

Ministry of Transport: Aide Memoire

To: Hon James Shaw, Acting Associate Minister of Transport
CC: Hon Phil Twyford, Minister of Transport
From: Richard Cross, Manager Strategic Policy and Innovation
Date: 7 November 2018
Subject: Green Transport Card Outcomes and Implementation Considerations
OC Number: OC181048

We are working towards an agreed scope for the Green Transport Card (GTC) budget initiative. We are seeking further clarity on what you see as the main goals of the GTC, as this should influence the scope and policy direction.

To enable budget funding, the GTC initiative needs to align with the wellbeing priorities of Budget 2019/20. Some options are more closely aligned to these priorities than others.

We would also like to discuss with you the implementation challenges of different options, as these will affect how quickly the GTC could be introduced to meet your expectation for the GTC to be available in mid-2020.

Potential benefits for inclusiveness, wellbeing, and mode shift

Our preliminary work on the GTC was based on the direction of the Coalition Agreement to 'reduce the cost of public transport, prioritising people in low-income households and people on a benefit.' This implies that the initiative aims to improve inclusive access and social outcomes.

To align with the wellbeing priorities of Budget 2019/20¹, we understand that the primary outcome is to improve the wealth and wellbeing of low-income households, by reducing their travel costs and improving their access to social and economic opportunities.

Another potential benefit of the GTC is to support the Government's priorities for mode shift (towards public transport and active travel modes). Cheaper public transport could support

¹ The budget priorities we are aiming to align with are 1: Reducing child poverty and improving child wellbeing 2: Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy; and 3: Lifting Māori and Pacific incomes, skills and opportunities.

mode shift, but it may not be the most effective way to encourage greater use of public transport. For example, the quality, availability, frequency, speed, and reliability of public transport services need to be considered alongside fare prices.

The current GTC options were based on the priority of reducing public transport costs for low-income households. If the primary outcome was mode shift, there could be other options. For example, making public transport free for all students to get to/from school could have major benefits for mode shift at peak travel times but would cost considerably more, and would not be targeted at low-income households.

We have summarised the potential benefits for inclusiveness, wellbeing, and mode shift for the three groups being considered in the following table.

	Community Services Card (CSC) holders	Tertiary Students	School Students
<i>Inclusive access benefits</i>	<p>High. CSC holders are already identified as low-income households. CSC do not currently receive any public transport (PT) discounts. More affordable PT could increase their participation in society.</p> <p>However, CSC holders in areas without good public transport, and some with disabilities, would not benefit.</p>	<p>Low-Medium. Many tertiary students currently receive a discount (e.g. 25% in Auckland and Wellington, including at on-peak periods).</p> <p>Students from lowest-income households have a CSC (approximately 15% of tertiary students).</p>	<p>Low. Children and youth currently receive a 50% discount in most regions.</p>
<i>Mode shift benefits</i>	<p>Low-Medium. Some CSC holders will use PT instead of a car, but those travelling for work will often need to travel during peak periods.</p> <p>There is also a potential to create/reinforce a social stigma that PT is just for people who cannot afford a car.</p>	<p>Low-Medium. Students are already major users of PT. Many need to travel at peak periods to attend classes. Students may get a 'taste' for PT and continue using it after their studies.</p>	<p>Low. Students are at school in most off-peak periods.</p>
<i>Alignment with Budget 2019/20 priorities</i>	<p>Medium. Opportunities to improve child wellbeing, and lifting Māori and Pacific wealth/opportunities.</p>	<p>Low. Only aligns with priority to create a low-emissions economy.</p>	<p>High. Opportunities to improve child wellbeing.</p>

Key implementation challenges that would need to be addressed

As previously discussed, there are a range of implementation issues associated with each option. Key challenges are highlighted in the following table.

	Community Services Card (CSC) holders	Tertiary Students	School Students
Verification <i>We need to prevent people giving/selling cards to others.</i>	New CSCs may need to be issued with photo ID (costing ~\$16 million, at \$20/card). Some costs could potentially be met by CSC holders applying for a GTC combo card.	Most tertiary students have a student ID. Some regional councils have existing systems to verify student eligibility (full-time students only) for concessions.	Primary students do not usually have ID. Some secondary students have ID. Verification issues will be more of an issue for students as they become older.
Duplication issues <i>We should avoid issuing many different cards.</i>	A new photo GTC-CSC combo card, or a separate photo GTC would be needed.	Existing student IDs could be used (e.g. with an annual GTC Transport sticker).	There may need to be a mix of students IDs with stickers and photo GTC cards.
Validity of cards <i>Unlike SuperGold cards (that do not expire after age 65), GTC would need to be issued every year.</i>	CSCs have an expiry date.	Many student IDs have an expiry date.	Many student IDs have an expiry date.
Dealing with existing concessions <i>Councils that already provide concession discounts would need to change their fare structures.</i>	N/A	In Palmerston North students travel free on PT. In Wellington and Auckland students receive a 25% discount. Will students get free off-peak travel and existing discounts on-peak?	In most regions children receive a 50% fare discount. Will students get free off-peak travel and existing discounts on-peak?
Agencies we would need to work closely with to implement	NZTA, councils, MSD, MinHealth	NZTA, councils, MinEdu, individual tertiary institutes	NZTA, councils, MinEdu
Integration with existing smart cards <i>People will need to use smartcards in some regions (e.g. Auckland HOP and Wellington Snapper).</i>	Without a national integrated ticketing system, it will not be possible to have a national GTC. In some regions, people will need to link their existing smartcard (e.g. HOP card) with the GTC entitlements. This already happens with SuperGold cards.		
Funding sustainability <i>We need to manage the uncertainty of cost estimates.</i>	We could try to set a funding cap (like SuperGold scheme) but councils are likely to resist this (slowing implementation). Without a funding cap, there is a high risk of exceeding allocated budgets.		

As the scale of GTC coverage increases to cover more groups, implementation will become slower. Administrative costs will also rise. There may become a point where it would be more cost-effective to make public transport universally free at off-peak periods, to avoid administration, monitoring, and enforcement costs. We have not costed this option. Higher costs could also have implications for potential future funding from the National Land Transport Fund.

We would like to discuss these scope and implementation issues at your meeting with officials on Thursday 8 November 2018.

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