

Review of the SuperGold Card free off-peak public transport travel scheme by the NZ Transport Agency

Terms of reference

1 Purpose

The purpose of the review is to examine the SuperGold Card free off-peak public transport scheme (the scheme) after its first year of operation and identify any potential changes to the scheme to ensure its sustainability.

2 Background

The SuperGold Card was launched in 2007 by the government, and is administered by the Ministry of Social Development (MSD). There are approximately 540,000 card holders¹ currently entitled to a card. People become eligible when they reach 65 years of age and qualify for New Zealand Superannuation or, if they are under 65 years of age and receive a veteran's pension or superannuation as a spouse.

Budget 2008 announced that SuperGold Card holders would be eligible for free off-peak public transport on buses, trains and harbour ferries. The crown appropriated \$18 million for 2008/09 and outyears to fund the scheme. It was agreed by Cabinet that the NZ Transport Agency (NZTA) would manage the implementation of the scheme, which is funded at 100 percent financial assistance rate. This funding includes both the concession and administration costs of the NZTA, regional councils and the Auckland Regional Transport Authority (ARTA).

The previous government agreed to the following parameters:

- The off-peak travel period is defined as between 9am and 3pm and after 6.30pm on Monday to Friday and all day weekends and public holidays.
- Travel is free for all SuperGold Card holders on eligible urban services.
- The reimbursement rate will be 75 percent of the average full adult fare for the services the operator provides within the same region.
- The cost of administering the SGC scheme for the NZTA, regional councils and ARTA would be paid for by the crown.

The scheme was introduced as an interim scheme on 1 October 2008, with all regions (except the West Coast) operational by 1 November 2008. Operators have signed contracts with regional councils that include a schedule of eligible services and the reimbursement process. The NZTA has a memorandum of understanding with each regional council setting out the obligations of both parties regarding the administration of the scheme.

¹ In October 2009. The number of SuperGold Card holders is increasing, on average, by about net 20,000 a year over the next few years.

In early 2009, the current government gave assurances that the scheme will continue to be supported by them.

Given the extremely quick implementation and launch, the scheme was introduced as interim, with a first year review of the scheme proposed. This was reinforced in correspondence from Ministers to various parties.

About 8 million trips have been made under the scheme in the first 12 months at a cost of around \$18.4 million, or \$2.38 a trip. The benefits to users from the scheme, based on feedback from users and providers, are an increase in social cohesion, improvements in physical and mental health, and economic benefits to both users and the local economy.

3 Review process

The review process will involve:

Activity	Time period
Analysis of current usage data collected on a monthly basis since the scheme began	Ongoing
A rerun of the survey undertaken in November 2008 to measure changes in behaviour and determine benefits to users and the wider economy	November 2009
Consultations with key stakeholders (user groups, operators, administrating councils and relevant government departments) on the use of the scheme	October/November 2009
Development of options to change the scheme to ensure its sustainability until 2012 when decisions on future funding of the scheme will need to be taken	December 2009/January 2010
Consultation of key stakeholders on the options	April 2010
Finalisation and adoption of proposals to refine the scheme	May 2010
Begin implementation of agreed changes to the scheme	July 2010

4 Key tasks

To achieve the purpose, the review of the scheme will:

- propose changes to the scheme to ensure its sustainability
- undertake an economic and social cost-benefit analysis of the scheme
- examine the national consistency of the scheme's application
- identify what decisions on the scheme will be required and when
- clarify the scope of eligible services
- consider the definition of the off-peak period
- consider operator reimbursement rates

- refine administration processes (eg update contracts between councils and operators to prohibit promotion and marketing of the scheme by operators)
- any other operational aspects that the Minister considers desirable.

5 Ministerial involvement

There could be some matters, which may relate to the previous Ministerial approved parameters, that will need to be referred to Ministers to keep the scheme within the current funding provision. Growth in user numbers is strong, with a net 20,000 new eligible users a year who are expected to make good use of the scheme. This will push funding requirements above the budgetary provision. To counter this growth, the scheme may require amendments, involving:

- changing the eligibility of certain high-cost services
- reducing the reimbursement rate for operators
- removing or reducing the payments for administration costs.

Options for changes that may have a material effect on users, operators or regional councils will be put to the Minister of Transport for consideration.

Implementation of changes to the scheme, based on the review outcomes may, depending on the changes, occur within different timeframes. Changes to retain the sustainability of the scheme (for example, a lower reimbursement rate) would be made pending government consideration of options.

Government has indicated that it does not plan to change the overall eligibility of the scheme or its applicability to users.