

In confidence

National Ticketing Solution

ELT owner: Sarina Pratley GGM Customer & Services

Issue owners: Yogesh Anand, Executive Sponsor National Ticketing Solution, Charles Ronaldson, Programme Director, Commercial Projects

Whāinga | Purpose: [Click to select purpose](#)

This paper provides an update on the National Ticketing Solution (NTS), the strategic risks being managed and some of the lessons being learned from the programme.

He kupu whakataua | Recommendations

We recommend that the Risk and Assurance Committee:

- **Notes** the update

Take matua | Key points

- Design and build work for Environment Canterbury (ECan) is progressing to plan.
- **s 9(2)(b)(ii)**
- Assurance work is underway including an Independent Quality Assurance (IQA) and a reassessment of the recommendations from the last Gateway review.
- Strategic Risks have been updated following the NTS Governance Board deep dive.

He kōrero mō tēnei kaupapa | Background

The Risk and Assurance Committee has asked the NTS Programme to provide regular updates on progress and the management of risks. It has also asked for an update on early lessons learned.

The Programme has completed the establishment phase and simultaneously advanced detailed planning and design work to enable phase 1, ECan implementation.

Work has commenced with the Greater Wellington Regional Council (GWRC) to advance planning for their transition to the NTS. Discussions are also due to commence with the Regional Consortium on the timing for the 10 councils to transition to the NTS, noting this will be done council by council.

s 9(2)(b)(ii)

Kia mōhio mai koe | What you need to know

Environment Canterbury implementation

As reported to the last meeting, ECan have put in place their governance structure and project team. The key challenge facing ECan is the number of complex decisions required for their transition, which are far greater than they had anticipated. We are working closely to ensure they have visibility of what is due, and when.

Several workshops have been held to finalise the design and other Public Transport Authorities (PTAs) are actively involved in these sessions as the outcome will affect their implementation of the system also.

AT Early enabling of Credit/Debit Card Transactions (EMV)

At the last meeting of this Committee, we advised that the AT Board had considered and approved a move to implement EMV on its public transport network, adopting the proposal from Cubic Transportation Systems which was endorsed by Waka Kotahi. This system will utilise the Cubic back office with data being fed from their current Ground Transportation System (GTS – previously known as Thales) readers to generate the transactions.

A Memorandum of Understanding (MoU) has been executed between AT and Waka Kotahi to undertake a detailed design and this is backed with a MoU with Cubic. The next step is to complete the detailed design, which will require strong collaboration between Waka Kotahi, AT, GTS, and Cubic. Unfortunately, the recently announced restructure and potential redundancies has meant that the progression of this work has been delayed. That said, we have been advised that the team working on NTS implementation in AT has not been affected by the restructure but some senior leaders who have NTS as a part of their portfolio are impacted. We will update progress verbally at the meeting.

Financial Service Provider Contracts

There are three financial service providers who will provide the Transit Card, Merchant Acquirer Services and the retail outlets for NTS. Master Service Agreements (MSA) with all 3 have been progressed. s 9(2)(b)(ii)

s 9(2)(b)(ii)

s 9(2)(b)(ii)

should be executed well before the RAC meeting. We will confirm verbally at the meeting.

s 9(2)(b)(ii)

Gateway Review & IQA

Gateway reviewed the NTS Programme in November 2022.

All recommendations from the review are all but complete. A small team, drawn from the previous reviewers, will be returning later this month to carry out a Targeted Investment Review to assess how we have responded to the recommendations and how they support our preparedness for delivering the Programme.

A report of the outcomes will be provided once they are known.

IQANZ have also been contracted to do an independent quality assurance review on the programme. This is the first exercise following completion of the procurement and the review will be

looking at our readiness to deliver the programme. This key assurance process will include discussions with several key individuals, and review of documents.

Māori Partnership

The Māori consultancy Te Amokura has been contracted to assist the NTS with our PTA partners to assess and understand how the NTS can support Māori priorities. The issue is complex as there are multiple iwi and hapū involved from around Aotearoa and getting a unified view is important.

The work will focus on understanding the priorities for Māori, that NTS can support, to provide positive outcomes and to reduce inequities in the system.

Te Amokura will engage with Māori to capture their feedback and deliver an engagement plan for the NTS to use as it designs and develops the solution. The first engagement with Māori will take place during the next 2 months, with a final report due early in July. Any significant findings will be reported back to this Committee.

Strategic Risks

The NTS Governance Board held a risk workshop facilitated by the Waka Kotahi Risk and Assurance Team at their meeting in February. The strategic risks have been updated to reflect the discussion and reframed to cover the following:




Full detail of the risks and treatments are contained in Appendix 1.

Learning to Date

The Procurement stage of the NTS is nearing completion and a full report is being finalised. Key learnings from the procurement phase will be shared with the Procurement Team and considered as part of the design for NTS as appropriate. The full report is expected to be complete by the end of June.

Initial observations and findings from the procurement and initialisation stage of the Programme are summarised below:

Findings	Actions
Procurement	
Waka Kotahi as an outsourced service provider must learn and develop skills, experience, tools, processes, and procedures to become a service provider to other organisations. This is as opposed to having others deliver on our behalf e.g., Driver licences	NTS is developing the framework that will support delivery of services in an outsourced model. In the wider organisation context, findings from the Procurement review will be shared with appropriate areas of the business.
Waka Kotahi wears many hats in the NTS which creates a complex operating environment. Roles include funder, participant, scheme operator, service provider, the shared service operator and public transport policy. The scope, function and interdependencies of	The various functions identified are being actively managed by the Programme and, as noted below, the team is investing time in the hybrid delivery model to ensure all parts of the organisation are aligned and actively involved in the preparation for full operation. The NTS

<p>these separate roles are not clearly understood, and the Programme Team is working with the organisation to better understand the impacts on effectiveness and to eliminate confusion.</p>	<p>Participation Agreement acknowledges and provides for the various roles that Waka Kotahi exercises.</p>
<p>Tension exists when the national need is not fully aligned to the local need. This is made more complex by misaligned legislation that requires PTAs to deliver the best outcomes for their local constituents. Further compounded by the complexities of local decision making which may require either consultation with wider public and/or approval from elected members.</p>	<p>Understanding upfront the key decisions that are required and who can make them provides a useful context and helps with planning. The NTS Governance Board and Programme Leadership Team have recognised this challenge and are working collaboratively to resolve these issues. We are identifying decisions that require approval at that level so appropriate plans can be put in place. A project focused on standardisation is also looking to manage issues that are better dealt with on a national basis.</p>
<p>The multi-tiered nature of decision making creates complexity and inefficiency. This was also highlighted by the Gateway review and the NTS Governance Board has made it clear to members that they must seek approvals/support from the appropriate delegation holders in their organisations prior to decisions being made.</p>	<p>The NTS Governance Board is acutely aware of this risk and has charged member PTAs to be clear what authority their members have at Governance Board, for this to be declared and to ensure where they need higher approval that this is obtained before decisions are confirmed at Governance Board.</p>
<p>PTAs were under-resourced to support the procurement, and governance bodies were not evangelists for the NTS. ECan has affirmed this problem with the team they initially stood up having insufficient resource to deliver all the demands placed on them by the Programme.</p>	<p>PTAs are moving to increase resources and the Programme is also supporting them. Their experience will be transferred to other PTAs as their involvement increases.</p>
<p>Early Design and Build Observations</p>	
<p>Timelines are challenging for both the buyer and the supplier. s 9(2)(g)(i)</p> 	<p>Plans are developed based on certain assumptions and ongoing validations of these is paramount. For NTS, some assumptions were made relating to level of change required for a PTA and speed of decision making, which have been challenged. We are working closely with all parties to validate these assumptive positions and put appropriate governance in place to make decisions at required pace. Also, as we plan for future rollouts, we are taking this into consideration and advising PTAs what they can expect and the resource levels they will require.</p>
<p>Requirements from PTAs are changing, for example following the Snapper on Rail rollout Greater Wellington Regional Council (GWRC) now require substantially more equipment as they have found their assumptions were not correct. Likewise, expansion to Public Transport occurring in multiple areas is also leading to greater needs. This is an outcome of a programme of work which has been a long time in progress before delivery and will put pressure on our equipment budget</p>	<p>Regular re-validation of key assumptions is necessary to proactively anticipate these challenges. For NTS, we have appointed dedicated project managers for AT, GWRC, ECan and the Regional Consortium to monitor and test changes that are emerging. The pricing model and programme are being updated as issues arise to keep the programme plan and finances current.</p>

<p>Equipment price changes due to global supply impact will have a marked effect on the price of equipment for the initial rollout. This is compounded by long lead times for delivery of equipment. This issue has arisen due to the progressive contracting approach that we are following to align with PTA transition to NTS.</p>	<p>Ideally, we should look to fix component and labour prices for the entirety of the programme. However, this is not always achievable. For NTS, we have fixed the labour costs, subject to foreign exchange, and we are developing a model to thoroughly test any proposed price increases for the equipment. This will ensure that price changes are aligned to actual movements in the market, and the model can be applied for future orders.</p>
<p>Waka Kotahi will operate a hybrid delivery model for the services it will provide to PTAs. This will require the Shared Services Organisation to work with other business units of Waka Kotahi to deliver the service. Development of the initial operating model blueprint has created some confusion around roles and responsibilities. This is a first for Waka Kotahi where the primary beneficiaries of the work being done is for third parties, the PTAs.</p>	<p>An operating model blueprint should clarify roles and responsibilities. The NTS operating model is being developed in an iterative fashion. It is focusing on developing frameworks that will ensure all parts of Waka Kotahi are aligned. We are working closely with all business units to ensure roles and responsibilities are clear and these are embedded in the final operating model. This aligns with the 2nd learning under procurement above.</p>

Key risk	Management
----------	------------

Please see Attachment 1

Ngā whakapiringa | Attachments

Attachment 1	NTS Strategic Programme Risks
--------------	-------------------------------

Released under the Official Information Act