OC190949

24 October 2019

Dear [Name]

I refer to your request dated 26 September 2019, pursuant to the Official Information Act 1882 (OIA), seeking "a copy of that portion of the Cabinet paper, considered in June 2015 which led to the decision to set the funding for the Wellington Car [Cable] Car (WCC) at $83,443 plus an annual CPI adjustment. Further a copy of any paper, etc which detailed how the Cabinet decision would be carried out such as an Order in Council".

We provided you by email (dated 11 October 2019) with a link to the Cabinet paper on the Ministry of Transport website.

As there are a large number of documents held by the Ministry which discuss the SuperGold card, but that don’t fully respond to your request, we also sought clarification of your request. We asked if the Output Agreement (titled ‘Output Agreement for the Delivery of the SuperGold Card Transport Concession Scheme’) that related to the decisions in the Cabinet paper may be of interest. You confirmed you would like to receive this document. This is attached for your information.

The following document may also be relevant to your request: ‘Engagement on the development of a sustainable SuperGold funding allocation’. This is available on the NZ Transport Agency website at https://www.nzta.govt.nz/assets/consultation/supergold-bulk-funding-allocation-methodology/supergold-bulk-funding-allocation-methodology.pdf.

The Ministry publishes our Official Information Act responses and the information contained in our reply to you will be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

You have the right under section 28(3) of the OIA to make a complaint about the refusal of information to the Ombudsman. You can contact the Office of the Ombudsman at info@ombudsman.parliament.nz or:

The Ombudsman
Office of the Ombudsmen
PO Box 10-152
Wellington

Yours sincerely

Brent Johnston
Manager, Mobility and Safety
for CHIEF EXECUTIVE

www.transport.govt.nz
HEAD OFFICE: PO Box 3175, Wellington 6140, New Zealand. TEL: +64 4 439 9000
AUCKLAND OFFICE: The New Zealand Government - Auckland Policy Office, PO Box 106 238, Auckland City 1143, New Zealand. TEL: +64 9 985 4837
OUTPUT AGREEMENT
FOR THE
DELIVERY OF THE
SUPERCARD TRANSPORT CONCESSION SCHEME

Between
HER MAJESTY THE QUEEN IN RIGHT OF HER
GOVERNMENT IN NEW ZEALAND
acting by and through the Minister of Transport
and the
NEW ZEALAND TRANSPORT AGENCY
a Crown entity established under Part 4 of the
Land Transport Management Act 2003
for the period: 1 October 2015 to 30 June 2018
# Contents

1. INTRODUCTION .................................................................................................................. 3
   Terminology .................................................................................................................. 3
   Parties and term .......................................................................................................... 3
   Purpose of the Output Agreement ............................................................................... 3
   Background .................................................................................................................. 3
   Cabinet decisions on changes to the Scheme from 2016/17 ........................................ 4
   Implementation of Cabinet decisions .......................................................................... 5
   Further Cabinet decisions .......................................................................................... 5

2. RESPECTIVE ROLES ........................................................................................................ 6
   Minister of Transport on behalf of the Crown .............................................................. 6
   Ministry of Transport on behalf of the Minister of Transport ........................................ 6
   The Agency .................................................................................................................. 6

3. FINANCIAL MANAGEMENT .............................................................................................. 7
   Funding from the Scheme appropriations .................................................................... 7
   Managing potential cost overruns in 2015/16 ............................................................. 7

4. DISPUTE RESOLUTION PROCESSES ........................................................................... 7
   Dispute in relation to this Output Plan .......................................................................... 7
   Amendments .............................................................................................................. 7

SIGNATURES ..................................................................................................................... 8

SCHEDULE A: DEFINITIONS AND INTERPRETATION ................................................... 9

SCHEDULE B: FUNDING, SERVICE AND REPORTING ARRANGEMENTS FOR 2015/16 .... 10
   Crown Appropriations ................................................................................................. 10
   Services ....................................................................................................................... 10
   Reporting requirements .............................................................................................. 10

SCHEDULE C: FUNDING, SERVICE AND REPORTING ARRANGEMENTS FOR 2016/17 AND 2017/1811
   Crown Appropriations ................................................................................................. 11
   Services ....................................................................................................................... 11
   Reporting requirements .............................................................................................. 12
1. INTRODUCTION

Terminology

1.1 This Output Agreement with its attached schedules is for the delivery of the SuperGold Card Transport Concession Scheme ("the Scheme"). For the purposes of this Output Agreement, "Crown funding" refers to the two appropriations for the Scheme, one for the cost of the concessions ("the concession appropriation") and the other for its administration ("the administration appropriation").

Parties and term

1.2 This Output Agreement is between Her Majesty The Queen in Right of Her Government in New Zealand ("the Crown"), acting by and through the Minister of Transport ("the Minister"), and the New Zealand Transport Agency ("the Agency"). This Output Agreement starts on 1 October 2015 and will expire on 30 June 2018. This Output Agreement may be extended for two additional periods, of no more than 12 months duration, by agreement of the Parties.

Purpose of the Output Agreement

1.3 This Output Agreement is made pursuant to section 170 of the Crown Entities Act 2004 and assists the Minister and the Agency to clarify, align, and manage their respective expectations and responsibilities with regard to the delivery of the Scheme.

1.4 This Output Agreement sets out:

1.4.1 various matters relating to the roles of the Parties
1.4.2 the services that the Agency will provide
1.4.3 financial management of the Scheme
1.4.4 dispute resolution processes.

Background

1.5 The Scheme 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.

1.6 The Scheme currently has annual baseline funding of $17.905 million. For 2015/16 additional funding of $10.224 million was provided in Budget 2015. This brings total funding for 2015/16 to $28.129 million. A separate appropriation of $95,000 funds the Agency's administration of the Scheme.
1.7 For 2015/16 the Scheme will operate based on the existing reimbursement model. Crown funding will reimburse trips based on the existing Memorandums between the Agency and Regional Councils for each free trip taken using a SuperGold card.

Cabinet decisions on changes to the Scheme from 2016/17

1.8 On 8 June 2015, Cabinet agreed that from 1 July 2016 the funding model for the Scheme will change to a bulk funding model. From 2016/17, the concession appropriation will be capped at $28.129 million per annum for contracted and exempt services, with annual consumer price index (CPI) adjustments. The CPI adjustments will be calculated annually from 1 July 2016 using a formula to be agreed between the Ministry and the Treasury.

1.9 Cabinet also agreed to lift the moratorium on new contracted services entering the Scheme from 1 September 2015 and implement criteria to manage the entry of future services participating in the Scheme. The criteria for managing new services that want to participate in the Scheme are that a service must:

1.9.1 be contracted to a regional council and
1.9.2 be identified in a Regional Public Transport Plan and
1.9.3 not be an exempt service as defined in the Land Transport Management Act 2003.

1.10 Cabinet agreed that funding for all exempt services participating in the Scheme will be capped at $3.138 million per annum with annual CPI adjustments. The following exempt services will receive Crown funding for carrying SuperGold cardholders: Ferry services to Matiatia Wharf, Waiheke Island; Sealink ferries to Kennedy Point Wharf, Waiheke Island; Devonport ferry; Wellington Cable Car; and Wellington Airport Flyer. The allocation of funding between exempt services is shown in Schedule C.

1.11 Cabinet agreed that a condition of providing funding to Regional Councils and eligible exempt service providers is that free, off-peak travel is available to all SuperGold cardholders on all contracted services and eligible exempt services.

Cabinet agreed a one off exemption to the criteria for new services that want to enter the Scheme to enable operators of ferries to Matiatia Wharf, Waiheke Island (Fullers Group and Explore Group) to participate in the Scheme under terms and conditions to be determined by the relevant Regional Council and agreed with the operator(s) to commence from 1 January 2016. The Agency will not participate in

---

1 Fullers Group currently receives Crown funding for carrying SuperGold cardholders. Explore Group will also potentially be able to access agreed Crown funding once new arrangements for these services have been established after a tender process. Timing for the tender process is yet to be confirmed.
this process nor will it be responsible for identifying any changes to the funding allocations currently in place for 2015/16.

Implementation of Cabinet decisions

1.12 Currently, the concession appropriation is $17.905 million in 2016/17 and outyears. Cabinet has agreed to an increase in appropriation to $28.129 million, which will be confirmed in Budget 2016.

1.13 The CPI adjustment will be approved on an annual basis from 2016/17 by the Minister of Finance and the Minister of Transport acting jointly, as agreed by Cabinet.

1.14 The Agency will develop a principles-based approach to the annual allocation of bulk funding to Regional Councils, and will engage with Regional Councils prior to allocating funds.

1.15 The role of the Agency will include the distribution of the allocation of funding for exempt services to the appropriate Regional Council for the Regional Council to distribute to operators as shown in Schedule C. The Agency will not be responsible for the methodology adopted by Regional Councils for this distribution or for any subsequent audit of its application.

1.16 The Ministry will carry out a review of the effectiveness of the bulk funding model in 2018/19.

Further Cabinet decisions

1.17 Should additional funding for 2016/17 and outyears be agreed in Budget 2016, the Agency will allocate the additional funding according to the proportion of each Regional Council’s allocation determined through the allocation methodology.
2. RESPECTIVE ROLES

Minister of Transport on behalf of the Crown

2.1 The Minister is accountable to Parliament for the performance and delivery of the Scheme.

2.2 The role of the Minister includes approving any amendments to the Scheme based on advice from the Ministry.

Ministry of Transport on behalf of the Minister of Transport

2.3 The Ministry acts as the Minister’s agent in the Minister’s relationship with the Agency. The role of the Ministry includes:

2.3.1 providing advice, as required, to the Minister on the implementation of the Scheme

2.3.2 preparing requests for additional funding to be agreed by Cabinet

2.3.3 monitoring the Agency’s performance on the delivery of the Scheme

2.3.4 reviewing the effectiveness of bulk funding on the timetable agreed by Cabinet

2.3.5 releasing Crown funding to the Agency monthly, or on the basis agreed between the parties, within the scope of the budget breakdown outlined in Schedules B and C.

The Agency

2.4 The Agency shall act as the Government’s agent for the delivery of the Scheme and shall perform the Services outlined in Schedules B and C.

2.5 The Agency is accountable to the Minister for its delivery and performance under this Output Plan, including the Services outlined in Schedules B and C.

2.6 The Agency will report to the Ministry as outlined in Schedules B and C.

2.7 The Agency will also advise the Ministry on:

2.7.1 updates and delivery of the Scheme

2.7.2 Regional Councils’ willingness to continue participating in the Scheme
2.7.3 whether any Regional Councils (or operators) are considering or taking steps towards withdrawing from the Scheme to the extent that the Agency has been advised by councils (or operators).

2.7.4 new services entering the Scheme as a result of lifting the Moratorium, in particular, information to demonstrate that they meet the criteria for new services that want to participate in the Scheme.

3. FINANCIAL MANAGEMENT

Funding from the Scheme appropriations

3.1 The Crown will release funding to the Agency to fund the provision of the Scheme from the concession appropriation, as set out in Schedules B (for 2013/14) and C (for 2016/17 and 2017/18).

3.2 The Crown will pay the Agency to administer the Scheme from the administration appropriation, as set out in Schedules B and C.

Managing potential cost overruns in 2015/16

3.3 The Agency will advise the Ministry as soon as possible if it forecasts actual claims will exceed the appropriation, as set out in Schedule B.

4. DISPUTE RESOLUTION PROCESSES

Dispute in relation to this Output Plan

4.1 If a dispute arises between the Ministry and the Agency in relation to this Output Agreement that cannot be resolved promptly, the Ministry and the Agency agree to initiate discussions between senior management. If those discussions do not resolve the matter within 20 working days, the matter will be escalated to the Chief Executives of the Ministry and the Agency for resolution.

Amendments

4.2 No amendment to this Output Agreement will be effective unless both parties agree to that amendment in writing.
SIGNATURES

For HER MAJESTY THE QUEEN IN RIGHT OF HER GOVERNMENT IN NEW ZEALAND acting by and through

Hon Simon Bridges
Minister of Transport

Signature: [Signature]
Date: 25/11/15

In the presence of: [Redacted]
Signature: [Redacted]
Name: [Redacted]
Address: [Redacted]
Occupation: [Redacted]

And for the NEW ZEALAND TRANSPORT AGENCY by

Geoff Dangerfield
Chief Executive
New Zealand Transport Agency

Signature: [Signature]
Date: 09/12/15

In the presence of: [Redacted]
Signature: [Redacted]
Name: [Redacted]
Address: [Redacted]
Occupation: [Redacted]

Redacted under s9(2)(a)
SCHEDULE A: DEFINITIONS AND INTERPRETATION
The words used in this Output Agreement are defined below:

- "Administration appropriation" means an amount appropriated by government, additional to the "concession appropriation", to reimburse the Agency for its costs incurred in the administration of the Scheme
- "Agency" means the New Zealand Transport Agency
- "Concession appropriation" means an amount appropriated by government for the purpose of funding the Scheme
- "Crown" means Her Majesty The Queen in Right of Her Government in New Zealand
- "Crown entity" has the same meaning as in section 7 of the Crown Entities Act 2004
- "Crown funding" means appropriated funds agreed by Cabinet to deliver the Scheme including its administration
- "Exempt services" means a public transport service that is exempt under the Land Transport Management Act 2003. Exempt services that will receive Crown funding under this Output Agreement are set out in Schedule C.
- "Minister" means the Minister of Transport
- "Ministry" means the Ministry of Transport
- "MoU" means Memorandum of Understanding
- "Regional Councils" means Regional Councils, Auckland Transport, unitary authorities and territorial authorities which have been delegated responsibility for managing public transport under the Local Government Act 2002
- "Scheme" means the SuperGold Card Transport Concession Scheme
- "Services" means the services described in Schedule B to this Output Plan
- "Year" means the government's financial years being 1 July to 30 June.

Interpretation

Unless the context requires otherwise:

(a) headings shall be ignored and shall not affect the construction of this document
(b) the singular shall include the plural and vice versa, and
(c) a reference to any legislation (or any provision of legislation) shall be read as if the words "including any legislative modification or re-enactment of it or any legislation substituted for it" were added to the reference.
SCHEDULE B: FUNDING, SERVICE AND REPORTING ARRANGEMENTS FOR 2015/16

Crown Appropriations
Crown funding for the Scheme in 2015/16 will be as follows, subject to any amendments approved by Cabinet:

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>2015/16 funding $ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-departmental other expense: SuperGold Card – public transport concessions for cardholders</td>
<td>28.129</td>
</tr>
<tr>
<td>Non-departmental output expense: SuperGold Card - administration of the public transport concessions scheme</td>
<td>0.295</td>
</tr>
</tbody>
</table>

Services
The Agency will:

- continue to run the Scheme on the current reimbursement basis during 2015/16
- provide Regional Councils with a reimbursement as agreed through Memoranda of Understanding between the Agency and Regional Councils
- develop a principles-based approach to the annual allocation of bulk funding to Regional Councils for implementation from 2016/17 onwards
- engage with Regional Councils prior to finalising the allocation model
- determine the levels of funding to be allocated to Regional Councils for 2016/17 on the basis of the allocation model
- advise Regional Councils on the level of their annual funding allocation for 2016/17 as appropriate
- develop internal administrative processes to support the change to a bulk funding model
- establish new Memoranda of Understanding between the Agency and Regional Councils including the administration and reporting requirements necessary to implement and manage the new funding arrangements on an on-going basis from 2016/17.

Reporting requirements
The Agency will:

- continue reporting requirements on patronage, as appropriate, to support quarterly invoices presented to the Ministry
- report verbally, to the Ministry on a regular basis, on the operation of the Scheme
report in writing to the Ministry, on a timely basis, should any significant operational issues arise with the Scheme

**SCHEDULE C: FUNDING, SERVICE AND REPORTING ARRANGEMENTS FOR 2016/17 AND 2017/18**

**Crown Appropriations**
Crown funding for the Scheme in 2016/17 and 2017/18 will be as follows, subject to any amendments approved by Cabinet and joint Ministers, including those set out in paragraphs 1.12 and 1.13.

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>2016/17 funding $ million</th>
<th>2017/18 funding $ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-departmental other expense: SuperGold Card – public transport concessions for cardholders</td>
<td>28.129 + CPI adjustment</td>
<td>28.129 + CPI adjustment</td>
</tr>
<tr>
<td>Non-departmental output expense: SuperGold Card - administration of the public transport concessions scheme</td>
<td>0.095</td>
<td>0.095</td>
</tr>
</tbody>
</table>

Capped funding for the exempt services participating in the Scheme will be provided from the overall amount of Crown funding. The capped funds for the exempt services will be as follows, subject to any amendments approved by Cabinet:

<table>
<thead>
<tr>
<th>Exempt service</th>
<th>Annual capped funding ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ferry services to Matiatia Wharf, Waiheke Island</td>
<td>1.600 + CPI adjustment</td>
</tr>
<tr>
<td>Sealink ferry to Kennedy Point, Waiheke Island</td>
<td>0.286 + CPI adjustment</td>
</tr>
<tr>
<td>Fullers Group Ltd Devonport ferry</td>
<td>0.436 + CPI adjustment</td>
</tr>
<tr>
<td>Wellington Airport Flyer</td>
<td>0.733 + CPI adjustment</td>
</tr>
<tr>
<td>Wellington Cable Car</td>
<td>0.083 + CPI adjustment</td>
</tr>
</tbody>
</table>

**Services**
The Ministry will release Scheme funding to the Agency at a frequency to be agreed.

The Ministry will advise of any adjustment to the level of bulk funding for 2016/17 as part of Budget 2016 as soon as practicable.

The Agency will:
• maintain and further develop appropriate administrative processes to support the
bulk funding model and enable Regional Councils to be provided with necessary
information and allocations in a timely manner
• release funding to Regional Councils on an agreed basis
• advise Regional Councils of the level of their annual funding allocations as
appropriate
• seek assurance from Regional Councils on an annual basis, which may include an
audit of Regional Councils’ records, that the Crown funding was expended only to
provide travel concessions under the Scheme
• liaise with Regional Councils to administer the Scheme and provide assistance and
advice on the requirements for implementing the Scheme under the bulk funding
model
• collate information from Regional Councils on the actual use of public transport
services by SuperGold cardholders to enable reporting of the supporting information
outlined under “reporting requirements”
• work with the Ministry to scope the information requirements related to the review
of the bulk funding scheme planned for 2018/19.

Reporting requirements

The Agency will:

• provide quarterly reports of SuperGold patronage by mode, by region and such other
data as may be required from time to time, to the Ministry
• report verbally to the Ministry on a regular basis on the operation of the Scheme
• report in writing to the Ministry, on a timely basis, should any significant operational
issues arise with the Scheme.