

# Partnering for a National Ticketing Programme

Date: 8 February 2016

Prepared by: National Ticketing Programme Steering Group

## 1. Purpose

The purpose of this report is to advise on and seek endorsement of a proposed partnership approach being taken by local government transport authorities and the NZ Transport Agency for the development of a National Ticketing Programme.

*Attachment One* shows this proposed partnership structure and *Attachment Two* provides more context and background for regional consortium members to update their respective councils.

## 2. Context

As co-investor in regional ticketing schemes, the New Zealand Transport Agency (NZTA) has led a national ticketing programme with the intention of maximising national value for money through regional scheme investments<sup>1</sup>.

Since 2009, NZTA's intent has been to re-use elements of the investment in the Auckland Integrated Fares System (AIFS, now 'Hop'). Making use of existing assets – while meeting regional needs, meeting procurement rules and maintaining potential supplier interest – led to an evolving series of system architecture proposals since that time.

However, the lack of a coherent national ticketing framework supported by all agencies, and the regions' own needs for replacement of ageing systems, prevented agreement on a way forward. In addition, public transport ticketing and payments technologies are evolving rapidly, and therefore presented a risk of future inflexibility in development, "old technology", and proprietary lock-in.

In November 2015, NZTA Board advised that regional ticketing solutions would be progressed through extension of the existing Auckland 'Hop' ticketing system. Subsequent communication with Regional Chief Executive Officers noted that alternative regional approaches for which National Land Transport Funding support was required, would be subject to a number of specific funding conditions.

Regional responses to NZTA's position included concerns about the direct appointment of a provider and the need to recognise contemporary trends in ticketing and payments technology that may mean an extension option is not best value for money. As a result of this feedback, there has been a revision of the leadership and governance arrangements for national ticketing programme.

This paper is to advise of the establishment of a collaborative working arrangement to take forward development of the national ticketing framework and establish an enduring National Ticketing Programme.

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<sup>1</sup> In 2007 a national approach to public transport technology and ticketing was agreed by the then Land Transport New Zealand Ticketing Board.

### 3. Proposed partnership arrangements

Collaboration between NZTA, NZTTL (NZ Transport Agency's ticketing entity), and a consortium of nine regional councils, Environment Canterbury, Auckland Transport and GWRC is proposed to be formalised into a programme structure as shown in *Attachment One*.

The proposed structure is considered necessary to define and agree an overall path that will provide certainty for all participants especially with regard to, funding, participation, and confirming the best value for money solution/s.

It is particularly important that the early endorsement of the Programme structure is achieved so that a long term path is identified, confirmed, and necessary agreements to provide certainty for all are put in place to ensure a successful outcomes.

Development of the national ticketing framework is intended to lead to a national ticketing scheme capable of flexibly meeting the differing requirements and constraints of all parties while also capturing economies of scale.

Many decisions need to be made before a national ticketing framework and the procurement implications for regions can be confirmed. Investments in existing systems, their integration with wider business systems and the risks of transition and change will be critical factors in developing a roadmap for the future.

There is also a critical requirement to alleviate a timing constraint resulting from the limited remaining life of the bus ticketing system operated by the consortium of nine regional councils.

### 4. Issues/comments

#### 4.1 New direction

The new direction in thinking for procurement of a national ticketing scheme recognises significant evolution taking place in international public transport ticketing practice. Notably, there are new technology and payment applications that provide greater benefits for scheme operators (i.e. operational flexibility and the avoidance of proprietary constraints to development or wider integration), and customers (i.e. convenience, flexibility and the ability to personally manage interactions with public transport and fare payment).

In addition to considering building on the Auckland system, a suitable national ticketing scheme capability may be 'account-based' (rather than conventionally card-based) solution. Analysis will also include the potential to incorporate capability for 'open' payments (e.g. customers can use bank cards or mobile phones instead of a proprietary transport card).

#### 4.2 Timing/need for interim solution

It now appears that the chance of meeting needs of all partners in time for the initiation of PTOM contracts, or failure of existing systems, is unlikely.

There is also a critical requirement is for immediate stabilisation of failures in the bus ticketing systems operated by regional consortium member councils, and an interim solution to address services which cease operation in May 2018. Consequently, a suitable temporary or interim solution will need to be put in place for regional consortium councils, and that this will be the focus of initial activity for the collaborative working arrangement.

Greater Wellington has a similar timing issue, requiring a suitable bus ticketing solution to support implementation its PTOM bus contracts from October 2017. Greater Wellington is considering options for a ticketing solution for the interim period.

### **4.3 Resourcing**

An Interim National Ticketing Programme Director has been appointed and has been tasked with co-ordinating the establishment of the National Ticketing Programme. New Zealand Transport Ticketing Ltd (NZTTL) is NZTA's specialist ticketing entity with the core resources and consultant contacts to support the Programme Director.

A resourcing plan is in development, but its detail and the specific resource requirements from NZTTL and regions will depend on the nature of the procurement approach required.

### **4.4 Funding**

The Regional Consortium and Greater Wellington have existing funding arrangements to plan their respective interim solutions. Funding of the solutions and their development will be addressed once an approach is adopted.

The costs of partnership participation will lie where they fall but the National Ticketing Programme will require a funding plan for development, implementation and operations once a roadmap has been developed and recommended to partners by the National Ticketing Programme Board.

## **5. Recommendations**

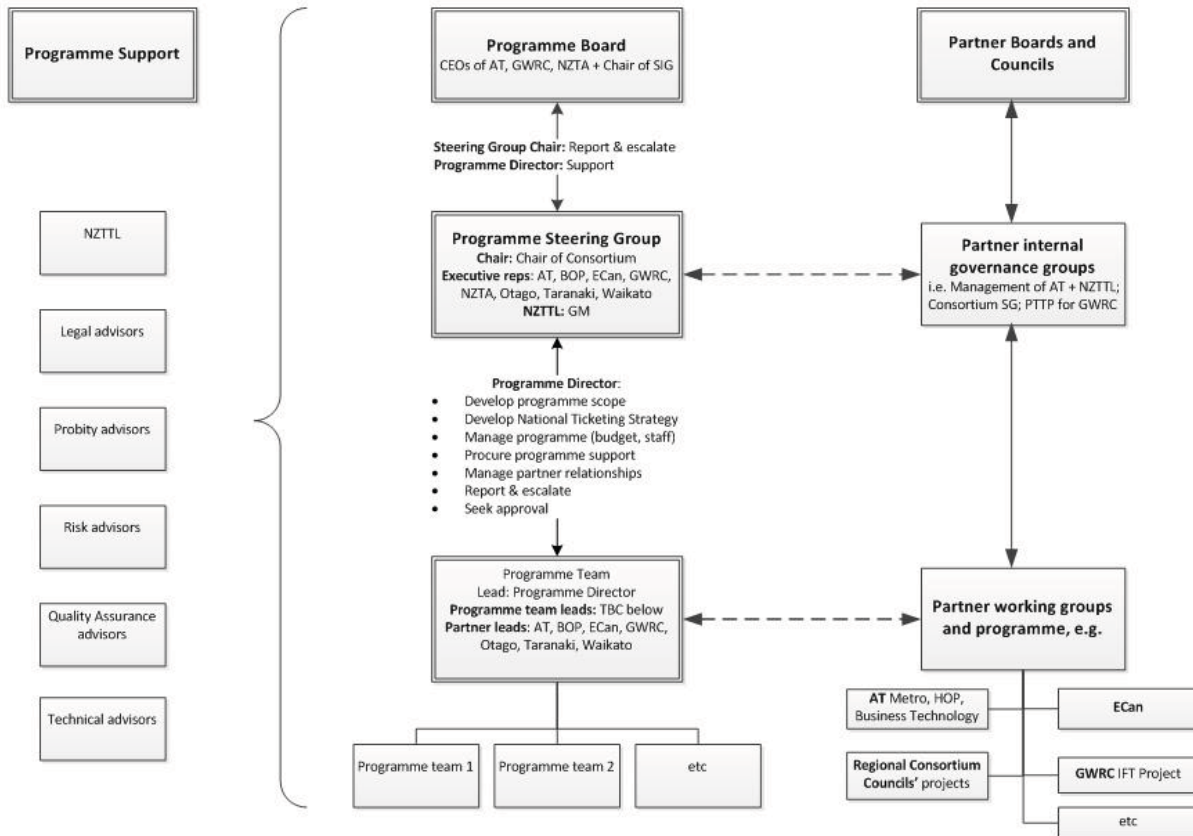
That the Regional Sector Group:

1. Receives this report.
2. Endorses the proposed partnership approach to development of a National Ticketing Programme.
3. Notes the potential timing issues for regions and the resulting implication for interim arrangements for business continuity.
4. Notes that a Roadmap for the National Ticketing Programme is expected to be recommended to agencies by the National Ticketing Board at the end of March 2016.

# ATTACHMENT ONE

## National Ticketing Programme Partnership Structure

Version: 8/2/16



## ATTACHMENT TWO

### Regional Consortium further background and context

This addendum provides additional background and context for the Regional Consortium to the National Ticketing Programme partnership. Each council within the Regional Consortium will also consider and if required by each council, endorse this paper.

#### 1. Regional Consortium Background

In 2013 nine Council's representing the bulk of the Approved Organisations outside of Auckland, Wellington and Canterbury, formed a collaborative consortium (regional consortium) to manage a path forward in their collective interest.

In late 2013 the regional consortium put in place service level agreements (SLA's) to support the existing end of life ticketing systems and allow a replacement system to be procured. The term of the SLA was three years which, at the time, was considered sufficient to allow NZTA to refine the National Integrated Ticketing Standard (NITIS), and the consortium to develop system requirements, procure, and implement a new system that would be integrated with Auckland Integrated Fare System (AIFS) more commonly known as HOP.

Since 2013 the Regional Consortium and NZTA have been actively working together developing system requirements, scheme estimates, and securing necessary funding. The Regional Consortium has been operating under the guidance of a Governance Group (GG) consisting of nominated executives from seven of the Council's and representatives from NZTA and latterly, New Zealand Transport Ticketing Ltd (NZTTL).

A technical working group (WG) consisting of staff and technical advisors was also formed.

#### 2. Regional consortium procurement background

Early in the process NZTA gave clear indications that they wished to make use of the central system components of the AIFS.

NZTA advised that the Auckland central system was procured with the view of extending it to accommodate a national ticketing platform for reuse by other Council's. NZTA subsequently developed high level system architecture that would allow the Auckland central system components to be upgraded and reused. This architecture required development of a system interface to allow third party vendors to integrate their own ticketing equipment, and fares and topology systems with an upgraded Thales platform (Hybrid option).

To accommodate this approach NZTA commenced a review of the National Integrated Ticketing Interoperability Standard (NITIS). The review took much longer than NZTA had initially anticipated and was shared with those industry members that sought to participate in late 2014.

At that time NZTA had advised that NITIS would be available in sufficient detail for the market process by end of March 2015. Completion of that review was subsequently deferred and it remains outstanding.

Also in 2014 the regional consortium prepared tender documentation that underwent both technical and commercial reviews.

In June 2015 NZTA advised that it was reviewing its approach to the regional consortium's procurement including the proposed architecture. As a result of this advice the consortium actively sought contract extensions to the SLA's with the main existing supplier to a maximum of May 2018.

The review resulted in NZTA forming a view that an extension of AIFS without the previously anticipated regional procurement of ticketing equipment would represent the best value for money nationally. This view was conveyed to Council's nationally in November 2015 and raised significant concerns for councils both in and outside the consortium.

As a result of the sometimes conflicting messages, changing direction, and the need for a clear roadmap, it was agreed between Greater Wellington Regional Council (GWRC), the Consortium, and NZTA that the existing frame work could no longer continue. It was further agreed that whatever the outcome of a national scheme/programme might be, that all parties needed to buy into an overall programme including in particular Environment Canterbury and Auckland Transport (AT).

The subsequent development of the proposed collaborative partnership approach to a National Ticketing Programme is described in the paper recommending its endorsement by Councils.