

Ministry of Transport: Aide Memoire

To: Hon James Shaw, Acting Associate Minister of Transport

CC: Hon Phil Twyford, Minister of Transport

From: Richard Cross

Date: 2 November 2018

Subject: Notes for Hon Shaw meeting Hon Sepuloni (Minister of Social Development) and Hon Martin (Seniors Minister)

Background to this meeting

- The Green Party and Labour Party Confidence and Supply Agreement includes an agreement to investigate a Green Transport Card as part of work to reduce the cost of public transport, prioritising people in low income households and people on a benefit.
- The New Zealand First and Labour Party Coalition Agreement includes an agreement to introduce a new generation SuperGold smartcard containing entitlements and concessions.
- The proposed entitlements for a Green Transport Card (GTC) and existing travel entitlements for a SuperGold card overlap, so the relationship between the two cards needs clarification.

GTC coverage options and costings

- GTC cardholders would be entitled to travel for free off-peak only: between 9am-3pm and after 6:30pm on weekdays, and all day on weekends and public holidays.
- This aligns with the off-peak period for the SuperGold card in most regions (except Auckland, where SuperGold cardholders can travel for free any time after 9am).
- Three coverage options are being considered in a budget initiative for 2019/20 (see below).

	Total people covered	Additional cost (per year)	Combined total cost (per year)
Option A: Community Services Card (CSC) holders only*	541,000		\$39 million
Option B: CSC holders plus tertiary students	893,000	\$54 million	\$94 million*
Option C: CSC holders plus tertiary students and students 18 years or younger	1,770,000	\$26 million	\$120 million*

**This figure excludes 289,000 CSC holders who have a SuperGold card.*

- Extending the GTC to dependent children of CSC holders is also being considered.
- The costs for these options are just initial estimates.
- Budget funding would be until 2021/22.
- Future funding may come from the National Land Transport Fund.
- Detailed policy work needs to be done before the GTC is implemented.
- In comparison to the numbers in the table above, there are 289,000 SuperGold cardholders, with funding for free public transport currently capped at \$28 million per year.

How the GTC relates to the SuperGold card

- 830,000 New Zealanders have a CSC and 289,000 aged 65+ have a SuperGold-CSC combo card.
- There are four potential areas of concern:
 - **Entitlements:** The GTC could be perceived as diminishing the relative value of the SuperGold card, even if the GTC does not weaken any existing entitlements for SuperGold cardholders. The public transport travel entitlements of the two cards should be aligned as much as possible.
 - **Alignment of off-peak periods:** SuperGold cardholders in Auckland are entitled to free public transport any time after 9am, unlike most regions where travel is limited on weekdays to between 9am-3pm and after 6:30pm. The Ministry of Social Development (MSD) has also raised the option of extending off-peak travel entitlements for SuperGold cardholders, beyond the 3pm cut-off (e.g. to 4:30pm) throughout New Zealand. This would likely have adverse impacts on the public transport system as a result of limited capacity and network efficiency issues, particularly in Wellington. Minister Martin has decided not to pursue budget funding in 2019/20 to extend travel entitlements but we expect she may still wish to discuss this issue with you.
 - **Dealing with multiple cards:** Confusion could arise if some people are entitled to a CSC, SuperGold card, and GTC. The relationship between all the different cards would need to be clearly communicated.
 - **Smartcards:** The Coalition Agreement between the Labour Party and New Zealand First includes an agreement to introduce a new generation SuperGold smartcard.

Talking points to clarify the relationship between the GTC and SuperGold card

You may wish to emphasise the following benefits of the GTC:

- The GTC will support the Coalition Government's long-term plan to improve the wellbeing of New Zealanders and their families, particularly the goals to grow and share New Zealand's prosperity more fairly, and to transition to a clean, green carbon neutral New Zealand.
- It will support positive outcomes for both transport and social development. It supports the Government's goals to encourage mode shift towards public transport, and will mitigate against other policies that may be necessary to reduce transport emissions, which could increase transport costs for low-income households. It will also improve people's health and safety, as public transport is the safest form of travel.

You could consider discussing the following principles at your meeting, to enable implementation of the GTC along side the SuperGold card.

- **GTC cardholders will not have any greater entitlements than SuperGold cardholders.** GTC cardholders will only be entitled to travel during off-peak periods. GTC holders will not receive additional concessions and entitlements beyond transport.
- **GTC cardholders may have fewer travel entitlements than SuperGold cardholders in some regions.** For example, in Auckland GTC holders may not be entitled to travel during the afternoon peak between 3pm and 6:30pm (unlike SuperGold cardholders). GTC may also not be entitled to use selected services, such as the Waiheke Ferry.
- **The GTC will only be available for people under 65 years of age, who do not have a SuperGold card.** People over 65 years of age are automatically entitled to a SuperGold card, which offers greater entitlements (beyond travel benefits). The Ministries of Transport, Social Development, and Ministry of Health will need to work together on the logistics of issuing a GTC-CSC combo card.
- **The GTC will not be a separate smartcard.** SuperGold cardholders are required to use smartcards for travel, as smartcard technology, such as the AT HOP card in Auckland, becomes available. We envisage that the GTC would work in a similar way, until a national integrated smartcard for public transport is introduced (currently planned for the 2020s).

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