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Committee **Passenger Transport**
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Fares Structure

1. Purpose

To seek the Committee's agreement to restructuring of bus fares in order to achieve greater simplicity and consistency throughout the Region.

2. Background

The attached powerpoint slides (**attachment 1**) were shown at the Councillors' workshop on 19 May 2003.

At the workshop Councillors discussed the adoption of:

- a single standard fare structure for all bus services, which would also be applicable to rail services under any future contract.
- a single set of rules about eligibility for concessionary fares which would be applicable on all services.

These measures represent important steps towards a fully integrated, "seamless" fares and ticketing system. Many further steps still need to be taken towards this goal over the coming months and years.

3. Comment

At the workshop Councillors seemed to be comfortable with implementing the basic fare structure. In principle this is long overdue, and the commencement of so many contracts at Labour Weekend makes the timing ideal from an administrative point of view, in that tender prices can be based on the new fare structure, thereby minimising the need to negotiate with the operators on the revenue impact of the change. In practice however, for publicity reasons, there may be a delay in implementing the new fares in parts of the region other than the Hutt Valley.

Notwithstanding that we will be aiming to be revenue neutral as far as possible, there will be a "swings and roundabouts" impact as some fares go up and others go down as the new fares and fares boundaries are put into place.

Inevitably many of those whose fares go up will be unhappy and we will need to be prepared for the response from disgruntled customers. We will need to focus on the long-term objective which is to achieve simplicity and consistency, in order for fares to be as simple to explain to new users as possible. In this respect, it should be noted that, having achieved consistency, we may move towards even greater simplicity by halving the number of fare zones and fares in a further round of fares reform in the medium term.

In the case of fares for youth and seniors, more work needs to be done to give Councillors greater confidence about the affordability of the two currently favoured options:

For youth, we are looking at instituting an age qualification rather than an entitlement based on attendance at school. One of the primary aims of simplifying fares is to reduce the level of stress for bus drivers by removing sources of conflict and “drama” between drivers and passengers. Currently 16 to 19 year olds are entitled to half fares if they are full time at secondary school and can produce a photo ID card to prove it. Other 16 to 19 year olds, including those in tertiary education, currently receive no concession. Once we have some indication of the likely cost of this change, the debate will centre around the age until which the concession should be available - 18 and 20 being the most likely contenders. The cost of the change will include the cost of Greater Wellington being responsible for issuing the ID cards in a single standard format.

For seniors, we are intending to align eligibility for reduced fares with eligibility for New Zealand Superannuation (currently age 65), but making the concession available throughout the Region rather than just to Wellington City residents using Stagecoach services as at present. Wellington City residents aged between 60 and 65 would therefore be disadvantaged by the change, but residents aged over 65 elsewhere in the Region would benefit. Given that seniors are not big users of public transport at present, the lost revenue from existing passengers is not likely to be significant; the debate is more likely to centre on the cost of “topping up” operators through the concessionary fares reimbursement scheme for any new patronage generated as a result of both reduced fares and improved service levels. It may be that a simple capping mechanism on the level of concessionary fares reimbursement will address this issue.

4. Communications

In the next few weeks we will be producing and distributing a brochure to explain the new standard fare structure to be introduced from October this year, and the reasons for it, and consulting on the idea of universal youth and senior fares, without making a commitment as to the likely introduction of such concessions.

5. Recommendations

1. *That an information brochure be prepared for wide distribution, explaining the proposed changes to fares, and seeking feedback on the issue of concessions for seniors and youth.*
2. *That the new standard bus fare structure based on a boarding charge of \$1.00 and 50 cents per zone be implemented in the Hutt Valley from 25 October 2003, and throughout the rest of the region as soon as practicable thereafter.*
3. *That the new standard fare structure be applied to rail services as soon as practicable.*
4. *That a further report be prepared on the likely costs of implementing universal concessionary fares for seniors and youth.*

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Attachment 1: Powerpoint slides