

## BUDGET SENSITIVE

# Green Transport Card

## Overview and context

Key Question/area	Comment/answer
Portfolio of lead Minister	Hon Julie Anne Genter, Associate Minister of Transport
Portfolio(s) of other Ministers involved (if this is a joint initiative)	Hon Phil Twyford, Minister of Transport
Votes impacted	Vote Transport
Initiative title	Green Transport Card to reduce public transport costs for low-income households
Initiative description	This initiative will establish a Green Transport Card to reduce the costs of public transport for Community Services Card holders and their dependent children. Card holders will be able to travel fare-free on public transport during off-peak travel periods. More affordable travel will give these people greater access to social and economic opportunities while reducing household costs. It will also contribute to a sustainable and low-emissions economy by encouraging people to use low-carbon transport modes instead of private cars. The initiative supports the Government's desired outcomes for both social development and transport.
Type of initiative	Priority aligning
If this initiative relates to a priority, please outline the specific priority/ies it contributes to	This bid will support the following priorities: <ul style="list-style-type: none"> <li>Reducing child poverty and improving child wellbeing, including addressing family violence</li> <li>Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy</li> <li>Lifting Māori and Pacific incomes, skills and opportunities</li> </ul>
Does this initiative relate to a commitment in the Coalition Agreement, Confidence and Supply Agreement, or the Speech from the Throne?	Yes – the following commitment in the Confidence and Supply Agreement between the New Zealand Labour Party and the Green Party. <ul style="list-style-type: none"> <li>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.</li> </ul>
Agency contact	Richard Cross, Manager Strategic Policy and Innovation, Ministry of Transport <a href="mailto:r.cross@transport.govt.nz">r.cross@transport.govt.nz</a>
Responsible Vote Analyst	██████████

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### Funding

Funding Sought		2019/20	2020/21	2021/22	TOTAL	
Operating		\$639,900	\$50.42 million	\$50.42 million	\$101.48 million	
Funding Sought	2018/19	2019/20	2022/23	2023/24	2024/25	2025/26
Capital	-	-	-	-	-	-

Funding for this initiative is contingent on completing detailed policy work by mid-2019, and establishing implementation systems in 2019/20.

The Green Transport Card could be funded from the National Land Transport Fund from 2021/22 onwards (subject to future Government policies and funding settings in the next Government Policy Statement on Land Transport). This initiative cannot currently be funded from the NLTF because 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 Green Transport Card. The Government Policy Statement on Land Transport would also need to be amended, with appropriate engagement, to signal the Green Transport Card as a priority for NLTF funding. To implement the Green Transport Card by mid-2020, it therefore needs to be funded from the Crown until 2021/22.

## 1. Executive Summary

### 1.1 EXECUTIVE SUMMARY

#### A. Short summary of the proposed initiative and expected outcomes.

##### Aims of this initiative

- This initiative aims to improve the wealth and well-being of people in low-income households, and encourage travel by low-carbon transport modes, by reducing the costs of public transport for Community Services Card holders and their dependent children.
- Eligible people will be entitled to a Green Transport Card, enabling them to travel fare-free on public transport during off-peak travel periods.
- Funding will largely be spent on public transport subsidies, with additional funding to implement and administer the system for creating and distributing cards.

##### Why it is required

- Transport provides people with access to social and economic opportunities, such as education, healthcare, work, and community services. Travel costs can be a barrier for low-income households, limiting their access to these opportunities.
- Many New Zealanders are highly dependent on private cars for transport, which leads to high household transport costs. This initiative will make public transport a cheaper alternative for many low-income households, and buffer them against the effects of volatile fuel prices and rising transport costs in the future.
- If no funding is provided, travel costs will continue to be a barrier for many low-income households to access opportunities and participate fully in society.

##### Further information

- This initiative has not been considered previously.
- It is based on commitments in the Confidence and Supply Agreement between the New Zealand Labour Party and the Green Party.

## 2. The Investment Proposal

### 2.1 Description of the initiative and problem definition

What is this initiative seeking funding for?

This initiative will establish and fund a Green Transport Card to enable Community Services Card holders and their dependent children (under 18 years old) to travel fare-free on public transport during off-peak periods. This is a new investment.

It will support the following priorities:

- *Reducing child poverty and improving child wellbeing, including addressing family violence:* by reducing household travel expenses for Community Services Card holders. Eligible children in these households who do not have access to a car (for financial reasons, or because they are too young to drive) will benefit from cheaper access to social and economic opportunities via public transport.
- *Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy:* by encouraging greater use of public transport (a low emissions transport mode) as an alternative to using private motorised vehicles.
- *Lifting Maori and Pacific incomes, skills, and opportunities:* by making it more affordable for low-income Maori and Pacific households to access social/economic opportunities via public transport. It will increase disposable income by reducing household travel costs. Approximately 27 percent of Maori and 16 percent of Pacific people have a Community Services card.

Why is it required?

This initiative is based on a commitment in the Confidence and Supply Agreement between the New Zealand Labour Party and the Green Party to “investigate a Green Transport Card to reduce the cost of public transport, prioritising people in low-income households and people on a benefit.”

Transport allows people to access social and economic opportunities such as education, healthcare, and jobs (which affect human capital) and to be part of a community (i.e. social capital). High travel costs often have a disproportionate impact on low-income households, as travel is usually a non-discretionary activity to access places for learning, earning, and participating in society.

Future policy interventions to decarbonise New Zealand’s transport system are likely to increase travel costs, particularly for people using old non-efficient vehicles.

This initiative will help to counter the effects of volatile fuel prices and rising travels cost for many low-income people. It will enable them to continue accessing social and economic opportunities, by making it more affordable to reach destinations by public transport. It will therefore allow many low-income people to be more resilient to rising/volatile transport costs in the future.

### 2.2 Options analysis and fit with existing activity

What other options were considered in addressing the problem or opportunity?

To meet the aim of reducing public transport costs for low-income households and people on a benefit, three questions were considered:

1. Who should be entitled to a Green Transport Card?
2. How large should the discount be?
3. When should cards be valid for travel?

Pros and cons for each option are discussed below.

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### 1. Who should be entitled to a Green Transport Card?

- Three main options were considered: Community Services Card holders, full-time tertiary students, and full-time school students.
- We assessed these options according to how well they meet the 'low-income households' target population, and how easy it would be to implement a card for each group.
- **Community Services Card holders** are already recognised by government as low-income households (although the lowest-income households are not highly targeted, and some deprived communities encounter difficulties getting a card). Community services Card holders do not receive any discounts on public transport fares in any regions. It would be straightforward to provide a Green Transport Card to these people. This option is being pursued.
- **Full-time tertiary students** are on low incomes while studying. Many tertiary students use public transport to travel to/from educational institutes. Full-time tertiary students currently receive a 25 percent discount on public transport fares in Auckland and Wellington, and can travel fare-free in Palmerston North. Making public transport cheaper or fare-free in all regions would make it more affordable for students to access tertiary education, and reduce their living costs. However, including tertiary students would approximately double the Green Transport Card subsidy costs. Implementing a Green Transport Card for both Community Services Card holders and tertiary students simultaneously could also have a major impact on public transport networks, which may not be able to respond quickly to changes in travel demand. This option will be investigated after implementing the Transport Green Card for Community Services Card holders, and is not covered in this budget initiative.
- **Primary and secondary students** live in households with a wide range of wealth. School students receive a 50 percent discount on public transport in most regions. There are over 850,000 school students in New Zealand, so it would also be more expensive to make a Green Transport Card available to all students. This option is being excluded. To target students from low-income households, dependent children of Community Services Card holders will be entitled to a Green Transport Card.

### 2. How large should the discount be?

- We considered two options: fully funded travel (i.e. fare-free public transport) or partially-funded travel (e.g. a 50% discount).
- **Fully funded travel** aligns with the fare-free public transport entitlements of SuperGold Card holders during off-peak travel periods. Public transport costs vary across regions, so it would be more equitable to make services fare-free for eligible card holders throughout New Zealand. The fully funded option is being pursued.

### 3. When should cards be valid for travel?

- We considered two options: during off-peak travel periods only (weekdays 9am-3pm and after 6:30pm, and all day on weekends) or travelling any time.
- **Off-peak travel periods** align with the public transport travel entitlements for SuperGold Card holders in most regions. This would allow existing local trains, buses and ferries to be used efficiently throughout the day, potentially avoiding significant new capital investments. It could also help to spread travel peaks, reducing traffic congestion. This option is being pursued.
- **Travel any time** would provide the greatest accessibility benefits, particularly for Community Services cardholders and their children who often travel to/from work and education at peak periods. However, this would also come at a greater cost. It could also generate over-crowding on some bus and train services in Auckland and Wellington that are already facing capacity limits at peak periods. This would adversely affect service quality, reliability, and journey times. This option is being excluded.

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	<p>We have not considered other initiatives that could improve access to social and economic opportunities for low-income households via public transport, such as improving service coverage, frequencies, or reliability.</p>
<p><b>What other similar initiatives or services are currently being delivered?</b></p>	<p>The SuperGold card provides fare-free off-peak travel on public transport for approximately 750,000 New Zealanders aged 65+, at an annual cost of \$28million. Approximately 285,000 of the 830,000 Community Services Card holders have a SuperGold card. People 65 years and older will continue to receive a SuperGold card instead of a Green Transport Card. This will help to avoid confusion for card holders (as SuperGold cards offer additional entitlements) and will reduce administration costs.</p> <p>There are no other initiatives targeted at making transport more affordable for Community Services Card holders.</p>
<p><b>What other, non-spending arrangements in pursuit of the same objective are also in place, or have been proposed?</b></p>	<p>None.</p>
<p><b>Strategic alignment and Government's priorities/direction</b></p>	<p>This initiative contributes to the following outcomes of the transport outcomes framework, which has been adopted by the Ministry of Transport (as recognised in our Statement of Intent) and by other transport agencies:</p> <ul style="list-style-type: none"> <li>• <b>Inclusive access</b> - <i>enabling all New Zealanders to access social and economic opportunities such as work, education, and healthcare</i>: it will make it easier for low-income people to access opportunities that improve their wellbeing, by reducing/removing cost barriers to travel.</li> <li>• <b>Environmental sustainability</b> – <i>transitioning to net zero carbon emissions, and maintaining or improving biodiversity, water quality, and air quality</i>: it will encourage people to travel by public transport, which is a lower carbon form of travel than using a private car.</li> </ul> <p>It also aligns with the direction of the Government Policy Statement on Land Transport 2018/19-2027/28, which includes two key strategic priorities to improve access and safety. It will encourage greater use of public transport, supporting the Government's aims to encourage transport mode shift towards public transport, walking, and cycling. Public transport is also the safest form of travel in New Zealand.</p>
<p><b>2.3 Outcomes</b></p>	
<p><b>Overall outcomes expected from this initiative</b></p>	<p>The main outcomes of this initiative are:</p> <ul style="list-style-type: none"> <li>• more affordable access to social and economic opportunities, and reduced financial hardship, for low-income households and people on a benefit in urban areas;</li> <li>• more efficient use of existing public transport infrastructure, by utilising spare capacity at off-peak travel periods; and</li> <li>• improved environmental and health outcomes, and reduced congestion, by supporting a transport mode shift from private vehicles to public transport.</li> </ul> <p>Public transport services are most developed in large urban areas. This means that low-income households living in urban/suburban areas with regular public transport services will benefit from this initiative, while those living in towns and rural areas are unlikely to benefit.</p>

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### 2.4 Implementation, Monitoring and Evaluation

**How will the initiative be delivered?**

This initiative will be contingent on completing detailed policy advice and more accurate cost estimates by mid-2019.

The Ministry of Transport and Ministry of Social Development will draw on past experiences in successfully implementing and administering fare-free public transport entitlements for SuperGold Card holders, as the processes will be similar. Key steps for delivery will include the following:

- Establishing a governance group including representatives from the New Zealand Transport Agency (NZTA), Ministry of Social Development (MSD), and regional/local councils.
- Modelling impacts on public transport networks, including their capacity to meet increased travel demand.
- Developing more accurate cost estimates.
- Negotiating funding agreements with NZTA and regional/local councils.
- Considering any implications for existing contracts between regional councils and public transport operators under the Public Transport Operating Model.
- Working with the Ministry of Social Development to establish processes for providing Transport Green Cards to Community Services Card holders.

Key implementation risks or uncertainties are highlighted below:

- We do not know how much demand for public transport services will grow, and associated cost implications, as a result of making travel fare-free. We will mitigate this risk by modelling likely changes in behaviour, integrating data from local authorities. We will also pursue a capped funding model in our negotiations with regional/local government (similar to the existing funding cap for the Super Gold Card).
- We need to ensure that public transport networks have sufficient capacity to meet demand without adversely affecting network performance. We will mitigate this risk by working with regional councils to verify network capacities.
- We will need to ensure that people who are not entitled to a Green Transport Card do not use others' cards. We will mitigate this risk by investigating photo ID options. However, card administration costs could increase by over \$10 million if cards need to include a photo.

**How will the implementation of the initiative be monitored?**

Monitoring arrangements will be established when detailed policy work for this initiative is completed in 2019.

**Describe how the initiative will be evaluated**




Evaluation arrangements will be established when detailed policy work for this initiative is completed in 2019.

## 3. Wellbeing Impacts and Analysis




See tables on the following pages.

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3.1 Wellbeing domains – People’s experience of wellbeing over time


Domains	Impact(s) description	Who are affected?	Magnitude of impact	How big?	Realised in	Evidence base	Evidence quality
<b>Social connections</b> 	Increased access and connectivity between people, their family/whanau, and community services	Community Services Card holders and their dependent children, in urban areas served by public transport	Communities living in areas with high quality public transport services will benefit most from this initiative. The benefits will be greatest for people who do not need to travel to work/education/services at peak travel periods.	High	Ongoing	<p>Nature of evidence and key references</p> <p>Low public transport fares can help to provide disadvantaged people with basic mobility, including access to essential shopping, medical services, and education or employment opportunities. See Litman, T. (2011). <i>Evaluating Public Transit Benefits and Costs</i>, Victoria Transport Policy Institute, <a href="http://www.vtppi.org/tranben.pdf">http://www.vtppi.org/tranben.pdf</a></p> <p>A review of the SuperGold card scheme found that fare-free access to public transport has supported SuperGold cardholders to have greater independence and higher levels of activity. See NZTA. (2010). <i>Review of the SuperGold Card Social and Economic Benefits</i>, McDermott Miller Limited.</p> <p>Research exploring the impact of fare-free public transport in Tallinn, Estonia has found that the scheme has improved the mobility of low-income residents, including a substantial increase in the modal share of public transport usage amongst people who are out of education and employment. See Cats, O. and Susilo, Y, O. (2017). <i>The prospects of fare-free public transport: evidence from Tallinn</i>. Transportation, Vol. 44, pp. 1083-1104</p>	Medium
<b>Income and consumption</b> 	Increased household disposable income	Community Services Card holders and their dependent children, in urban areas served by public transport	Travel is an essential activity, so lower travel costs will benefit household wealth. The coverage and quality of public transport services, including their frequency and reliability, also affect access to employment opportunities	Moderate	Ongoing	<p>A review of the SuperGold card scheme found that the total financial savings to SuperGold card holders who are public transport users through not having to pay full fares, car travel costs or car parking is around \$19-23 million per annum. See NZTA. (2010). <i>Review of the SuperGold Card Social and Economic Benefits</i>, McDermott Miller Limited.</p> <p>A NZTA report found that a key barrier of public transport for Generation Y includes affordability. However, the report suggests that Generation Y places the greatest value on service frequency and reliability, including during off-peak travel periods. See NZTA. (2015). <i>Public transport and the next generation</i>. <a href="https://www.nzta.govt.nz/assets/resources/research/reports/569/docs/569.pdf">https://www.nzta.govt.nz/assets/resources/research/reports/569/docs/569.pdf</a></p>	Medium
<b>Subjective wellbeing</b> 	Improved access for low-income earners to participate in, and feel included in, society	Community Services Card holders and their dependent children, in urban areas served by public transport	To be assessed after further policy work	Moderate	Ongoing	<p>Analysis by the EU has demonstrated that public transport plays a crucial role in supporting social inclusion. Social inclusion is significantly related to accessibility of public transport for those without a car or whose mobility is impaired. The main barriers facing socially disadvantaged groups in Europe includes availability of public transport services (including frequent services, better coverage, and reliability), followed by the cost of public transport. See Directorate-General for Internal Policies of the Union (European Parliament). (2015). <i>Social inclusion in EU public transport</i>.</p>	High

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						<a href="https://publications.europa.eu/en/publication-detail/-/publication/40b4f6de-88dc-42ad-a869-a40b3aa64f81/language-en">https://publications.europa.eu/en/publication-detail/-/publication/40b4f6de-88dc-42ad-a869-a40b3aa64f81/language-en</a>	
<b>Knowledge and skills</b> 	Cheaper access to tertiary education	Tertiary students with a Community Services card	Approximately 16 percent of tertiary students receive a student allowance, and are entitled to a Community Services Card. Many students travel by public transport to/from tertiary education institutes. Students may also choose to live in cheaper accommodation further from places of learning if transport is free.	Low	Ongoing	An Auckland Transport survey of tertiary student travel found that the most commonly mentioned barrier to using public transport to get to campus in Auckland was a perception that public transport is not cheaper or does not save money. This was followed by suggestions to increase frequency of services, and mentions of services being too indirect or slow compared to other travel options. See Auckland Transport. (2018). <i>Tertiary Student Travel Survey 2018</i> . <a href="https://at.govt.nz/media/1977976/tertiary-student-travel-survey-2018-report.pdf">https://at.govt.nz/media/1977976/tertiary-student-travel-survey-2018-report.pdf</a>	Medium
<b>Environment</b> 	Lower greenhouse gas emissions from transport	All New Zealanders	Depends on how much of a mode-shift this initiative causes from travel by cars to public transport	Low	Ongoing	A review of the SuperGold card scheme found that the scheme has been effective in causing a modal shift away from travel by car. An estimated 1.4 million fewer car journeys per year are made because of the scheme. See NZTA. (2010). <i>Review of the SuperGold Card Social and Economic Benefits</i> , McDermott Miller Limited.	Medium
	Better local air quality, due to less vehicle pollution	People living in dense urban areas where transport emissions affect air quality the most	Depends on how much of a mode-shift this initiative causes from travel by cars to public transport	Low	Ongoing	See notes in Health section below, for links between air quality and human health	
<b>Health</b> 	More affordable access to health services, including local GPs	Community Services Card holders and their dependent children, in urban areas served by public transport	Travel costs are an important factor in the overall cost of accessing health services. However, public transport networks do not necessarily service the most deprived areas or communities	Moderate	Ongoing	Cost prevented approximately one in five adults living in the most socioeconomically deprived areas of NZ from visiting a GP in 2017/18. Transport is a barrier to accessing health for about 3.2% of New Zealand's population, and is a significantly higher barrier for Māori and Pacific peoples compared to non-Māori and non-Pacific communities. See Ministry of Health (2018). <i>New Zealand Health Survey 2017/2018</i> .	High
	Improved physical and mental wellbeing of people travelling	Community Services Card holders and their dependent children, in urban areas served by public transport	Depends on how much of a mode-shift this initiative causes from travel by cars to public transport	Low	Ongoing	<p>Research in Australia found that public transport accessibility was positively associated with walking at recommended levels, including for people who are not otherwise vigorously active. See Barr, A. et al. (2016). <i>Associations of public transport accessibility with walking, obesity, metabolic syndrome and diabetes</i>. Journal of Transport &amp; Health. Vol. 3, p. 141-153.</p> <p>Research in the UK has shown that public transport users get significantly more moderate to vigorous physical activity during the commute than car drivers. See Ferrer HB, Cooper A and Audrey S. (2018). <i>Associations of mode of travel to work with physical activity, and individual, interpersonal, organisational, and environmental characteristics</i>. Journal of Transport &amp; Health. Vol 9, pp. 45-55.</p> <p>Research in the USA has shown that public transport can provide significant health benefits. People who live or work in communities with high quality public transportation tend to own fewer vehicles, drive less, and use alternative modes more than they would in more automobile-oriented locations. This can provide large reductions in traffic crashes and pollution emissions, increases in physical fitness and mental health, and improved access to healthy food, housing and medical care. See Litman, T. (2018).</p>	High




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						<i>Evaluating Public Transport Health Benefits</i> . Victoria Transport Policy Institute. <a href="http://www.vtpi.org/tran_health.pdf">http://www.vtpi.org/tran_health.pdf</a>	
	Reduced health impacts and costs due to improved local air quality	People living in dense urban areas	Depends on how much of a mode-shift this initiative causes from travel by cars to public transport	Low	Ongoing	The 2012 Health and Air Pollution in New Zealand (HAPINZ) report found that harmful emissions from vehicles cause 256 premature deaths (with social costs of \$934 million) annually in New Zealand. See <a href="http://www.hapinz.org.nz/">http://www.hapinz.org.nz/</a>  Public transport vehicles with high occupancy levels produce less local air pollution than many low occupancy cars.	High
<b>Safety</b> 	Reduced injuries caused by people driving light passenger vehicles	People in urban areas	Depends on how much of a mode-shift this initiative causes from travel by cars to public transport	Low	Ongoing	Public transport is the safest form of travel in New Zealand. See Ministry of Transport. (2016). <i>The Transport Outlook: Current State</i> .  International evidence shows declining per capita traffic fatalities with increased public transport ridership. See Litman, T. (2011). <i>Evaluating Public Transit Benefits and Costs</i> , Victoria Transport Policy Institute, <a href="http://www.vtpi.org/tranben.pdf">http://www.vtpi.org/tranben.pdf</a>	High

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### 3.1 Wellbeing capitals – Sustainability for future wellbeing

 <b>Capitals</b>	<b>Describe the impact and its magnitude</b>	<b>Realised in &lt;5 / 5-10 / 10+ years</b>
Financial/Physical	<b>Decrease.</b> <i>This initiative draws down financial capital to fund fare-free public transport services.</i>	<5 years as the cost is immediate
Human	<b>Increase.</b> <i>Transport costs can be a barrier for low-income people to access health services, education, and work. This initiative will improve access to social and economic opportunities, which could lead to improved outcomes for people's health, knowledge, and skills.</i>	<5 years as access to opportunities will improve as soon as card is implemented
Natural	<b>Maintain.</b> <i>This initiative will reduce environmental pressures. It will support the transition to lower-carbon transport modes. Higher public transport use will reduce the need for private vehicles (and associated parking and road infrastructure), which will encourage more efficient resource and energy use.</i>	5-10 years
Social	<b>Increase.</b> <i>Transport costs can be a barrier for low-income people to travel to meet whanau/family and reach places in their community. This initiative will enable people to grow their social connections and participate more fully in society.</i>	<5 years as access to opportunities will improve as soon as card is implemented

### 3.2 Risk and resilience narrative

**Does the initiative respond to or build resilience?**

Making public transport more affordable for low-income people will allow them to be more resilient to the effects of rising transport costs in the future (e.g. from volatile international fuel prices, increasing carbon charges or fuel levies, increasing vehicle costs). It will make public transport more affordable for low-income people, so that those people living in areas served by public transport networks are less reliant on using private motorised vehicles.

## 4. Costing understanding and options

This section will provide further information on the costs of delivering the initiative and options for scaling and phasing to support assessment, prioritisation and decision-making.

### 4.1 Detailed funding breakdown

#### Cost breakdown

#### Total costs

Overall cost estimates are identified below.

	2019/20	2020/21	2021/22
Administrative costs	TBC	TBC	TBC
Card costs	\$639,900	\$737,885	\$737,885
Public transport subsidies for Community Services Card holders and their dependent children	-	\$49.68 million	\$49.68 million
<b>Total</b>	<b>\$639,900</b>	<b>\$50.42 million</b>	<b>\$50.42 million</b>

We will complete more accurate cost estimates during the policy development stage of this initiative in 2019, before implementation.

#### Public transport subsidies

Cost assumptions for each target population are identified below.

Target group	Population size	Annual average trips per person	Average fare	Total annual subsidies
Community Services Card (CSC) holders (under 65 years)	590,000	30	\$2.40	\$42.48 million
Dependent children of CSC holders	200,000	30	\$1.20	\$7.20 million

These estimates are based on the following data and assumptions.

- The estimated number of Community Services Card holders aged under 65 by December 2019 (Source: Ministry of Health).
- Estimating the number of trips that each group would take by public transport (averaged across New Zealand), based on historical data gathered from the Ministry of Transport's Household Travel Survey 2009-2014.
- The New Zealand Transport Agency's (NZTA) average fare per boarding.
- Total trips and costs could be higher, as people will use public transport more if it is fare-free. However, not everyone who will be entitled to a card will use it. We have not yet modelled how much public transport use is likely to change.

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### *Administrative costs*

Administrative costs will depend on what sort of cards are produced (e.g. standalone card, combo cards, or stickers on existing cards), and how the GTC will be integrated with existing Community Services cards and local travel cards. These costs will include:

- Card design costs
- Extra staff in MSD's contact centre
- Communication materials
- Computer databases, systems, and equipment

We are unable to estimate these costs until detailed policy decisions are made in 2019.

### *Card costs*

Card costs include the cost of manufacturing, distributing, and renewing cards. At this stage we are assuming that the cards will be simple standalone physical cards without ID. We are also assuming that dependent children will have their own cards. The estimated costs to produce the first set of cards in 2019/20 are identified below.

<i>Target group</i>	<i>Population size</i>	<i>Cost per card</i>	<i>Postage</i>	<i>Total cost in 2019/20</i>
Community Services Card (CSC) holders (under 65 years)	590,000	\$0.29	\$0.52	\$477,900
Dependent children of CSC holders	200,000	\$0.29	\$0.52	\$162,000
<b>Total</b>				<b>\$639,900</b>

Cards will need to be renewed each year, for those that are still eligible for a Community Services Card. If photo ID cards are required, this would increase card production costs to approximately \$12.90 per card (a total of \$10.2 million in 2019/20).

We estimate that 15 percent of cards will need to be re-issued or replaced each year due to loss or damage. This is based on current replacement rates for Community Services Cards. This would add \$95,985 to card costs from 2020/2021 onwards.

## 4.2 Options for scaling and phasing

Scaling, phasing or deferring - including 75% and 50% scenarios

Options to scale this initiative:

1. **75% option: Make public transport 75% cheaper for Green Transport Card holders, instead of fare-free.** This would deliver less than 75% of the benefits (but more than 50%), as cost would still be a barrier for many people using public transport. Regional councils and public transport operators may resist implementing another fare structure that is unaligned with other concessions that they offer.
2. **50% option: Make public transport half-price for Green Transport Card holders, instead of fare-free.** This would align fares with child concessions in most regions. It would deliver less than 50% of the benefits, as cost would still be a barrier for many people using public transport. Cardholders would be more discerning about using public transport, so there would be less impact on the capacity of local public transport networks.

## 5. Collaboration

*This section provides information on how agencies have engaged both within and outside of their own departments in the development of this initiative. Cross-agency and cross-portfolio collaboration are both important in this context. Please ensure this section is clear and succinct, and no longer than one page.*

5.1 Collaboration and evidence	
What type of cross-agency and/or cross-portfolio initiative is this?	<p>This is a cross-portfolio and cross-agency initiative:</p> <ul style="list-style-type: none"> <li>• The Ministry of Transport will lead the policy development, working closely with the Ministry of Social Development (MSD). It is anticipated that the Ministry of Social Development will implement and administer the card.</li> <li>• The New Zealand Transport Agency (NZTA) and regional councils will have joint responsibility for delivery, similar to the arrangements for the SuperGold scheme that provides fare-free off-peak travel for seniors.</li> </ul>
Agencies and Ministers that have been engaged in initiative development	<p>The following Ministers have been closely engaged in developing the scope of this initiative:</p> <ul style="list-style-type: none"> <li>• Hon Julie Anne Genter, Associate Minister of Transport</li> <li>• Hon James Shaw, Acting Associate Minister of Transport</li> <li>• Hon Phil Twyford, Minister of Transport.</li> </ul> <p>On 2 November 2018, Hon Shaw met with Hon Sepuloni (Minister of Social Development) and Hon Martin (Seniors Minister) to discuss the relationship between the Green Transport Card and the SuperGold card. The proposed entitlements between the two cards overlap, so we have clarified the relationship between the two cards to avoid implementation difficulties.</p> <p>We have shared briefings on this budget initiative with MSD and NZTA. We have also engaged with the Ministry of Health.</p>
Impact of cross-agency collaboration	<p>We have collaborated with MSD to address concerns about potential overlaps between the public transport entitlements of the SuperGold card and the Green Transport Card. They have advised us of implementation challenges we may face, based on their experience with SuperGold cards. We are working with MSD to make administration processes as simple as possible, to manage costs.</p> <p>NZTA advised us early in the development of the Green Transport Card initiative that there is currently no capacity for funding this initiative from the National Land Transport Fund, as funding is fully allocated. They have noted that accessibility is highly affected by the quality of public transport services (including coverage, frequency, and reliability) as well as passenger fare costs.</p> <p>The Ministry of Health indicated support for the initiative to reduce travel costs for Community Services Card holders because transport is a recognised barrier to access to health services. They also noted that benefits would be significantly larger if low-income households could travel at peak travel periods fare-free, or at a discounted rate.</p>
Risks and challenges	<p>We are aiming to align the fare-free off-peak travel period for public transport with the same off-peak period used by the SuperGold card in most regions (except Auckland, where entitlements are greater). MSD has raised the option of extending off-peak travel entitlements for SuperGold Card holders, as the Coalition Agreement between New Zealand First and the Labour Party includes an agreement to introduce a new generation SuperGold smartcard containing entitlements and concessions. MSD is not currently pursuing budget funding for this initiative, but have signalled</p>

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that it intends to explore this option further. If SuperGold travel entitlements are extended, Green Transport Card holders may develop expectations for similar entitlements. We will continue to work with MSD to manage the relationship between the two cards.

We expect regional councils to raise concerns about the costs of implementing the Green Transport Card (as they co-fund local public transport services), and impacts on the capacity of local public transport networks. They will seek to avoid taking on any financial risks from this initiative. We will establish a governance group with representatives from regional councils and NZTA to address funding and implementation issues.

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