

24 November 2022

[REDACTED]

REF: OIA-11319

Dear [REDACTED]

Request made under the Official Information Act 1982

Thank you for your email of 27 October 2022 requesting the following information under the Official Information Act 1982 (the Act):

all details of the cost benefit analysis that was used to justify the \$1.3B spend. In particular what justification was given to replace the existing Snapper and HOP systems.

Waka Kotahi NZ Transport Agency undertook a cost benefit analysis, which compared the benefits and costs of delivering a ticketing solution over the 14-year evaluation period under different scenarios. The updated cost benefit analysis was finalised in June 2022 as part of the detailed business case.

Cost benefit analysis focused on two options and compares these with a 'Do Nothing' counterfactual:

- The National Ticketing Solution (NTS) implemented on a staged basis for the Public Transport Authorities (PTAs) of Environment Canterbury, Greater Wellington Regional Council, Auckland Transport, and the Regional Consortium of 10 smaller councils.
- A Regional Upgrade that continues with upgrades or replaces current regional solutions.

The NTS was the preferred option, with a benefit cost ratio of 1.7.

The NTS is an account-based ticketing system with open loop payment functionality, a multi-agency platform, a shared services operating model, open standards, effective revenue protection, and a common framework for fare policies across New Zealand that recognises and caters for regional policy variation.

The NTS will enable all PTAs to benefit from a world-class solution that would be financially unattainable for most.

The total estimated monetised benefit resulting from the NTS is \$917 million. This is predominately made up of decongestion and public transport user benefits that accrue across PTAs (councils) and customers.

Value for money of the NTS can be measured in several ways:

- Economy – the NTS will provide an account-based, open loop hybrid ticketing solution to all New Zealand regions including those that would not otherwise have the resources to fund and support this type of solution.
- Efficiency – a single shared service function, Transport Ticketing and Payments operated within Waka Kotahi will enable a consistent and efficient use of partners' resources across New Zealand.
- Effectiveness – delivery from a single, multi-tenanted platform using a proven global solution.
- Equity – the same system across New Zealand to improve accessibility and convenience for all customers, contributing to increased mode shift.

The benefits of NTS for public transport users include:

- Choice – payment methods suited to the passengers' needs.
- Convenience – just tag on and off. No need to buy a transit card (unless you choose this option), find cash, queue to get tickets or pre-pay for travel. You can pay with what is already in your pocket (contactless bank card or digital card).
- Consistent and reliable experience across New Zealand on urban public transport services like buses, trains, and public transport ferries.
- Get the best possible fare – no need to figure out the best ticket for your travel.
- Immediate access for international visitors using an overseas bank card or mobile.

Please note that a number of the current ticketing systems, such as Snapper and Hop, are either at or close to the end of their life, necessitating upgrades which would have cost a comparable amount to replace.

In line with Waka Kotahi policy, this response will soon be published on our website, with personal information removed.

If you would like to discuss this reply with Waka Kotahi, please contact the Ministerial Services team by email to official.correspondence@nzta.govt.nz.

Yours sincerely



Yogesh Anand
Programme Director, NTS