

Green Transport Card Investigation Findings Cabinet Paper

Reason for this briefing	To provide you with the draft Green Transport Card Investigation Findings Cabinet Paper, and answers to queries you raised at the last official's meeting held on 11 July.
Action required	Consider the draft Green Transport Card Investigation Findings Cabinet Paper, and provide us with initial feedback before 26 July. Note our advice on the queries you raised at the 11 July meeting.
Deadline	We recommend that you consider this paper before Monday 22 July.
Reason for deadline	This paper will be discussed at the Monday 22 July officials meeting.

Contact for telephone discussion (if required)

Name	Position	Telephone	First contact
Richard Cross	Manager, Strategic Policy and Innovation	[REDACTED]	✓
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MINISTER'S COMMENTS:

Date:	19 July 2019	Briefing number:	OC190676
Attention:	Hon Julie Anne Genter, Associate Minister of Transport CC Hon Phil Twyford, Minister of Transport	Security level:	In confidence

Minister of Transport's office actions

- Noted*
 Seen
 Approved
- Needs change*
 Referred to
- Withdrawn*
 Not seen by Minister
 Overtaken by events

This briefing accompanies a Cabinet Paper for the Green Transport Card scheme (the scheme), and addresses questions you raised at our last meeting

1. With the scheme's investigation completed, we met with you on 11 July to seek your directions on next steps (OC190584 refers).
2. At the 11 July meeting, you decided to proceed with the option of providing Community Services Card (CSC) holders with a 50 percent concession on public transport fares, for use at any time. You also made the decision that people with a SuperGold Card/CSC combo card should have access to the scheme.
3. You directed us to advise you on the following:
 - Model the fiscal impact of including SuperGold/CSC combo card holders;
 - How the \$4.64 million Budget funding earmarked to establish the scheme could be used by agencies and councils;
 - Advice on the implementation timeframes for the scheme; and
 - Advice on including a visual cue (e.g. a sticker) for the scheme.
4. This briefing provides you with a copy of a draft Cabinet Paper, timelines for the Cabinet Paper process going forward, and our advice on your queries from the 11 July meeting. We will provide you with a copy of the Regulatory Impact Assessment next week, after it has been through our internal review process.

Cabinet Paper timeline

5. The table below shows the current timeline to deliver the Cabinet Paper to Cabinet before the end of August. There may be some changes to this timeline depending on how long the consultation process takes. We will communicate any changes with your office.

Date	Action
19 July 2019	Draft Cabinet paper provided to the your office for feedback Departmental consultation on the scheme.
26 July 2019	Initial feedback received from your office and other agencies Ministry of Transport to incorporate feedback into the draft Cabinet Paper
7 August 2019	Revised Cabinet paper, addressing your feedback and agencies' feedback sent to your office for cross-party consultation
22 August 2019	Lodge Cabinet Paper with DEV
28 August 2019	DEV meeting

Fiscal impact of including SuperGold/CSC combo card holders

6. At the 11 July officials meeting, you made the decision that SuperGold Card holders, who also hold a CSC, should be able to access the scheme. These card holders will be able to access concessions provided by both cards.
7. The Cabinet Paper notes that you now recommend including SuperGold Card holders, and also notes the following considerations based on your decision:
 - It is anticipated that most SuperGold Card holders will still choose to travel during off-peak hours to take advantage of SuperGold's free concessions. This consideration will help to control costs; and
 - Including SuperGold Card holders enables the scheme to target low-income SuperGold Card holders and enable them to access essential services, such as medical appointments, in a more affordable way. This results in greater equity.
8. You also directed us to model the fiscal impact of including SuperGold Card holders into the scheme.
9. There are currently around 300,000 SuperGold Card holders who also have a CSC. As the table below shows, our initial calculations show that this would increase direct subsidy costs by around \$1.8 to 2 million per year. In other words, the inclusion of SuperGold Card holders in the scheme would increase subsidy costs by approximately 10 percent.

	Not including SuperGold Card holders		Including SuperGold Card holders	
	Year 1	Year 10	Year 1	Year 10
Direct subsidy costs per year	\$20.1 million	\$18.1 million	\$22 million (+\$1.8 million approx.)	\$20.1 million (+\$2.0 million approx.)
Additional patronage per year	4.5 million	10.9 million	4.8 million (+ 0.3 million approx.)	11.5 million (+0.6 million approx.)

10. If possible, we will undertake more detailed modelling before the Cabinet Paper is finalised. However, this will require us to contact councils for data on their current SuperGold patronage, and notify councils that we will be including SuperGold Card holders in the scheme. We will seek your views on timings around communicating this with councils. Note that our calculations have been made with a significant number of assumptions, and actual costs could be significantly higher or lower.

11. We can provide further advice, if needed, on our assumptions and calculations behind our modelling work.

Using Budget funding to assist councils in implementing the card

12. As part of Budget 2019/20, approximately \$4.64 million was allocated towards the establishment of the scheme. You asked whether parts of the \$4.64 million could be transferred to councils to assist them in implementing the card.
13. Should Cabinet agree to establish the scheme, councils would add CSC concession profiles to ticketing systems in their respective regions. Councils could then seek reimbursement from the NZ Transport Agency, drawing from the earmarked \$4.64 million.
14. The Ministry of Social Development (MSD) will also access this funding to transfer CSC holder eligibility data onto travel cards in each region, and to develop communication materials. We have sought revised cost estimates from MSD but at this stage it appears likely that the approved \$4.64 million would be sufficient to cover all of the implementation costs that would be incurred by councils, MSD and the NZ Transport Agency this financial year.

Funding towards additional capacity

15. In our previous advice we noted that councils may expect the Crown to make a contribution towards the increased public transport capacity that would be needed to meet increased demand resulting from the scheme.
16. The Minister of Transport will shortly be receiving initial advice around funding pressures on the Government Policy Statement on Land Transport (GPS).
17. There may be merit in waiting until there is more clarity around the how public transport funding is likely to be treated in the GPS before deciding whether a separate funding arrangement is necessary. However, this would depend on the implementation timeframes for the scheme. We have flagged this point in the Cabinet Paper as well.

Advice on implementation timeframes

18. We originally suggested mid-2021 as the target date for the launch of the card. In the meeting on 11 July, you asked whether the card could be implemented by mid-2020.
19. The feedback from councils showed that, for the Auckland and Wellington regions in particular, the scheme would be very difficult to implement by mid-2020. Auckland Transport indicated that implementation would take at least 18 months. Greater Wellington Regional Council (GWRC) indicated that implementation would take at least 24 months.
20. The scheme, like the SuperGold Card, is a voluntary scheme, so councils could choose not to implement the scheme if central government aims to implement it before they are ready.
21. The Cabinet Paper has noted that a phased approach may be needed. The scheme could be first implemented in regions where ticketing systems are more advanced. The scheme can be expanded to pressured regions, such as Wellington and Canterbury at a later date. However,

members of the governance group for the investigation emphasised that some councils would not be in favour of a phased approach.

22. You are meeting with Greg Campbell, the CEO of GWRC on 23 July (Mr. Campbell is also the Chair of the Regional Government Public Transport Sector Group) to discuss these issues in more detail.

Advice on giving the card a visual cue

23. Our advice on verification was to use existing travel cards for each region (e.g. Snapper card for Wellington), and to link CSCs with the registered travel cards. Given that eligibility processes are to be automated under this option, this approach is likely to be the most cost-effective option.
24. At the meeting on 11 July, you asked whether we were aware of any other ways to provide some sort of visual cue as part of the scheme. We have not been able to identify any options other than a sticker or a unique card, both of which would incur additional costs and create a risk of stigmatising CSC holders by identifying their financial status.
25. When the card is launched, significant communications and marketing collateral will be developed. These collateral will help ensure that CSC holders are aware of the scheme.

Recommendations

26. The recommendations are that you:
- (a) **Consider** the draft Green Transport Card Investigation Findings Cabinet Paper, and provide us with initial feedback before 26 July. Yes/No
 - (b) **Note** our advice on the queries you raised at the 11 July officials meeting. Yes/No

Richard Cross
Manager, Strategic Policy & Innovation

MINISTER'S SIGNATURE

DATE:

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OFFICIAL INFORMATION ACT