



**Report** 04.51  
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**Committee** Passenger Transport  
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## 1. Fares Review Update

To progress the adoption of a consistent standardised fare structure throughout the Region.

## 2. Background

At its meeting on 12 June 2003 the Committee considered Report 03.311 (**attachment 1**) and resolved as follows:

	<b>Committee Resolution 12 June 2003</b>	<b>Progress to Date</b>
(1)	<i>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 with a media briefing and the issuing of a household information leaflet.</i>	A brochure was prepared and distributed in September 2003. A media briefing was held on 2 September 2003. More than 1700 responses were received, together with a petition organised by Evan Key of Island Bay which was tabled at the Committee's meeting on 9 October 2003. A summary of the findings was presented to a Councillors' workshop on 16 December 2003, and a copy of the presentation is attached to this report.
(2)	<i>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, but subject to a case for case consideration of a \$1.00 only charge within central business district areas.</i>	The new standard bus fare structure was implemented in the Hutt Valley as planned on 25 October 2003.  The new structure will be introduced to all routes operated by Mana Coach Services and Newlands Coach Services at the same time as timetable changes on 11 April 2004.  Implementation on routes operated by Stagecoach Wellington is dependent on the response to this report.

(3)	<i>That the new standard fare structure be applied to rail services as soon as practicable.</i>	Pending resolution of the rail issue.
(4)	<i>That a further report be prepared on the likely costs of implementing universal concessionary fares for seniors and youth.</i>	For consideration at a future meeting of the Committee.

### 3. Comment

This report is concerned solely with the most contentious issue arising from the consultation which we carried out in the second half of last year - the proposal that the 1 section<sup>1</sup> cash fare should be \$1.50 for adults and \$1.00 for children which was a particular issue in the area served by Stagecoach Wellington<sup>2</sup> as it would result in a fare increase of 50% for adults and 100% for children.

A decision on this issue will enable us to fully implement resolution (2) above.

A significant proportion of the adverse comment in the submissions was because the brochure did not make it clear enough that we were proposing to retain the \$1.00 cash fare in the CBD section.

Outside the CBD, however, it was an issue which particularly affected child passengers, given that for 1 section journeys the fare would double, and this was the motivation behind the petition which was received by the Committee at its 9 October 2003 meeting.

The new fare schedule otherwise adopted the existing Stagecoach Wellington fare schedule for adults with some modifications in the case of child fares (the effect of rounding fares up to the next 50 cents or whole dollar).

A table setting out the various fare structures is **attachment 2**.

For many years fares in Stagecoach Wellington's operating area have been the lowest in the region for 1 section, and the highest in the region (along with Newlands) for 2 or more sections. This meant that, to achieve consistency of fares throughout the region, and to ensure that fare revenue was not adversely affected by reducing fares, 1 section fares would need to increase for Stagecoach Wellington passengers, and fares for 2 or more sections would need to increase for Mana and Cityline passengers.

In other words, the fares were set on the assumption that, other things being equal<sup>3</sup>, consistency should be achieved by adopting the "highest common denominator" fare for each section, so that fares would stay the same or

<sup>1</sup> In this report "section" will be used instead of the term "zone" which was the cause of some confusion when it was used in the consultation brochure.

<sup>2</sup> This refers to Wellington south of Broadmeadows and Ngauranga, and would also apply to any other operator who won a contract in this area.

<sup>3</sup> ie, fare boundaries remaining the same.

increase. In some cases fare reductions would result because of changes to fare boundaries rather than because the fares themselves were being reduced. (In retrospect we should have been explicit about this in the brochure, in anticipation of the criticism that the exercise was simply “increasing fares by stealth”).

In the Hutt Valley, where the new fares were introduced on 25 October 2003, the new 1 section cash fares increased in price from \$1.30 to \$1.50 (adult) and from 70 cents to \$1.00 (child). We have received surprisingly little negative feedback directly or through Ridewell about this change, although the fact that everything changed at the same time, including fares, would have influenced this lack of adverse reaction.

## 4. Options

There appear to be four main options to resolve this issue, bearing in mind the overall objective which is to achieve a standardised fare structure across the region:

1. Implement the change as proposed, with the 1 section fare of \$1.50 for adults and \$1.00 for children, on the basis that these amounts still represent good value for money and compare favourably with minimum fares charged in other New Zealand and Australian cities<sup>4</sup>. We would expect some adverse reaction from Stagecoach Wellington passengers, especially children and their parents, and some loss of 1 section patronage, with consequent increases in the Council’s funding requirement over time. Stagecoach Wellington carries more than 2 million 1 section passengers each year, so the risk is not insubstantial. This option could be implemented with or without \$1.00 adult cash fares in some or all of the region’s CBDs.
2. Implement the new cash fares of \$1.50 and \$1.00, but make no change in the interim to the price of 10-trip tickets, in order to preserve a cheaper option for passengers, at least in the short term. Fare increases are often more palatable if customers are given other options which allow them to avoid the full impact of the increase. 59% of Stagecoach Wellington’s 531,000<sup>5</sup> 1 section child passengers pay cash – maintaining the current 10-trip price (\$4.00), or increasing it by a much lower percentage than the cash increase, would give parents the option of buying 10-trip tickets to avoid the full extent of the cash fare increase. There would still be an anomaly between this and the standard 20% multi-ride discount on all other fares, including 1 section on Mana, Newlands and Cityline services (where electronic smartcards are used).
3. Retain the \$1.00 and 50 cent 1 section cash fares for Stagecoach Wellington passengers, but implement \$1.50 and \$1.00 elsewhere, and accept that this would comprise regional consistency on the grounds that, in general, Stagecoach Wellington sections are shorter than sections elsewhere in the Region.

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<sup>4</sup> Refer to attachment 2 for comparison of lowest short distance bus fares in various New Zealand and Australian cities.

<sup>5</sup> 2003

4. Adopt \$1.00 for adults and 50 cents for children as the cash 1 section fare throughout the region. There would clearly be a cost in terms of lost revenue from existing 1 section passengers on Mana, Newlands and Cityline services, estimated to be in the order of \$300,000 per annum. Against this amount needs to be balanced the opportunity to increase the culture of short distance bus journeys which is well established in Wellington to other parts of the region. Clearly short distance fares of \$1.00 and 50 cents are very marketable, although there is a potential conflict with the Council's desire to encourage greater use of "slow modes". An advantage of this option is that there is no need for "special case" fares to encourage short journeys within CBDs.

This is not an easy issue. Whichever option is adopted there are costs and benefits, risks and opportunities. Only Options 1 and 4 fully satisfy the requirement for a simple and consistent standard fare structure as the first step towards a fully integrated regional fares and ticketing system, and only Option 4 does not compromise the Council's desire to achieve continuous growth in public transport patronage. This is therefore the recommended option.

## **5. Implementation Issues**

In the Hutt Valley the new fare structure was implemented as proposed from 25 October 2003, with the exception that the boundary of the Upper Hutt fare zone was extended to north to include Totara Park and south as far as Trentham Memorial Park and Trentham Station. As a consequence the Heretaunga zone was renamed Silverstream.

In the Hutt Valley also, senior citizens' fares were retained. Senior Citizens previously paid 90 cents for 1 section and \$1.30 for 2 or more sections. Senior Citizens now pay the same fare as a child when using a Cityline "Go Rider" card. This change was made pending a decision on a region-wide seniors fare, on the grounds that a senior citizens fare (albeit one not directly funded by Greater Wellington) already existed in the Hutt Valley, and it would be perverse to withdraw it only to reintroduce something similar at a later date.

## **6. Recommendations**

1. *That the new fare boundaries and fares be implemented as agreed by the Committee on 12 June 2003, except that \$1.00 for adults and 50 cents for children be adopted as the standard one section cash fare throughout the Region, recognising that this may cost the Council as much as \$300,000 per annum in increased contract payments to operators.*
2. *That the Committee notes the already-implemented changes to the proposals as described in section 5 above.*

Report prepared by:

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**Attachments:**

1 – Report 03.311

2 – Regional fare structures compared

3 – Copy of presentation made on 16 December 2003 by Anthony Cross