

Subject	Policy on fare increases to contain SuperGold free off- peak travel card scheme costs
Circulation	Regional and Unitary Councils Regional Directors (NZTA) Regional Managers (NZTA) Planning and Investment Managers (NZTA) Local Government New Zealand Office of the Auditor General
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PURPOSE

To put in place a policy to manage SuperGold free off-peak travel card scheme (the Scheme) payments (based on adult cash fares) to regional councils as a result of fare changes on existing public transport services.

BACKGROUND

On 8 June 2015, Government agreed that from 1 July 2016 the funding model for the Scheme would change. Details of the Scheme and the proposed changes can be viewed on the Ministry of Transport's website at <http://www.transport.govt.nz/land/supergoldcardtransportfunding/>.

The Transport Agency was tasked with developing a principles-based approach to the annual funding methodology to commence on 1 July 2016. This work has been carried out in collaboration with regional councils.

A SuperGold Card Governance Group was established in March 2016, consisting of representatives from Ministry of Transport, the Transport Agency, Local Government New Zealand, Greater Wellington Regional Council and Auckland Transport. The Governance Group will ensure a collaborative approach to working through the issues, risks and barriers as regional councils' transition to a more sustainable funding method. It was agreed that all parties need to work together to find ways to hold or lower costs during the transition period in a transparent and equitable manner. This policy to restrain increases in fare rates resulting from fare increases is a necessary step.

The current reimbursement rate for SuperGold patronage is 65% of an adult cash fare. The Transport Agency is in the process of developing an interim target allocation to each region for the Scheme commencing on 1 July 2016. It is important that the Transport Agency maintains consistency in financial projections and is able to provide regional councils a fair apportionment of the available funding based on outturn data for 2015/16.

POLICY

As from 1 January 2016 there will be no increase in payments for the Scheme for any regional council as a result of fare increases pending the implementation of a new funding allocation methodology.

General Circular

Investment: No 16/01

This restriction will be reassessed following the Ministry of Transport's review of the Scheme planned for 2018/19.

After 1 July 2016, fare increases resulting in a variation to the adult cash fare used to calculate the reimbursement to operators with net contracts will be a matter for the respective regional council to address within their individual transition plan.

The policy does not constrain regional councils' ability to implement fare policies as set out within Regional Public Transport Plans.

MANAGING THE IMPACT OF THIS POLICY CHANGE

The Transport Agency will work with all regional councils who are impacted by this policy change through the development of each individual transition plan.

ENQUIRIES

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