

Green Transport Card Scheme Cabinet Paper and Phasing Options

Reason for this briefing	<p>To provide you with, and brief you on, a revised version of the Green Transport Card scheme Cabinet Paper (the Cabinet Paper) for cross-party consultation.</p> <p>To brief you on the outcomes of discussion at the Green Transport Card Governance Group (the Governance Group) meeting on 31 July on phasing options.</p>
Action required	<p>Note a revised draft Cabinet Paper for the scheme is attached to this briefing.</p> <p>Note the draft Cabinet Paper identifies two phasing options for councils that are unable to fully implement the scheme by mid-2020.</p> <p>Agree to include the following recommended phasing options in the final Cabinet Paper:</p> <ul style="list-style-type: none"> Option 1: implement the scheme in their region in 2021. Option 2: partially implement the scheme in their region in 2020, if it is necessary to address capacity concerns, and agree on when the scheme will be fully implemented. <p>Note if you would like to meet with us to discuss any aspects of the Cabinet Paper before it is finalised.</p> <p>Agree for us to draft a letter to councils, setting out Government's intended approach for the scheme, if Cabinet agrees to proceed with the scheme.</p> <p>Note the Regulatory Impact Statement drafted for the scheme attached to this briefing.</p>
Deadline	We recommend that you consider this paper as soon as possible.
Reason for deadline	The final Cabinet Paper will be lodged with DEV on 22 August 2019. Your feedback is needed on the attached draft before it can be finalised.

Contact for telephone discussion (if required)

Name	Position	Telephone	First contact
[REDACTED]	Acting Manager, Strategic Policy and Innovation	[REDACTED]	
[REDACTED]	Senior Adviser, Strategic Policy and Innovation	[REDACTED]	✓
[REDACTED]	Adviser, Strategic Policy and Innovation	[REDACTED]	
[REDACTED]	Adviser, Strategic Policy and Innovation	[REDACTED]	

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MINISTER'S COMMENTS:

Date:	7 August 2019	Briefing number:	OC190720
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*
- Needs change*
- Withdrawn*
- Seen*
- Referred to*
- Not seen by Minister*
- Approved*
- Overtaken by events*

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Purpose of the briefing

1. A revised Cabinet Paper for the Green Transport Card scheme (the scheme) is attached to this paper, which is ready for cross-party consultation and further feedback from your office. The cross-party consultation period will commence from 7 August 2019; the paper will be lodged on 22 August 2019 for 28 August 2019 DEV.
2. This briefing highlights substantive changes made to this Cabinet Paper since the previous version, including options for phasing the scheme's implementation. The Cabinet Paper's Regulatory Impact Assessment has also been attached. The Regulatory Quality Panel at MoT has reviewed this Regulatory Impact Statement and considered that it meets the Quality Assurance criteria.
3. We also developed phasing options in collaboration with the Green Transport Card Governance Group (the Governance Group); these options have also been reflected in the Cabinet Paper.

The revised Cabinet Paper incorporates comments from your office and other agencies

4. Agencies that provided feedback on the draft Cabinet Paper included the Treasury, the Ministry of Social Development (MSD), the New Zealand Transport Agency (NZTA), the Department of Internal Affairs (DIA), and the Ministry of Health (MoH). The Department of Prime Minister and Cabinet were informed.
5. NZTA, MSD, DIA and MoH expressed support for the scheme. While the Treasury supported improving access to transport for low-income households, it considered that there was insufficient evidence to support the scheme as the preferred solution.
6. Substantive changes to the attached Cabinet Paper include:
 - revising the cost estimates (including all CSC holders, except those with a SuperGold card);
 - clarifying why the scheme should primarily be funded by the Crown;
 - adding a section with comments from other agencies;
 - clarifying that the scheme would be voluntary for councils to join, and that it would only apply to services specified in councils' Regional Public Transport Plans (RPTPs); and
 - adding a section on phasing options.

The Cabinet Paper recommends phasing options for the scheme, if councils are unable to implement the scheme in 2020

7. The proposed scheme will be voluntary for councils to join.

8. Our original recommendation (OC190584 refers) was to set mid-2021 as the target date for implementing the scheme. We still recommend setting mid-2021 as the target date for implementation. This target would lead to stronger support from councils for the scheme, and would provide councils with sufficient time to implement the scheme effectively.
9. The revised Cabinet Paper indicates your intention to implement the scheme by mid-2020, but identifies phasing options for councils that are unable to implement the scheme within this timeframe.
10. We developed and explored these phasing options with members of the Governance Group, at a meeting on 31 July 2019.
11. The Green Transport Card Governance Group meeting was attended by representatives from Auckland Transport, Environment Canterbury, Local Government New Zealand, Marlborough District Council, and Ministry officials. Greg Campbell, CEO of Greater Wellington Regional Council, was also present at the meeting.

We developed and considered six phasing options with the members of the Governance Group

12. These options are summarised in the table below.

Phasing options	Description
Geographic	Some regions could proceed with the scheme first, while other regions facing capacity challenges could proceed later.
Off-peak, on-peak	The 50 percent discount could be applied during off-peak hours first, while on-peak discounts could be applied at a later date.
Percentage discount	A smaller discount (e.g. a 25 percent discount) could be applied first, while the 50 percent discount could be introduced at a later date.
Modal	In regions such as Auckland and Wellington, we could consider applying discounts to certain transport modes first (e.g. buses before trains).
Community Services Card holder	Some CSC holders (e.g. veterans) may receive the scheme first, although this option may be difficult to implement and justify.
A combination of the above	We may also consider different types of phasing for regions, given that each region faces different challenges.

The Governance Group recommended “geographic phasing” as the most workable option

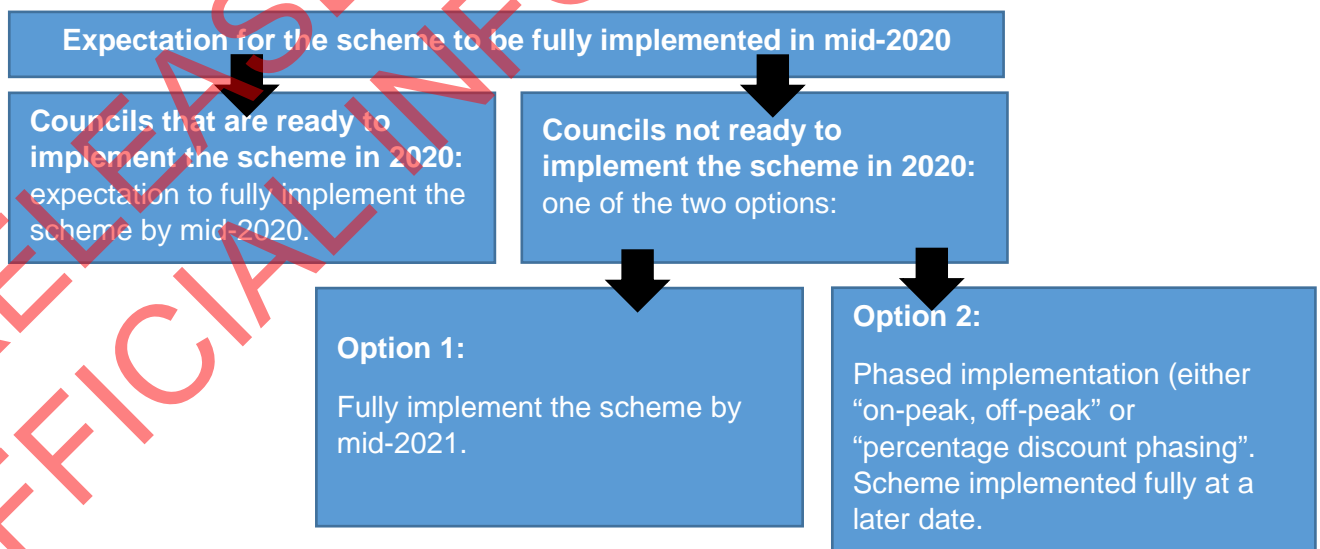
13. The Governance Group indicated that regardless of which phasing option is chosen, the mid-2020 implementation date would likely be the most achievable target for smaller councils, such as Nelson and Marlborough.
14. The Governance Group excluded “modal phasing”, and “CSC phasing” as viable options. “Modal phasing” is unlikely to seriously address the capacity issues that councils may face

as a result of additional patronage due to the green card. As for “CSC phasing”, the Governance Group’s view was that it would be very difficult to distinguish which types of CSC holders are “needier” and should receive the scheme first, and would be difficult to justify.

15. “Percentage discount” and “off-peak, on-peak” phasing are more workable for councils, although they also come with implementation challenges. The key drawback of a “percentage discount” phasing option is that councils may find it difficult to integrate new discounts into their existing systems. “Off-peak, on-peak” phasing would miss a key objective of the scheme, which is to enable CSC holders to access work opportunities during peak hours.

We recommend giving councils that are unable to implement the scheme in mid-2020 two options for phasing

16. The attached Cabinet Paper signals that councils that are ready to implement the scheme fully by mid-2020 should be expected to implement the scheme then. Councils that are not ready to implement the scheme fully by mid-2020 could be offered two options:
 - **Option 1:** implement the scheme in their region in 2021.
 - **Option 2:** partially implement the scheme in their region in 2020 if it is necessary to address capacity concerns, and agree on when the scheme will be fully implemented. For example, a council could choose to offer a lower concession rate for CSC holders initially, or limit concessions to off-peak travel only.
17. These options are illustrated visually below.



18. This approach has been included in the attached draft Cabinet Paper. We are seeking your direction on whether this will be included in the final Cabinet Paper.

If Cabinet agrees to proceed with the scheme, we recommend you sending a letter to councils outlining your expectations for the scheme

19. In this letter, we recommend outlining how funding agreements will be negotiated and other key steps towards implementation.
20. We recommend that you do not give a specific date on the delivery timing of the scheme. We propose that you signal the implementation of the scheme sometime in 2020, without giving a specific month. Our advice is that signalling a precise month at this stage could create strong expectations (from the public and other stakeholders) on the expected delivery date of the scheme.

Your office will finalise the draft Cabinet Paper, through the cross-party consultation process, with our support

21. We will support your office on revising the Cabinet Paper during cross-party consultation, which begins tomorrow (8 August 2019). The Cabinet Paper will need to be lodged on 22 August 2019, enabling the Cabinet Paper to be considered by Cabinet on 28 August 2019 DEV.
22. Should Cabinet decide to proceed with the scheme, we will help to draft the letter to councils, and work with other agencies and councils to begin the scheme's establishment phase.
23. We will also be working on drawing up an implementation plan for the scheme up to the middle of next year. This plan will include key milestones such as negotiating individual funding agreements with councils, working with MSD on existing systems, and other key steps.

Recommendations

24. The recommendations are that you:

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| (a) Note a revised draft Cabinet Paper for the scheme is attached to this briefing. | Yes/No | |
| (b) Note the draft Cabinet Paper identifies the following phasing options for councils that are unable to fully implement the scheme by mid-2020: | Yes/No | |
| <ul style="list-style-type: none">• Option 1: implement the scheme in their region in 2021.• Option 2: partially implement the scheme in their region in 2020 if it is necessary to address capacity concerns, and agree on when the scheme will be fully implemented | | |

- (c) **Agree** to include the recommended phasing options in the final Cabinet Paper Yes/No
- (d) **Note** if you would like to meet with us to discuss any aspects of the Cabinet Paper before it is finalised. Yes/No
- (e) **Agree** for us to draft a letter to councils, setting out Government's intended approach for the scheme, if Cabinet agrees to proceed with the scheme. Yes/No
- (f) **Note** the Regulatory Impact Statement drafted for the scheme attached to this briefing. Yes/No


Acting Manager, Strategic Policy & Innovation

MINISTER'S SIGNATURE

DATE:

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