

Terms of Reference - The Scope of the Work on Long Term, Cost Efficient, Sustainable Funding of the SuperGold transport concession scheme

Area	
Current Moratorium	<p>Assess the implications of removing the moratorium and allowing new contracted services.</p> <p><i>Ministry comment</i></p> <p>The current moratorium maintains existing services and the eligibility is well known¹, with no new services permitted to enter the scheme. This does not address the current and future increased demand for services.</p> <p>We will assess the implication of removing the moratorium and also the addition of contracted services, that are part of Regional Public Transport Plans with the option of any new high-cost services coming into the scheme being capped.</p>
Government Policy Statement on Transport	<p>Investigate factors affecting the supply of Public Transport services, most noticeably the Government Policy Statement on Transport.</p> <p><i>Ministry comment</i></p> <p>The overall supply of public transport services is affected by the policy direction of the Government Policy Statement on Transport (GPS). Policy decisions in the GPS could result in an increase or decrease in the supply of public transport services.</p>
Influences on the demand for services	<p>Investigate the effects of an ageing population and the impact of the increase in fuel prices.</p> <p><i>Ministry comment</i></p> <p>To fully understand how the anticipated increase in demand on the scheme will drive costs in the scheme. This will include the impacts of outside factors, such as petrol prices; to create a more accurate picture of the increase in patronage.</p>
Cost and Benefits of the scheme	<p>Evaluate the costs and benefits of the scheme to individuals and society as a whole.</p> <p><i>Ministry comment</i></p> <p>Given the projected cost increase, we need to understand what the costs and benefits are for this funding.</p>

¹ Although pressure on funding could still emerge despite the moratorium depending on the outcome of current and future efficiency reviews undertaken by regional councils.

Area	
Funding Mechanisms	<p>Consider who should fund the scheme, given the outcomes of the benefit analysis.</p> <p><i>Ministry comment</i></p> <p>The findings from the cost benefit analysis will allow us to identify whether the benefits are primarily to transport or relate to social and economic development. This will enable informed decisions to be made regarding where the future funding of the scheme sits.</p>
Forecasting demand Increases of SuperGold Card Patronage	<p>Develop a more reliable long term forecasting model.</p> <p><i>Ministry comment</i></p> <p>Once the evidence has been gathered and updated, a long term forecasting model will be developed, which creates different scenarios to test different policy settings and assumptions. This will test how the other factors identified within this Terms of Reference affect the long term expenditure forecast. Any long term forecasting would need to explore the effects of policy or structural changes (such as a general increase in public transport patronage and changes in the over 65 labour participation).</p>
Smart Card Technology	<p>Investigate the introduction of Smart Card technology to the scheme.</p> <p><i>Ministry comment</i></p> <p>This investigation will allow the Ministry to advise if smart card technology can potentially help to manage costs by looking at areas including: the recording of accurate data; accurate and efficient reimbursement; improved information for projected costs and planning and efficiency of public transport boardings.</p>
Fares prices	<p>Investigate the cost impact of any possible fares increases over time.</p> <p><i>Ministry comment</i></p> <p>This will explore how much fare increases are expected to be a cost driver of the scheme.</p>
Eligibility of public transport services	<p>Investigate how different types of services affect the costs of the scheme.</p> <p><i>Ministry comment</i></p> <p>Different services have different costs and some are high cost e.g. Waiheke Island ferry. To fully understand the costs drivers it is important to understand the cost profile of different services.</p> <p>Cabinet has advised that eligibility and entitlement is not to be changed.</p>

Area	
Other Cost Efficiency Savings	<p>Investigate other possible efficiency savings including administration costs and reimbursement rates.</p> <p><i>Ministry comment</i></p> <p>Reimbursement rates paid to operators and Regional Councils will be looked at as part of the review as there could be cost efficiency in this area. Note however, that if regional councils or operators are dissatisfied with the rate of reimbursement they could potentially withdraw from the scheme.</p>
Overseas Examples	<p>Investigate experience overseas that have similar schemes to the SuperGold Card Transport Concession Scheme.</p> <p><i>Ministry comment</i></p> <p>What can we learn from the experiences obtained from overseas that have similar schemes?</p>
Options and Scenario testing	<p>Develop options and provide advice</p> <p><i>Ministry comment</i></p> <p>The completion of the tasks identified within the terms of reference will allow the Ministry to develop a number of options/scenarios, which will be underpinned by the principles of the scheme.</p>