

Sustainable funding of the SuperGold Card transport concession scheme - Questions and Answers

What is the SuperGold Card public transport Scheme?

The SuperGold Card public transport scheme (the Scheme) is available to all eligible New Zealanders aged 65 years of over and those under 65 who receive the New Zealand Superannuation or the Veteran's Pension.

The Scheme, which started on 1 October 2008, enables SuperGold cardholders to travel for free on scheduled urban public transport between 9am and 3pm and after 6.30pm Monday to Friday, and all day on weekends and public holidays.¹

What has the review looked at?

The targeted review has looked at how the Scheme is operating under its current guidelines, and how the guidelines might change to keep the Scheme affordable in future.

The specific areas of focus were limited to:

- reviewing whether the temporary moratorium on new transport services entering the concession Scheme could be lifted
- if the moratorium was lifted, what criteria would be used to determine entry into the Scheme
- considering a national policy for the use of smartcards under the Scheme
- considering reimbursement calculation methods including average fare calculations.

The review would not affect SuperGold cardholders' entitlement to the concession or the eligibility of current services receiving the SuperGold Card concession.

Will cardholders' eligibility or entitlements change?

No.

The proposals do not limit the current services eligible to participate in the Scheme or SuperGold cardholders' entitlements to free off-peak travel on participating services. Lifting the moratorium (with criteria for new services to enter the Scheme) means new services may be available to cardholders, especially those living in rural and provincial locations.

¹ The afternoon peak concession in Auckland is not part of the Scheme. It is currently funded by Auckland Transport with co-funding from the NZ Transport Agency. The concession is under review by Auckland Transport.

Why can Aucklanders use their SuperGold Card for travel during the afternoon peak?

The afternoon peak concession in Auckland, from 3pm to 6.30pm on weekdays, is not part of the Scheme. It is currently funded by Auckland Council with co-funding from the NZ Transport Agency. The concession is under review by Auckland Transport.

What do you mean by “exempt services”?

Exempt services are those which:

- run inter-regionally (for example from Auckland to Wellington); or
- are not part of the regions' core public transport network identified in the regional public transport plan; or
- are deemed to be exempt under the Land Transport Management Act 2003 (section 153(2)), including the Devonport and Waiheke Island ferries and Wellington Airport Flyer bus service.

Exempt services are fully commercial. Some exempt services joined the Scheme when it started, and will continue to receive SuperGold Card payments despite being an exempt service. The funding for the participating exempt services is being capped due to the high cost they impose on the Scheme.

Cost of Scheme

Why is the cost of the Scheme continuing to increase?

The cost of the Scheme has increased rapidly because of:

- growth in the number of people who qualify for a SuperGold Card
- increased use of the Scheme by SuperGold cardholders
- increases in public transport fares.

When the Scheme started in 2008 there were approximately 500,000 eligible SuperGold cardholders. As at May 2015 this figure has increased to more than 662,000. Between 2009 and 2014 use of the Scheme grew from 8.8 million trips per year to over 11 million.

Why is bulk funding recommended over individual fare reimbursements?

Future projections show continuing growth in the number of people aged over 65. The Ministry of Transport project the number of trips taken by SuperGold cardholders will rise to more than 15 million trips per year by 2019.

If the individual fare reimbursements continue, the Scheme's costs will continue to rise rapidly.

Demand-driven reimbursement is not used in other public transport funding models.

Will the proposed changes be affordable for councils?

In the short term, funding for regional councils will be approximately equivalent to the amount provided through the fare reimbursement model. Regional councils may be able to find efficiencies over the five year bulk-funding period. Over this period it is also expected better information about the actual costs of the Scheme will become available, to inform future consideration of funding requirements.

Would there be a review of how a change to bulk funding works?

The Government plans to review the effectiveness of bulk funding in 2018/19, which is the third year the new funding model will have been in operation. The NZ Transport Agency and regional councils will continue to engage as the change to bulk funding beds in over time.

Why is the Waiheke ferry service getting a capped funding amount?

The high cost of the Waiheke Island ferry service to the Scheme has been a particular concern since the Scheme was reviewed in 2010. In 2010 funding for the service provided by Fullers Group Ltd to Matiatia Wharf was capped at \$1.5 million per year. Annual consumer price index (CPI) adjustments have now taken this figure to \$1.6 million. The funding covers all trips taken and there is no per-passenger reimbursement. Under the changes the funding for services on this route will continue to be capped at that amount (with annual CPI reviews).

Will other services have funding caps?

Yes, exempt services which are part of the scheme will have funding caps as follows:

Waiheke Island ferry	\$1,600,000
Sealink ferry to Waiheke Island	\$286,000
Fullers ferry to Devonport	\$436,000
Wellington Airport Flyer	\$733,000
Wellington Cable Car	\$83,000

These amounts will be subject to annual CPI adjustments, to account for inflation.

Moratorium

How will lifting the moratorium improve service coverage?

Lifting the moratorium may improve access to the Scheme for SuperGold cardholders living in rural and provincial areas. Currently there are a number of core public transport services that have been established during the moratorium period, which means they cannot participate in the Scheme. A number of these services are in rural areas, such as Northland, Waikato, Bay of Plenty and Taranaki. Lifting the moratorium means services in these areas will become eligible for participation, as long as they meet the criteria for new services.

What kinds of new services would be able to enter the Scheme?

The proposed criteria mean that only public transport services contracted to a regional council or Auckland Transport, and identified in a Regional Public Transport Plan, will be able to join the Scheme after the moratorium lifts. Exempt services (which are defined in the Land Transport Management Act 2003) will not be eligible to join the Scheme after the moratorium lifts. A one off exception to the proposed criteria will be made to enable all existing operators providing services on the Matiatia Wharf (Waiheke Island) route to participate in a tender for that route. Fullers Group Ltd, the operator on this route which currently participates in the Scheme, is an exempt service, as is the existing competitor (Explore Group Ltd).

Will the Scheme's other requirements (such as restricting free travel to off-peak times) remain in place?

Yes.

Why is Explore Group Ltd proposed to be allowed to enter the Scheme?

SuperGold Card trips to Waiheke Island are currently provided by Fullers Group Ltd. Explore Group Ltd commenced providing a service on the same route on Labour Weekend 2014, and was not eligible to participate in the Scheme due to the moratorium. The Government considers opening the SuperGold Card funding for this route to competition will help drive down costs. Therefore, the Government has decided to make a one off exception for Explore Group Ltd, as an existing operator, to tender for SuperGold Card funding on this route.

Smartcards

What are regionally integrated smartcards?

Regionally integrated smartcards are electronic travel cards which can be used to access all public transport services within a region. The cards also enable collection of transport data to assist with future planning.

Why is the Government proposing card holders use smartcards?

The use of regionally integrated smartcards, such as the AT HOP card in Auckland, will ensure accurate data is collected on the use of the Scheme by SuperGold cardholders. This will help future transport planning and provide a better understanding of the costs of the Scheme to regional councils. It will also ensure access to the Scheme is as efficient and simple as possible for SuperGold cardholders.

When would I need to purchase a smartcard?

Regional councils will inform SuperGold cardholders when they need to obtain the relevant regional smartcard to access SuperGold Card travel; for example in Otago this is already the case. In the meantime you will continue to be able to access free off-peak travel using the same method as at present. If you live in Auckland you will need to use the AT HOP card to access SuperGold Card travel from 1 July 2016.

Why would cardholders have to pay for their own smartcards?

The Government considered whether smartcards could be issued to each SuperGold cardholder free of charge. The cost was found to be prohibitive as funding cards through the Scheme would divert a substantial amount of funding from providing travel through the Scheme. However, the cost of a smartcard to an individual is small compared to the overall benefits they receive through the Scheme.

Will different regions have different cards in use?

Yes. As regionally integrated smartcards are brought in regionally, SuperGold cardholders will need to purchase a regionally integrated smartcard for travel within that region. Over time these may become nationally integrated.

Will old cards no longer work after a period of time?

From July 2016 the Scheme will not be able to be accessed using a SuperGold Card in areas where regionally integrated smartcards are in use. The regional council in a particular area will be able to inform SuperGold cardholders about the type of card they need to access the Scheme.

How much would a smartcard cost?

Smartcards are likely to cost between \$5 to \$10 per card. The amount charged by individual regional councils will depend on their policy.

When would SuperGold cardholders need to get a smartcard?

SuperGold cardholders would need to purchase a regionally integrated smartcard as these are rolled-out into their region, or if they want to travel in another region which already has smartcards in place.

Timing

What decisions are still to be made?

The operational processes required to implement the changes to the Scheme need to be finalised, following discussion with Auckland Transport and other regional councils.

When will any changes be implemented?

The moratorium will be lifted on 1 September 2015, and criteria for the entry of new services will be applied at that time. All other changes will take effect from 1 July 2016.

How can people have input?

Information about the changes and providing feedback is online at www.transport.govt.nz/supergold

If you have any further queries you can contact the Ministry of Transport at supergold@transport.govt.nz

When will final decisions be made?

The Government is planning to make final decisions on changes to the Scheme before the end of August 2015, so the moratorium can be lifted on 1 September 2015.