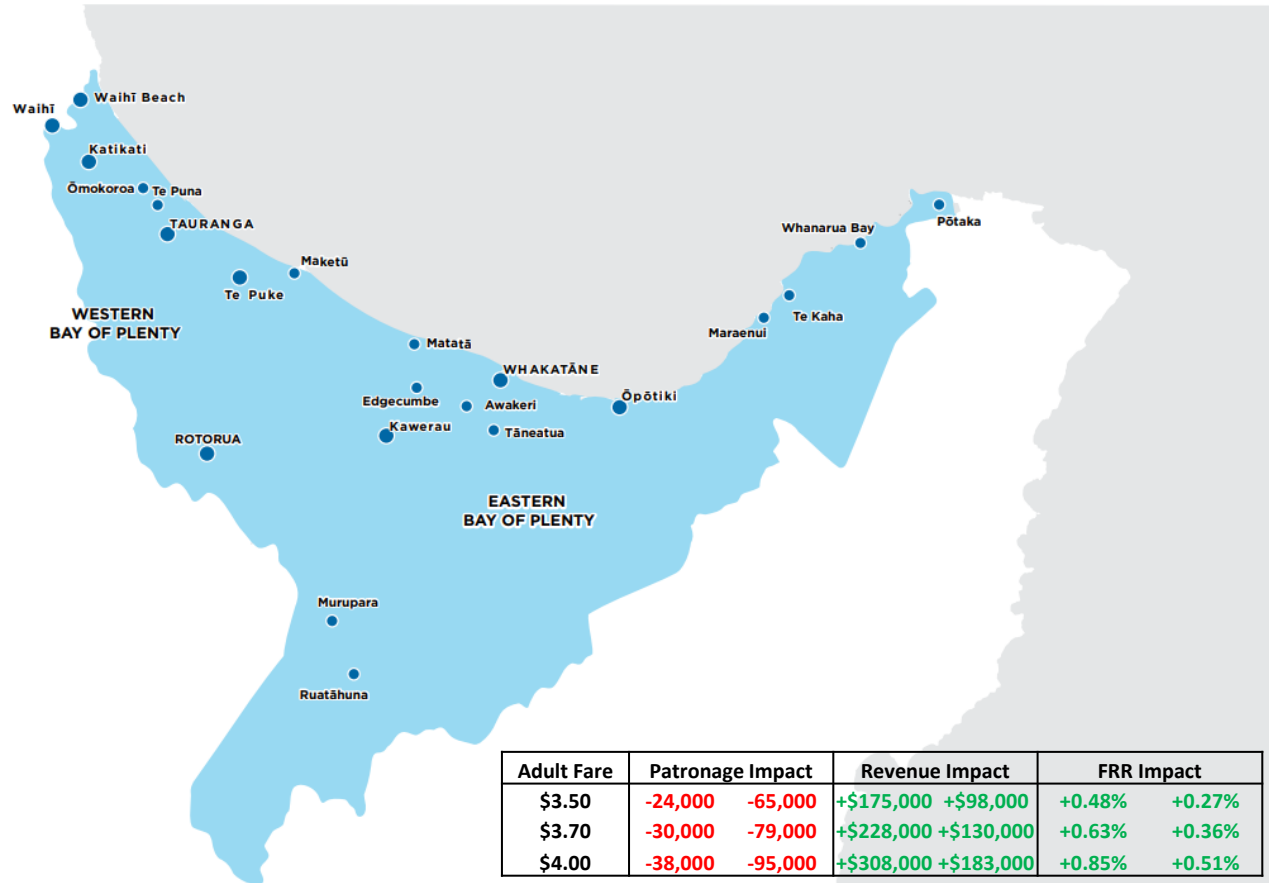


Basic fare structure

- Three high-level fare structure options were considered in a simple multi-criteria analysis (MCA):
 - Flat fare
 - Zone-based fare
 - Distance-based fare
- Distance-based fare structure scored the lowest by some margin and was discarded as an option
- Flat and Zone-based fare structures achieved similar scores and progressed to quantitative analysis

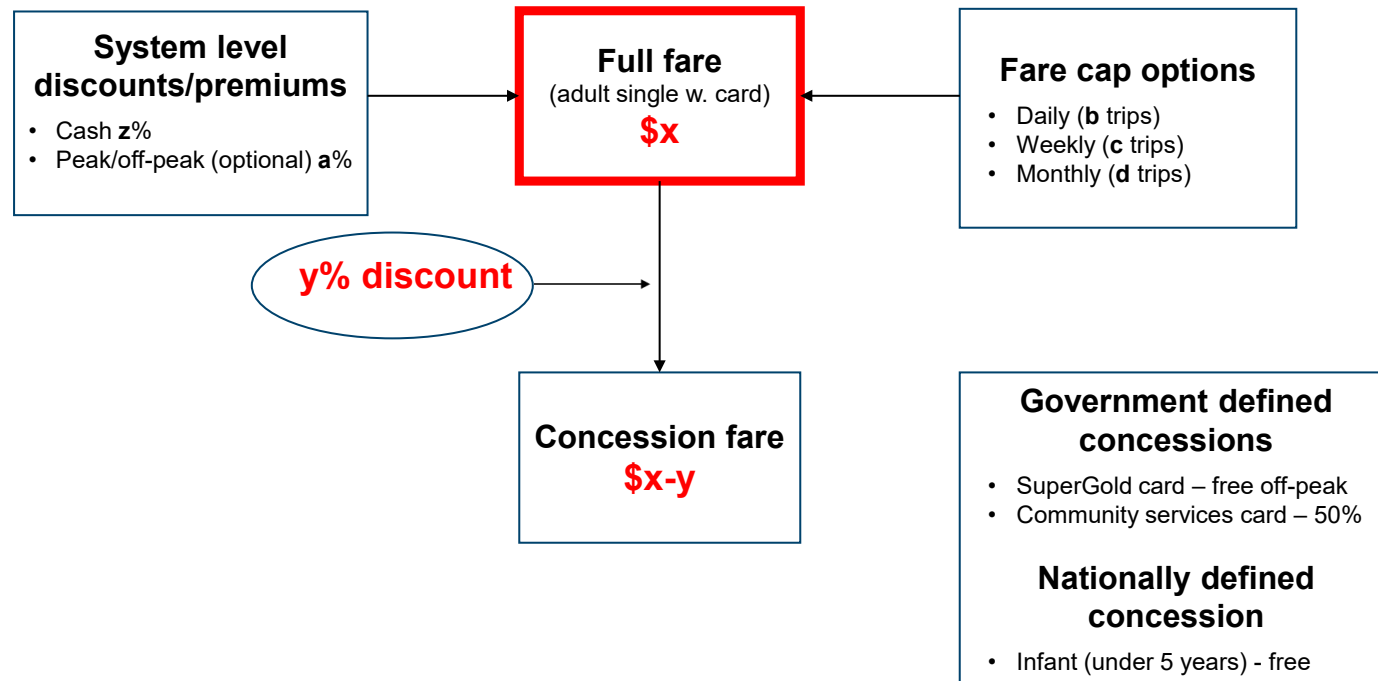


Flat fare structure - example



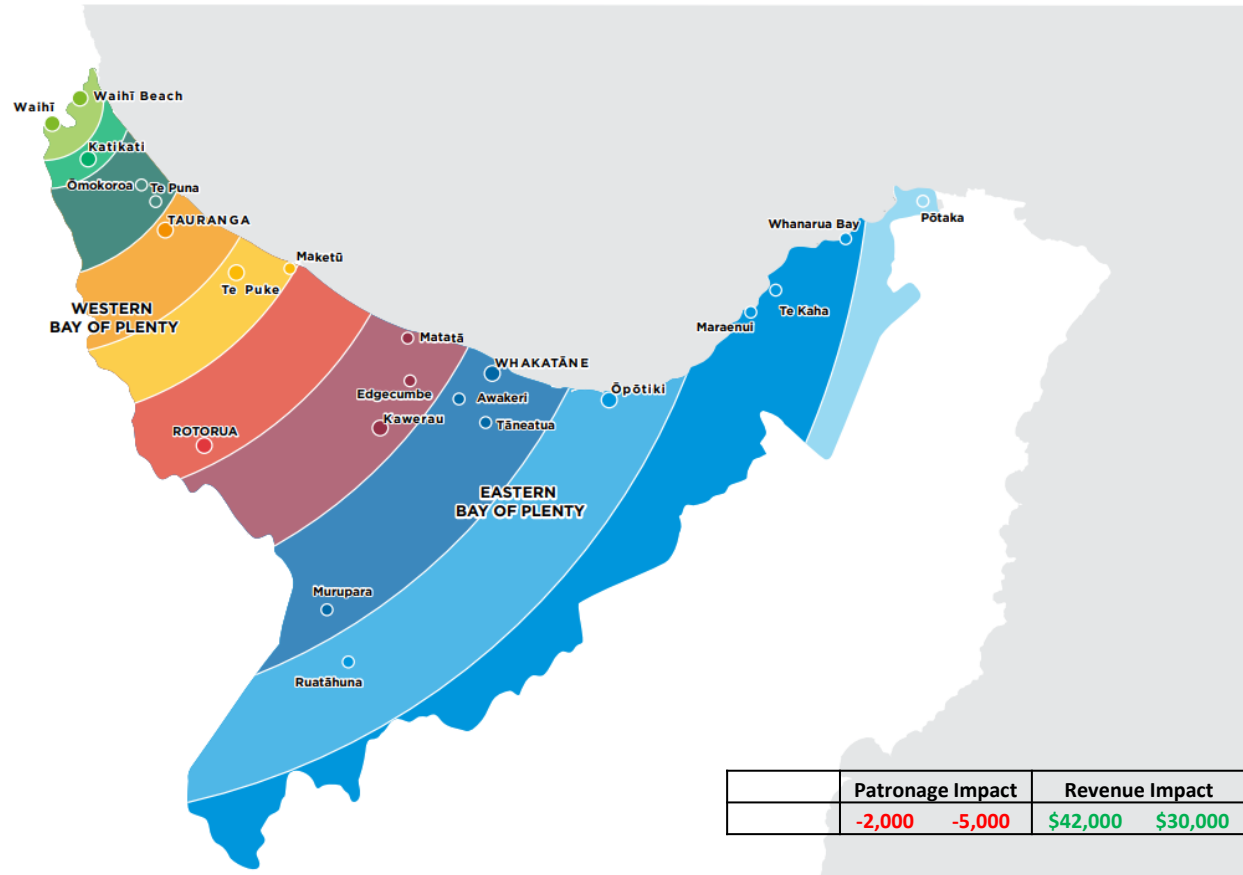


Flat fare model - example



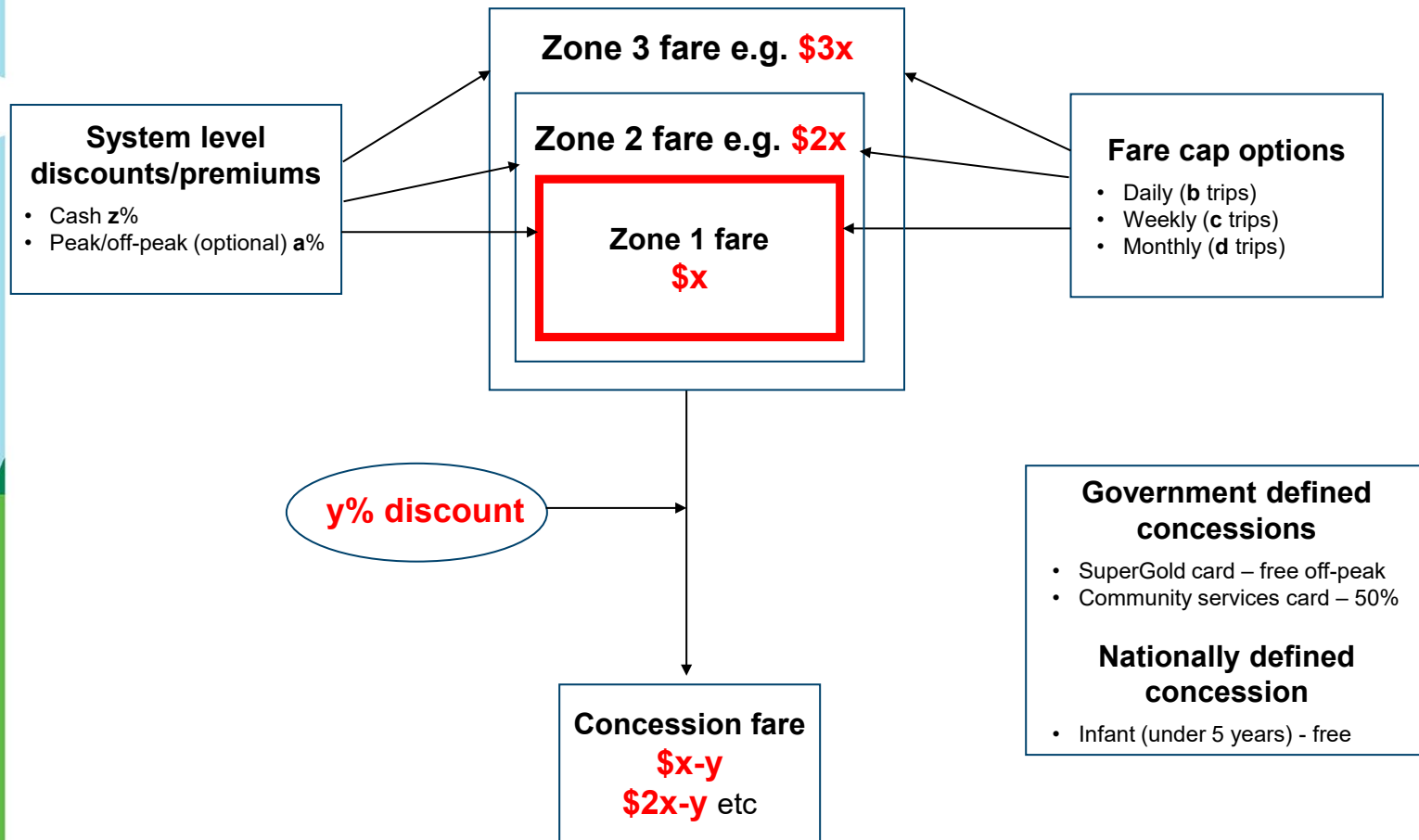


Zone-based fare structure - example





Zonal model - example





Fare structure benefits and disbenefits

Structure Type	Benefits	Disbenefits
Status quo	<ul style="list-style-type: none"> Familiar to community No costs associated with changing structure Fairer for all – those taking longer journeys pay more 	<ul style="list-style-type: none"> Difficult to understand Different in each part of the region Complex to administer in the context of the coming shift to NTS
Flat fare structure	<ul style="list-style-type: none"> Easy to understand and communicate Everybody pays the same regardless of journey length 	<ul style="list-style-type: none"> Will affect farebox recovery on longer routes May result in those taking short journeys paying more
Zone-based structure	<ul style="list-style-type: none"> Easy to understand and communicate Fairer for all – those taking longer journeys pay more 	<ul style="list-style-type: none"> Cost associated with setting up and communicating the new structure May disadvantage those taking short distances



Revised concessions

Concession	Demographic			
	u-5	5-18	19-64	65+
under 5	✓	X	X	X
Child/Youth	X	TBC	X	X
Tertiary	X	X	X	X
Senior	X	X	X	X
SuperGold	X	X	X	✓
Accessibility	✓	✓	✓	✓
Community Services Card *	X	16+	✓	✓

* Students (including tertiary) receiving a Student Allowance are automatically sent a CSC unless they have a partner who is working



Concession Scenarios

1. Set the Concession Percentage

Concession	Patronage Impact		Revenue Impact		FRR Impact	
50%	-10,000	-32,000	\$22,000	\$1,000	0.07%	0.01%
60%	-27,000	-82,000	\$142,000	\$81,000	0.43%	0.25%
75%	-49,000	-123,000	\$300,000	\$199,000	0.89%	0.60%

2. Remove Concessions

Concession	Patronage Impact		Revenue Impact		FRR Impact	
Senior	-1,000	-1,000	\$5,000	\$5,000	0.01%	0.01%
Tertiary	-4,000	-7,000	\$32,000	\$27,000	0.09%	0.07%

3. Charge Peak School Trips

Schools	Patronage Impact		Revenue Impact		FRR Impact	
\$1.85	-95,000	-96,000	\$1,584,000	\$1,580,000	2.33%	2.34%
\$2.20	-96,000	-99,000	\$1,899,000	\$1,889,000	2.82%	2.83%
\$2.70	-101,000	-108,000	\$2,385,000	\$2,360,000	3.60%	3.60%



Running Total (Incremental)

Scenario ID	Scenario	Patronage Impact		Revenue Impact		FRR Impact	
1	Base	3,358,610	3,358,610	\$4,802,000	\$4,802,000	13.88%	13.88%
2	Adult Fare	-30,000	-79,000	\$ 228,000	\$ 130,000	0.63%	0.36%
3	Concessions	-8,000	-30,000	\$ 22,000	\$ 1,000	0.07%	0.01%
4	Remove Senior	-1,000	-1,000	\$ 5,000	\$ 5,000	0.01%	0.01%
5	Remove Tertiary	-5,000	-8,000	\$ 37,000	\$ 32,000	0.10%	0.09%
6	Child Peak Fares	-95,000	-96,000	\$1,584,000	\$1,580,000	2.35%	2.34%
TOTAL		3,219,610	3,144,610	\$6,678,000	\$6,550,000	17.05%	16.69%
Change		-139,001	-214,001	\$ 1,875,999	\$ 1,747,999	3.17%	2.82%

Recommended Assumptions:

- Adult Fare of \$3.70
- Concessions at 50% of Adult Fare
- Introduce Peak Charges for Children at 50% of Adult Fare

Further investigation:

- Detailed implications of Intraregional Zones



Time of travel

- Fares differ depending on when a trip is made, eg.
 - peak/off-peak
 - weekday/weekend
- Can encourage patronage during periods of lower usage

Discount	Patronage Impact		Revenue Impact		FRR Impact	
50%	129,000	126,000	-\$363,000	-\$342,000	-1.00%	-0.95%
66%	92,000	125,000	-\$272,000	-\$215,000	-0.75%	-0.60%
80%	67,000	105,000	-\$216,000	-\$150,000	-0.60%	-0.42%

PT provider	Off peak hours	Off peak fare
Metlink (Wellington)	<ul style="list-style-type: none"> Before 7.00am 9.00am – 3.00pm and after 6.00pm on weekdays All day on weekends/public holidays 	50% off all fares
Auckland Transport	<ul style="list-style-type: none"> Before 6.00am 9.00am – 3.00pm and after 6.30pm on weekdays All day on weekends/public holidays 	10% off all fares



Fare capping

- Pricing concept that limits total amount of fares a passenger pays for a defined period of travel
- Similar to period passes but without upfront cost
- Period options usually daily, weekly or monthly
- Caps can be journey based or revenue based

Region	Fare system	Fare cap
Auckland	Zonal	Weekly \$50
Waikato	Zonal	Weekly \$7.80 - \$140.40 (6.5 trips)
Horizons	Zonal	Weekly \$16-\$39 (6-8 trips)



Fare capping example - daily

Day	# rides	Fare per ride \$	Cost per day (no day cap) \$	Cumulative cost \$	Cost per day (with day cap) \$	Cumulative cost (with day cap) \$	Cumulative saving \$
Mon	2 x	3.50	7.00	7.00	7.00	7.00	-
Tue	2 x	3.50	7.00	14.00	7.00	14.00	-
Wed	2 x	3.50	7.00	21.00	7.00	21.00	-
Thu	2 x	3.50	7.00	28.00	7.00	28.00	-
Fri	0 x	3.50	0.00	28.00	0.00	28.00	-
Sat	4 x	3.50	14.00	42.00	10.50	38.50	3.50
Sun	2 x	3.50	7.00	49.00	7.00	45.50	3.50

- Fare per trip: \$3.50
- Day cap: \$10.50

Daily Cap	Patronage Impact		Revenue Impact		FRR Impact	
\$7.00	250,000	500,000	\$150,000	\$300,000	3.12%	9.37%
\$10.50	100,000	250,000	\$60,000	\$150,000	1.25%	4.37%
\$14.00	25,000	35,000	\$15,000	\$21,000	0.26%	0.62%





Fare capping example - weekly

Day	# rides	Fare per trip \$	Cost per day (no day cap) \$	Cumulative cost \$	Cumulative cost (with week cap) \$	Cumulative saving \$
Mon	2	3.50	7.00	7.00	7.00	-
Tue	2	3.50	7.00	14.00	14.00	-
Wed	2	3.50	7.00	21.00	21.00	-
Thu	2	3.50	7.00	28.00	24.50	3.50
Fri	0	3.50	0.00	28.00	24.50	3.50
Sat	4	3.50	14.00	42.00	24.50	17.50
Sun	2	3.50	7.00	49.00	24.50	24.50

- Fare per trip: \$3.50
- Week cap: \$24.50

Week Cap	Patronage Impact		Revenue Impact		FRR Impact	
\$24.50	35,000	50,000	\$21,000	\$30,000	0.44%	1.06%
\$28.00	15,000	25,000	\$9,000	\$15,000	0.19%	0.50%
\$31.00	5,000	7,000	\$3,000	\$4,200	0.06%	0.15%





Running Totals

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6	Child Peak Fares	-95,000	-96,000	\$1,584,000	\$1,580,000	2.35%	2.34%
7	Offpeak Discount	129,000	126,000	-\$ 363,000	-\$ 342,000	-1.01%	-0.95%
10	Daily Capping	250,000	500,000	\$ 150,000	\$ 300,000	3.12%	9.37%
11	Weekly Capping	35,000	50,000	\$ 21,000	\$ 30,000	0.44%	1.06%
TOTAL		3,633,610	3,820,610	\$6,486,000	\$6,538,000	19.60%	26.18%
Change		274,999	461,999	\$1,683,999	\$1,735,999	5.72%	12.30%

Recommended Assumptions:

- Adult Fare of \$3.70
- Concessions at 50% of Adult Fare
- Introduce Peak Charges for Children at 50% of Adult Fare
- 50% Discount for Off Peak travel
- Day Cap 2-3 trips, Week Cap 7-8 trips

Further investigation:

- Detailed implications of Intraregional Zones
- Further analysis on Capping Products



Additional Consideration

- Organic growth in demand between 3% & 6% over two years will add a further 0.4% to 0.8% to FRR
- Loss Prevention Measures could add an additional 0.1%
- Increasing the Adult fare to \$5 and Child fare to \$2.50 for the On Demand trial could increase FRR in the order of 2%
- Appetite to go “cashless” with the launch of NTS?



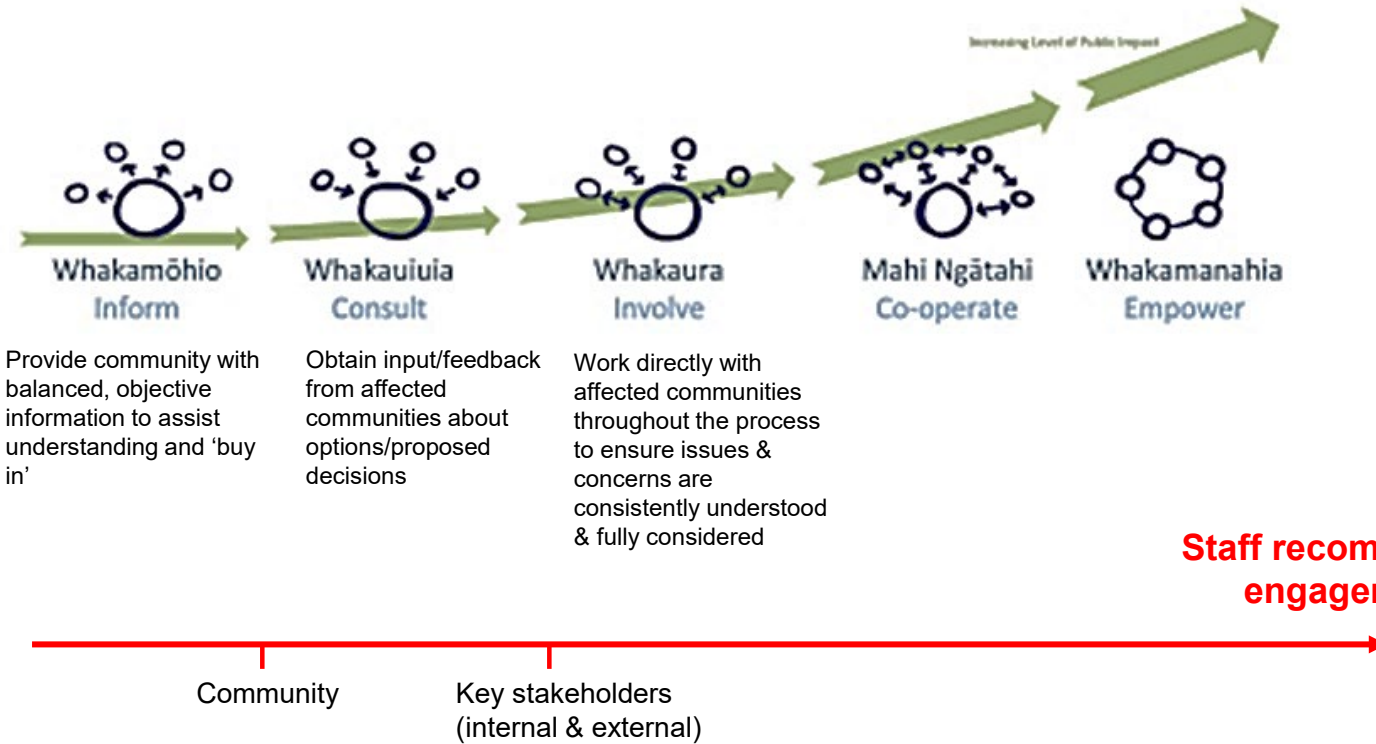
Discussion – fare system

- Do Elected Members support:
 - a) the preferred fare structure, and
 - b) key assumptions & additional considerationsfor the new fare system?





Engagement





Engagement *contd.*

Purpose: To provide information and encourage completion of a short survey on concessions and fare products

To include:

- [Participate](#) page 'go-live' - 5 November. Survey open from 5 November until 2 December
- 'Light touch' face-to-face engagement eg. markets
- Communication with schools
- Regional newspaper adverts and social media



Engagement *contd.*

It's your ride
Help build bus fares for the Bay

Public transport keeps us moving, but rising costs mean it's time for a fares review. Share your feedback before **2 December**.

TOI MOANA
BAY OF PLENTY
REGIONAL COUNCIL

Visit participate.boprc.govt.nz/faresreview or call **0800 884 880**

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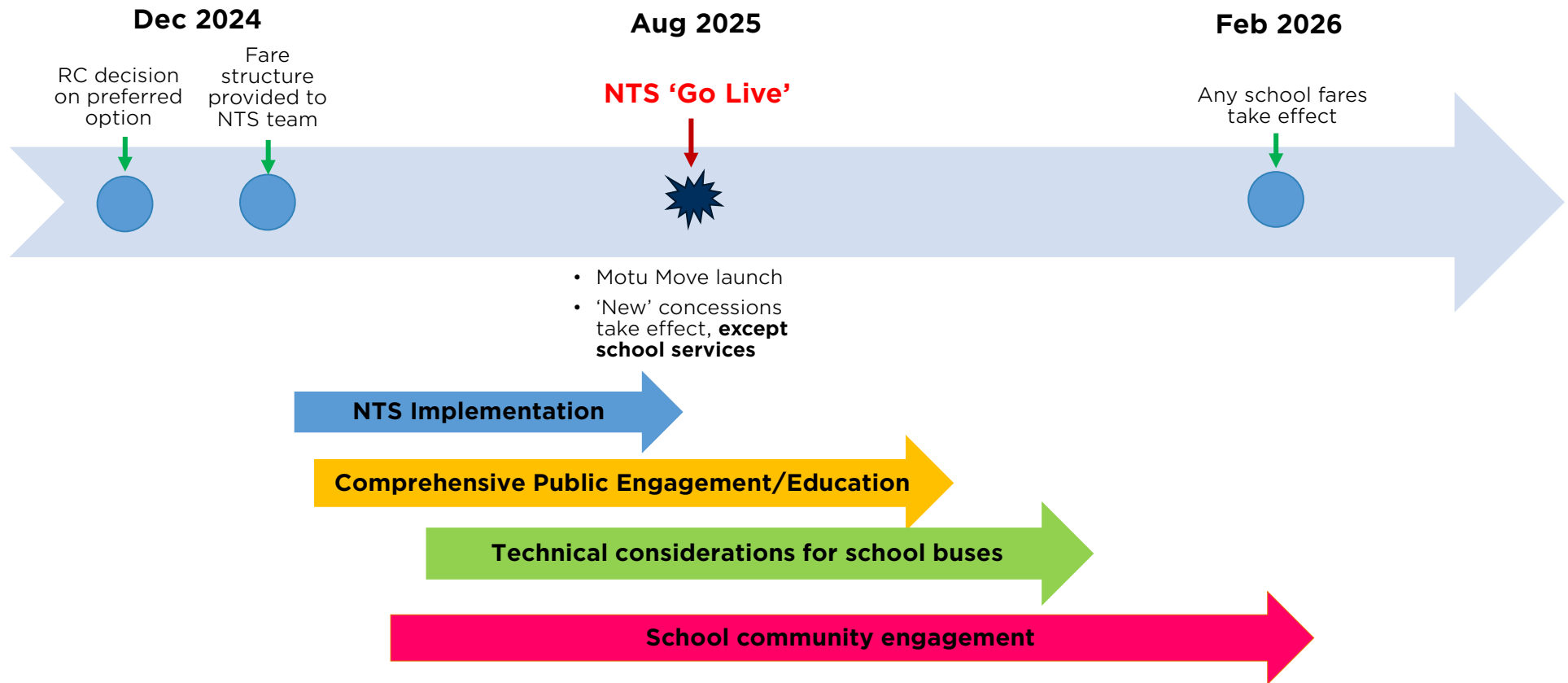
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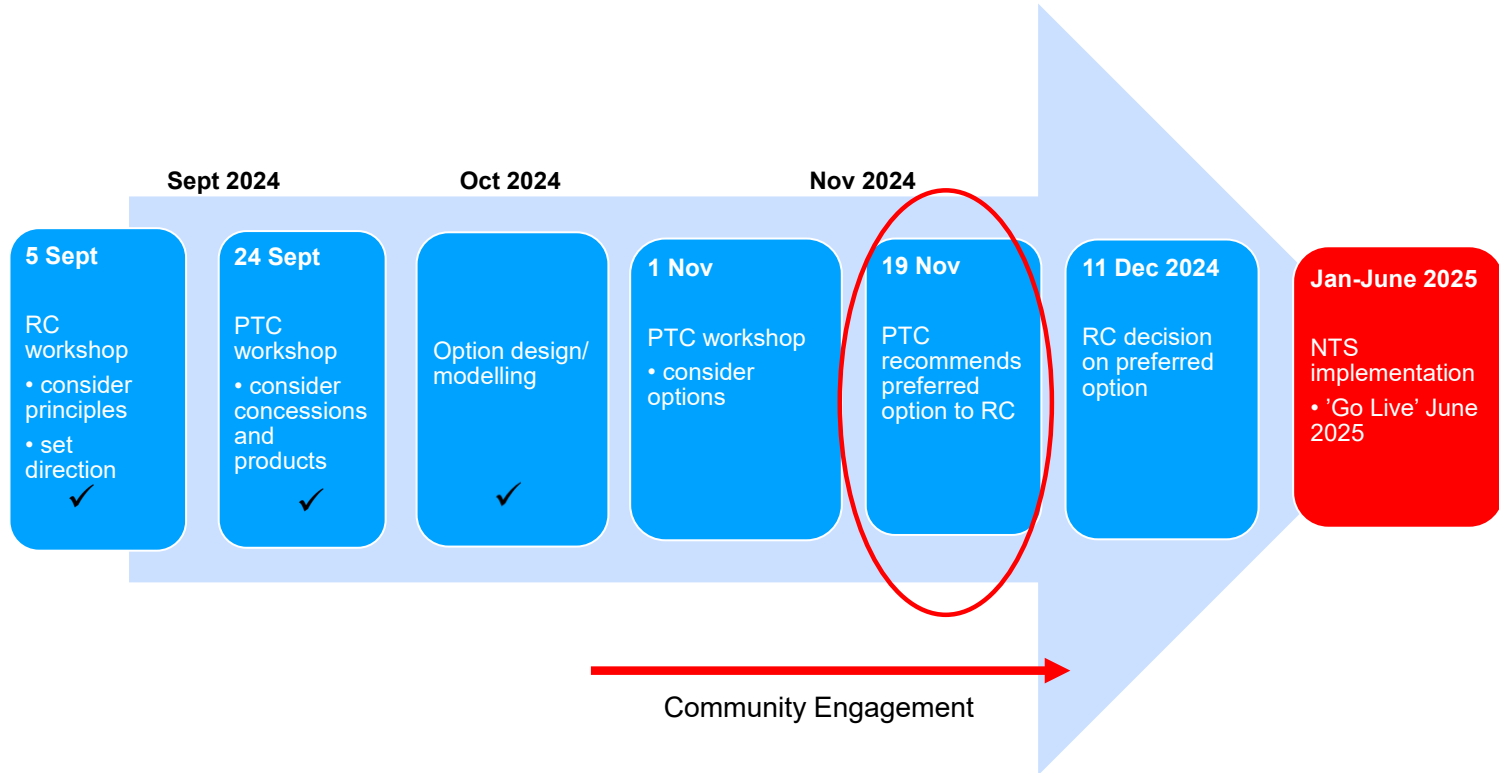
Public transport keeps us moving, but rising costs mean it's time for a fares review. Scan to share your feedback.

Implementation Timeline





Next Steps



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