

18 November 2022

File Ref: OIAP-7-26225

By email: fyi-request-20937-f1218bda@requests.fyi.org.nz

Tēnā koe

Request for information 2022-191

I refer to your request for information dated 21 October 2022, which was received by Greater Wellington Regional Council (Greater Wellington) on 21 October 2022. You have requested the following:

“I would like to make a LGOIMA request regarding installing Snapper as an interim system on trains before National Ticketing Solution is available.

I would like to request any reports or documents you have that cover the following:

- 1. Which parts of the Snapper train system (hardware/software/etc) can be kept and which needs to be replaced for NTS*
- 2. What are the costs required for replacement*
- 3. Given that Snapper has been available for years, what are the factors that prompted you to install it just before the NTS will be available, and not wait until NTS is available”*

Greater Wellington’s response follows:

Background

The National Ticketing Solution (NTS) is a joint initiative between Waka Kotahi NZ Transport Agency (Waka Kotahi) and Public Transport Authorities.

The NTS has the objective of consolidating the various public transport ticketing systems into a national state of the art ticketing system. NTS will facilitate a more consistent public transport ticketing experience across the country.

In September 2022, Greater Wellington signed the Participation Agreement which commits it to implement NTS when it becomes available. The date of the Greater Wellington's NTS implementation is still to be confirmed - the latest indication is that it will be before 2026.

As an interim solution and following the successful pilot on the Johnsonville rail line, Waka Kotahi is supporting Greater Wellington to implement Snapper across the whole Wellington rail network, prior to transitioning to the NTS. Snapper on Rail is being implemented across the network in November 2022.

Snapper on Rail is an important part of our transition to the NTS as it will ensure our rail passengers have early access to electronic ticketing as well as undertaking the important step of getting customers used to a modern way of payment for rail journeys across the region. It also ensures rail onboard and offboard infrastructure and operations are set up for an electronic ticketing environment and therefore will significantly reduce the extent and risk of transition to NTS when it occurs.

In addition, Metlink will have an electronic platform to be able to make fare changes quickly (such as the recently announced Community Connect) as well as the potential to implement new longer-term initiatives such as integrated fares and fare capping products which were recently approved by Greater Wellington as part of its Future Fares review.

Finally, electronic ticketing will also provide invaluable data regarding how our rail services are being used which will help us improve future rail service planning.

Which parts of the Snapper train system (hardware/software/etc) can be kept and which needs to be replaced for NTS

- Software – The Snapper software is proprietary to Snapper and therefore this will not be able to be reused under NTS
- Equipment – Metlink will work with the NTS provider and Snapper during the NTS design phase to determine which parts of the Snapper on Rail physical infrastructure (such as validators) could be reused. We are hopeful that we can keep as much of the infrastructure in place as possible come the transition to NTS
- Civil/wiring work – All the civil/wiring work undertaken by Metlink for Snapper on Rail will be able to be fully reused under NTS

What are the costs required for replacement?

The replacement cost will not be known until it is understood what can be kept and what will need replacement. Because of this we have refused this part of your request under section 17(g) of the Local Government Official Information and Meetings Act 1987 (the Act) on the basis that the information requested is not held by Greater Wellington and there are no grounds for believing that the information is held by another authority subject to the Act.

Note that when this information is available it will be held by Waka Kotahi as the counterparty to the contract with the NTS ticketing provider. Therefore, any requests on the replacement costs should be directed to Waka Kotahi.

Given that Snapper has been available for years, what are the factors that prompted you to install it just before the NTS will be available, and not wait until NTS is available

In February 2022, a report was presented to Council to advise it of an interim solution for an electronic ticketing solution prior to the implementation of the NTS. This report contains information relating to the implementation of Snapper on the rail network and is attached as **Attachment 1** to this letter.

In April 2022, an approval and procurement memorandum was prepared for the Chief Executive to enable the implementation of the interim Snapper on rail ticketing solution. A copy of this memorandum is attached as **Attachment 2** to this letter.

You will see that some information has been redacted from the memorandum and report. This information falls outside the scope of your request and is marked accordingly.

If you have any concerns with the decision(s) referred to in this letter, you have the right to request an investigation and review by the Ombudsman under section 27(3) of the Local Government Official Information and Meetings Act 1987.

Please note that it is our policy to proactively release our responses to official information requests where possible. Our response to your request will be published shortly on Greater Wellington's website with your personal information removed.

Nāku iti noa, nā

Samantha Gain



Kaiwhakahaere Matua Waka-ā-atea | General Manager Metlink

For Information

NATIONAL TICKETING SOLUTION – INTERIM SOLUTION

Te take mō te pūrongo

Purpose

1. To advise Council of an interim solution for an electronic ticketing solution prior to the implementation of the National Ticketing Solution (NTS).

Te aukati atu i te marea

Exclusion of the public

2. Certain information contained in this report relates to interim ticketing procurement and contracting in the Wellington Region. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations with its ticketing provider for the Metlink public transport network (section 7(2)(i)). Greater Wellington has not been able to identify a public interest favouring disclosure of this information in public proceedings of the meeting that would override the need to withhold the information.

Te tāhū kōrero

Background

3. Electronic ticketing has been provided on buses in the Wellington Region since mid-2018. Ticketing is provided by Snapper under the Interim Bus Ticketing System Agreement (the IBTS Agreement).
4. Rail has continued to use paper tickets pending the introduction of the NTS which was scheduled for implementation in 2021/2022.
5. On 14 November 2021, Greater Wellington initiated a Snapper on Rail trial on the Johnsonville Line to learn from operational and customer experience as part of its transition to NTS. This trial has been very successful – with a Snapper uptake of between 70% - 80% of customers in the first four months.
6. Following advice from Waka Kotahi NZ Transport Agency (Waka Kotahi) in December 2021, we are now aware that the NTS will not be available to implement on the Wellington network until mid-2024 at the earliest.

Interim Solution

7. In recognition of the strong expectation of our communities to have electronic ticketing available across the Metlink network, particularly as we continue to navigate COVID-19, there is an opportunity for Greater Wellington to extend Snapper across the whole Wellington rail network on an interim basis prior to transitioning to the NTS (the Interim Solution). The proposal is that Snapper would be rolled out across the Kāpiti Line by August 2022 and then the entire rail network by December 2022.
8. The Interim Solution would enable the following:
 - a Contactless payment option in a COVID-19 environment. Greater Wellington's only current mechanism to significantly reduce risk during a COVID-19 environment is to remove the requirement to pay on rail therefore increasing revenue leakage
 - b Increased fare revenue through reduction in revenue leakage on rail
 - c Greater and significantly improved data and insights regarding rail usage to increased network planning and efficiency
 - d Meeting community expectations on having electronic ticketing across our bus and rail networks.
9. The Interim Solution would also provide invaluable lessons for the implementation of the NTS, including commencing the important step of culturally transitioning rail customers to electronic ticketing. Other key learnings for a smoother NTS transition include ensuring appropriate location of physical electronic ticketing devices and its retail network, as well as embedding revenue protection strategies.
10. Waka Kotahi senior management has indicated it is supportive of the Interim Solution as a transitional activity to the NTS provided the terms and conditions of any contract with Snapper enable a transition to NTS when it is available. This would result in the costs of the Interim Solution being FAR funded. Waka Kotahi Board approval is expected to be sought at its March 2022 Board meeting.

11. Out of Scope

Timelines and actions required

12. Out of Scope

13. Out of Scope

Implications for implementation of National Ticketing Solution

14. As set out above, the Interim Solution will enable early access to electronic ticketing for the remainder of the Greater Wellington's rail network customers given the delay in the NTS.
15. We are able to use this delay to reduce risks in transitioning to NTS when it is available by starting the cultural shift of rail customers to electronic ticketing. We will also have better passenger flow data to enable us to set up validators and ticketing machines under NTS to better meet our customer and network requirements.
16. The contract with Snapper for the Interim Solution will be set up to ensure Greater Wellington can transition to NTS when it is available.

Ngā hua ahumoni

Financial implications

17. There is currently a provision in the 2021-31 Long Term Plan (LTP) of \$86 million (\$49 million Capex, \$36 million Opex) for the introduction of integrated fares and electronic ticketing over the four year NTS implementation period.
18. The estimated cost for implementing NTS is \$51 million and the estimated incremental cost of implementing the Interim Solution is \$18 million. This means that we will remain within the current LTP provision for implementing both the Interim Solution and NTS.

Note that the \$18 million estimated cost of implementing Snapper on Rail relates to both one off implementation costs of \$8 million plus estimated ongoing ticketing operation costs of \$10 million. These ongoing ticketing operation costs would have needed to be incurred if NTS was introduced earlier. Of the \$8million one off implementation costs, it is estimated that approximately half relates to infrastructure costs that will not be reincurred for NTS.

19. **Out of Scope**

[Redacted]

[Redacted]

Te whakatūtakitaki

Engagement

20. **Out of Scope**

Ngā tūāoma e whai ake nei

Next steps

21. **Out of Scope**

[Redacted]

Ngā kaiwaitohu
Signatories

Writer	Nicki Lau Young – Manager NTS, Metlink
Approver	Scott Gallacher – General Manager, Metlink

PROACTIVE EXCHANGE RELEASE

He whakarāpopoto i ngā huritaonga
Summary of considerations

Fit with Council's roles or Committee's terms of reference

While the subject matter of this report more closely aligns with the purpose of the Transport Committee in its terms of reference (To ...set the operational direction to deliver public transport and mode-shift), the timing of the next Transport Committee meeting (24 March) means that it is appropriate that Council be informed.

Implications for Māori

There are no implications for Māori resulting from this report.

Contribution to Annual Plan / Long term Plan / Other key strategies and policies

This matter is set out in the 2021-31 Long term Plan:

National ticketing solution: We will continue our work from the previous Long Term Plan on the roll-out of a contactless ticketing system through the development and phased implementation of the National Ticketing Solution and integrated fares across the public transport network

Internal consultation

The Metlink Group has consulted Finance and Legal & Procurement.

Risks and impacts: legal / health and safety etc.

Identified risks are set out in the body of this report.

TO Nigel Corry, Chief Executive
COPIED TO Nicki Lau Young, NTS Project Director
FROM Scott Gallacher, General Manager, Metlink
DATE 14 April 2022

FOR YOUR ACTION: APPROVAL MEMO AND PROCUREMENT MEMO FOR INTERIM SNAPPER ON RAIL SOLUTION

Implementation of the Interim Snapper on Rail Solution in support of Metlink's resilience and preparedness: Preparing for National Ticketing Solution (NTS)

1. The purpose of this approval memorandum is to request your approval to:
 - a) the implementation of an interim roll out of Snapper electronic ticketing across the remainder of the rail network (the Interim Solution) - noting the Johnsonville line pilot commenced in November 2021 - with the expectation that the full network (rail, bus, ferry, and cable car) will transition to the NTS in approximately 2.5-4 years, with the most recent insights from Waka Kotahi indicating it is more likely closer to 4 years;
 - b) Out of Scope [REDACTED]
 - c) Out of Scope [REDACTED]
2. Out of Scope [REDACTED]
3. We are therefore requesting that you agree to the above approvals **subject to** Waka Kotahi approval to FAR funding of the Interim Solution.
4. The memo also notes the arrangements that will need to be put in place for revenue protection under the Interim Solution and the upcoming approvals in this regard.

Background

5. Since mid-2018 electronic ticketing has been provided on all buses in the Wellington Region under the IBTS (Interim Bus Ticketing System) Agreement with Snapper Services Ltd. Rail has continued to use paper tickets pending the introduction of the NTS which has had a number of implementation dates, but at the time of the IBTS agreement was scheduled for implementation in 2021/2022.
6. On 14 November 2021, GWRC initiated a pilot of Snapper on the Johnsonville Rail Line (Johnsonville line pilot) as part of its transition to NTS to learn from operational and customer

experience. This trial has already been very successful, providing many learnings and generating a positive customer response.

7. GWRC received advice from Waka Kotahi in December 2021 that a state of readiness of NTS for implementation on the Wellington network will not be before mid-2024 at the very earliest.
8. As a result of this advice, a proposal to implement the Interim Solution on the remainder of the rail network (Kapiti, Hutt, Melling and Wairarapa lines) has been explored to enable us to meet community needs that come from electronic ticketing, and in support of ongoing resilience and preparedness objectives. This would be implemented by extending Snapper to the remainder of GWRC's rail network in November 2022.

Scope

9. The functionality of the Interim Solution will be limited to that needed to introduce electronic ticketing on an interim basis onto the rail network. This means that, for the large part, the functionality (including validator form) would be the same as the Johnsonville line pilot, with minor additions to reflect the fare requirements for multiple rail lines moving to Snapper.

Benefits of Interim Snapper Solution

10. There are a number of benefits in implementing the Interim Solution ahead of a transition to the NTS. These are:
 - Contactless payment option for rail in a Covid environment. While the option to pay by cash on board the train is proposed to be retained during this Interim Solution, the ability to pay by Snapper will significantly reduce Council's financial exposure in the event that we need to move to only contactless payment to reduce health and safety risks for customers and workers.
 - Increased fare revenue through reduction in revenue leakage on rail (see cost/benefit analysis below).
 - Availability of data (which is non-existent or poor for aspects of the paper ticketing system) regarding rail usage in support of increased network planning and efficiency; and
 - Meeting community expectations of having electronic ticketing across our bus and rail network.
11. An extension of the Snapper on Rail trial will also provide invaluable lessons for the implementation of the NTS and its integration into Metlink operations and business activities. It will also continue the important step of culturally transitioning all rail customers to electronic ticketing to support a smoother NTS transition. Other key learnings will include revenue protection, passenger behaviour and flow management and optimal location of physical electronic ticketing devices and its retail network.

Cost and Financial Benefits of the Interim Solution

12. There is currently an LTP provision of \$68m (\$49m Capex, \$18m Opex) for the introduction of integrated fares and electronic ticketing this triennium.
13. The total incremental cost (above the expected GWRC's NTS implementation costs) of the Interim Solution and assuming a transition to NTS in February 2025 is \$18m of project opex. SoR is intended to be a short-term interim arrangement only in place for 2-3 years and

providing key learnings for the wider roll-out of NTS. It is therefore proposed that any spending on Snapper on Rail this triennium be treated as non-capital project cost (project opex). As such, this can be funded via a combination of loan and rate funding.

Note that the \$18 million estimated cost of implementing Snapper on Rail relates to both one off implementation costs of \$8 million plus estimated ongoing ticketing operation costs of \$10 million. These ongoing ticketing operation costs would have needed to be incurred if NTS was introduced earlier.

Of the \$8million one off implementation costs, it is estimated that approximately half relates to infrastructure costs that will not be re-incurred for NTS.

14. The expected financial benefit from the Interim Solution over the same timeframe from increased revenue protection is \$14.6m (opex).
15. This results in a net cost of the Interim Solution of \$3.4m given it is expected that up front capital expenditure will be mostly offset by operational savings. Out of Scope

Procurement of Snapper Ticketing Services

16. Out of Scope
17. Out of Scope

18. Out of Scope [Redacted]

Agreement with Waka Kotahi

19. Out of Scope [Redacted]

Revenue Protection Arrangements

20. The move to electronic ticketing is expected to significantly reduce the amount of fare evasion on our rail network provided GWRC ensures that revenue protection measures are in place to check customers have tagged on Snapper cards.

21. Out of Scope [Redacted]

Recommendations:

22. Out of Scope [Redacted]

Out of Scope

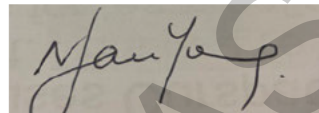
Out of Scope

PROACTIVE RELEASE





Approval

The following people have reviewed, support or endorse this document, before it is provided to the Authorised Delegated Financial Authority (DFA):

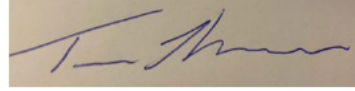


Prepared by:

Name	Title/Team	Date	Signature
Nicki Lau Young	Project Director – NTS	12/04/2022	

Reviewed by:

Name	Title/Team	Date	Signature
Luke Baron	Strategic Finance Business Partner	12/04/2022	
Deborah Kessell-Haak	Manager Legal & Procurement	13/04/2022	
Alard Russell	NTS Commercial Lead	13/04/2022	
David Lewry	NTS Technical and Business Lead	13/04/2022	

Supported by:

Name	Title/Team	Date	Signature
Tim Shackleton Governance Group	Metlink Manager Commercial, Strategy & Investment	13/04/2022	
Bonnie Parfitt Governance Group	Metlink Manager Network & Customer	13/04/2022	
Scott Gallacher Governance Group	General Manager Metlink	19/4/2022	

Approval and sign off

Contract and Procurement approach as set out above approved by (Authorised DFA):



Signature

Nigel Corry
Chief Executive

Date: 19/4/2022

PROACTIVE RELEASE

Out of Scope

[REDACTED]

PROACTIVE RELEASE

¹ While the expected NTS implementation date is February 2025, the contract termination date includes a 22 month window in the event that the NTS is delayed. Note \$1.2 M has already been approved for JVL line through to June 2023, in the IBTS Pilot Procurement memo dated May 6th, 2021.