

Ministry of Transport: Aide Memoire

To: Hon Julie Anne Genter
From: Richard Cross, Manager, Strategic Policy and Innovation
Date: 28 November 2018
Subject: Update on Green Transport Card Budget Initiative
OC Number: OC181137

On Tuesday 27 November 2018, you asked us to clarify why the Green Transport Card (GTC) needs to be funded from the budget instead of the National Land Transport Fund (NLTF). You also requested an updated Green Transport Card (GTC) budget initiative.

Why we are seeking budget funding

On 3 October 2018, we met with Hon Shaw to discuss the scope and funding arrangements for the GTC. Hon Shaw indicated his intention to have a GTC implemented by mid-2020. We advised Hon Shaw that funding from the NLTF is fully committed until 2021. This means that additional revenue would need to be collected for the NLTF, or activities reprioritised by the New Zealand Transport Agency, to fund the GTC. The Government Policy Statement (GPS) on Land Transport would also need to be amended, with appropriate engagement, to signal the GTC as a priority for NLTF funding.

To implement the GTC by mid-2020, it therefore needs to be funded from the Crown until 2021/22. We have signaled an intention for the GTC to be funded from the NLTF from 2022 onwards (subject to Government policies and funding settings in the next GPS).

We also advised Hon Shaw that the scope of the GTC needs to be carefully considered to help secure future funding from the NLTF. The higher the costs to fund the GTC, the larger the implications for (re)allocating funding from other transport priorities.

Revised budget initiative

We have attached the most recent version of the GTC budget initiative. We are planning to make additional changes to this document, outlined below. We will provide your office with a revised version on 7 December 2018, before we submit a final version to Treasury on 14 December 2018.

Alignment with the wellbeing domains

We are planning to provide additional details of how this initiative contributes to each of the wellbeing domains (see page 8 of the attached draft budget initiative).

Funding updates

Costs to implement the TGC will be higher than our initial estimates.

The Ministry of Health has advised us that the eligibility criteria for Community Services Cards will change on 1 December 2018. This means that approximately 45,000 more people will be eligible for a Community Services Card (and consequently the GTC), adding approximately \$4 million per year to the costs of subsidising public transport.

The Ministry of Social Development (MSD) has advised us that the implementation costs will be higher. We initially estimated that it would cost \$5 million in 2019/20 to establish the GTC, plus ongoing administrative costs of \$100,000 per year. These costs include setting up computer systems to verify eligible cardholders, and to produce and distribute cards. We had based these estimates on what it cost to establish and administer the SuperGold card.

The costs to administer the GTC will be higher because there will be more eligible people, cards will need to be regularly replaced when they expire (unlike SuperGold cards) and cards may need to include a photo ID. MSD will provide us with updated estimates next week. We will investigate ways to minimise administrative costs, for example, by using existing Community Service Cards and Student IDs instead of producing separate branded GTCs.

The budget initiative does not include any costs associated with policy work needed to establish the GTC. The Ministry of Transport will meet these costs from our existing budget. However, once the policy work has been scoped, it is possible that we may need to discuss the implications of this work for our capacity to deliver the overall work programme. We will provide you with further advice on the proposed scope and approach to developing the GTC by 14 December.

We would be happy to provide you with more details on the GTC budget initiative if required. We are also available to join your meeting with Minister Twyford on transport budget initiatives on Thursday 29 November if our attendance would be useful.

Richard Cross
Manager, Strategic Policy and Innovation

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