

# Report on submissions to the review of the SuperGold free travel scheme

May 2010

The responses to the review come from four separate sets of respondents, the councils, the operators, users and groups representing a variety of interests. The number of submissions was:

Councils	20
Operators	9
Users	110
Groups	6
TOTAL	145

(A list of submitters, except those from individuals, is shown at the end of this report.)

This summary of submissions sets out the key responses to the consultation document followed by more detailed review of each of the four sets of respondents separately as they have distinctly different interests in the scheme.

## Overall summary of key responses

All but a small handful of submissions support the scheme in its present form. They all argue that funding for the scheme should be increased to match the numbers using it. They assert that it is inevitable that the scheme costs will rise as more people become eligible for the scheme. One stated 'The scheme is now jeopardised by its own success'.

Respondents clearly believe that the scheme has opened up a multitude of options for this age group and has provided vital access to a range of key facilities. They all see the expenditure to be fully justified because of the overall benefits to users for both the freedom to travel but also from health and social inclusion reasons. Some submissions have explored the benefits of the scheme in some detail. 'There does not seem to have been a great attempt to put value on the savings to (other) areas of government expenditure.'

Operators claim they made it clear at the start of the scheme that \$18m would not be sufficient for long. They dispute that the scheme is 'broken' and needs to be 'fixed' by capping funding at \$18m.

Changing the reimbursement rate is seen as not desirable, by councils and operators, without undertaking research to justify any change. They fear that a reduction in the rate will lead to leakage of unfunded costs into higher fares or rate contributions. Users were happy to see the reimbursement rate reduced if this ensured the scheme continued. Variable rates between regions were supported if the evidence was available. The operators in Auckland, for example, saw any gains they made have made through SuperGold income being reflected in limiting their approved fare increases. Councils elsewhere are starting to do likewise. 'A reduction in the reimbursement rate is not the simple answer it may first seem.'

A majority were happy to see the expensive services reimbursement held through applying a cap on the amount payable per trip. Some felt a cap on fares of \$5 or \$6 as one possibility – others suggested a negotiated bulk fund for a service or collection of services. This would show that 'luxury' travel was not taking too much out of the budget.

One council mentioned at length that some operators charged out their SuperGold trips at the highest ticket cost (eg two one-way tickets when a cheaper return was available). They felt that the ticket price used should be the lowest available.

Most supported a nationally consistent scheme with free travel available in standard time periods. One operator believes the scheme should be the same as the concession available in Auckland, all day from 9:00am. They believe the current exclusion of the afternoon peak (except in Auckland)

causes unnecessary anxiety and fear of missing the last free bus and having to pay a fare or not having the money. Others felt that if a regional council wanted to offer a concession outside the standard period it should be encouraged to do so.

There was a mixture of responses around the use of a photo ID. Some felt that this was a sensible way to limit fraud but others believed it to be expensive and not desirable unless the level of fraud justified it. Many pointed to the future introduction of a national integrated ticketing system as a time to introduce photo IDs.

Regional councils have varying opinions on any reduction in administration costs. One group felt a reduction was appropriate if it helped to retain the scheme. Others saw any change away from 100% funding of these costs as being a transfer of costs from government to the regional ratepayer. Other groups also had various views. Most agreed that councils should be funded for their costs but these needed to be fully justified. 'It is inappropriate that any costs be transferred to ratepayers'.

## Councils

All councils supported the continuation of the scheme and the benefits the scheme gave the older user. North Shore City in particular argued a strong case for the scheme to continue to be funded in full because the benefits were substantial – they pointed to a number of reports from overseas supporting these sorts of schemes.

The majority of councils did not support changing the reimbursement rate to operators. They want to see research undertaken to justify any new reimbursement rate and particularly any proposal to have various rates across the country.

Most councils support the hours of operation being the same across the country. Auckland Regional Council wishes to continue their free travel concession for SuperGold cardholders in the afternoon peak.

There is a difference of opinion over the possible reduction in the administration cost payments to councils. Some, but not all, of the larger regional councils see the administration of the scheme as part of the public transport business of the council and would not be concerned if the administration funding ceased. All the smaller councils are very concerned about any reduction in these administration payments. They say that the result would be an increase in rating. The administration cost claims of those councils for this activity are generally small and in most cases do not involve any additional staff or resources from those available prior to the scheme being introduced. However, one council goes so far as to warn us that should the costs of the scheme start to fall on the council in anyway it would wish to charge SuperGold card users to make up that shortfall.

The most favoured option for reducing costs of the scheme is the capping of payments rather than any reduction in the reimbursement rate. Capping here could include users contributing to the loss of operator revenue. The concern with reducing the reimbursement rate is that there is insufficient evidence to determine an appropriate rate. Councils suggest that research be undertaken to determine the appropriate rate for each service area before any changes to rates are made. One council felt that the fares used to calculate the trip payment per cardholder needed to be scrutinised as some were using the most expensive fare rather than the actual or minimum fare available.

Councils asserted that the new farebox policy worked against constraining the payments for SuperGold.

Environment Canterbury and a number of other councils were particularly concerned about any limitation in the SuperGold payments having the effect of causing fares or rates to increase so that those extra contributions would be cross subsidising the SuperGold scheme. It argued that because of the obvious benefits of the scheme in the areas of health and social services that the government should acknowledge these benefits and seek additional funding for the scheme from those sources.

## Operators

There were eight submissions from operators as well as a submission from the Bus and Coach Association. Operators affiliated to the Bus and Coach Association all expressed their support for the Bus and Coach Association's submission.

They all agreed that the scheme was successful and that the benefits of it were substantially greater than its cost, and as a consequence the government should be prepared to meet the increasing costs of the scheme. They believe there is overwhelming evidence that the scheme has been an exceptional success in terms of social policy. 'It provides social validation for the elderly.'

They feel that they were misled by comments made when the scheme was introduced. They believe the scheme would be sustainable and that they would be able to grow their businesses on the strength of the scheme. As it stands, councils are restricting fare increases based on SuperGold income received. If the reimbursement rate is lowered the marginal costs to operators will outweigh benefits.

They had noted a drift away from fare paying trips to the SuperGold free travel. Charter work had declined as older groups previously attracted by the charter alternative were organising themselves around free travel trip combinations. Those who once travelled at peak times and thus paid a fare now used the off-peak where possible to travel free. Thus the loss of operator income was not restricted to those who previously paid fares for off-peak travel.

Fullers accepted that they had had some income gain but argued that this was less than stated in the discussion document as they had also lost revenue with people opting to travel after the morning peak.

Operators felt that the reimbursement rate was at about the right level and that any reduction might see them and others having to reassess their involvement in the scheme.

## Users

A total of 110 submissions were received from SuperGold cardholders and five from non-cardholders. About 50% of the submissions originated from the Hutt Valley area – most of these used a form that had clearly been circulated to them as part of a newsletter or something similar. Of the remainder, nearly all came from the North Island and from the main urban areas of Auckland, Wellington and Hamilton. A handful of submissions came from Christchurch.

All submissions with one exception were concerned with the future availability of the scheme. The overwhelming majority supported the continuation of the scheme with costs being controlled by reducing the cost of administration and the reimbursement to operators where this could be supported by evidence. They supported the government making more money available to the scheme if this was necessary to keep the scheme in its present form. There was one submission, from a person outside the user age group that wondered why the government provided this concession when many in the 65+ age group had enough income to cover their own costs.

A majority wanted to see a cap applied to the reimbursement on the more expensive services if this would ensure that they remained in the scheme. A \$5 cap was mentioned several times. People that supported the cap saw this as helping to reduce scheme costs.

A recurring theme was the abuse of the scheme by others. Two comments in particular stood out. 'I was approached by a person who wanted to buy my SuperGold card' and 'I know people that lent their card to overseas visitors to use'. The inclusion of a photo on the card was seen as the best deterrent. Over 60% of replies supported the introduction of a photo to curb abuse. Unfortunately the discussion document didn't raise the matter of who would pay for the cost of including a photo. A similar percentage wanted the scheme's operating times to be the same across the country though some felt councils should be encouraged to introduce their own concession scheme for over time periods.

One individual pointed out that weekends and public holidays were not off-peak periods in some holiday areas and therefore those periods should be excluded from the scheme in those centres.

## Groups

There were six submissions from groups. Their main representation was that the scheme was of substantial benefit to elderly and that they would like to see government support the scheme in its present form. They believe the scheme should be a national scheme but regional councils should be encouraged to extend the scheme in their areas, like Auckland.

Local Government NZ felt that there had not been enough analysis of the benefits or the effect of any reimbursement reduction on operators and councils, and that without this the government needed to move with caution when making changes to the scheme. It said it was alarmed by the emphasis on cost cutting but agreed that changes needed to be made to ensure the funds were spent more efficiently and effectively. A clear concern was the potential for any cut in the reimbursement rate having a major effect on marginal rural services.

Reimbursement rates needed to be appropriate for each circumstance. Research was needed to help establish a fair rate for each service. While some believe that administration costs should be reduced or removed from the scheme, it was made clear that this did not deny that such costs existing in the fund processing system and that these costs would need to be funding by someone.

Standardisation of the off-peak period was supported. Opinions were split over the inclusion of a photo ID with some suggesting that the cost of this could exceed the savings it was intended to generate.

### List of submitters

Councils	Operators	Groups
Invercargill	Pavlovich	Living Streets Aotearoa
Northland	Ritches	Age Concern New Zealand
Southland	Sealink	Volunteer Community Coordinators
Nelson	Howich and Eastern	Automobile Association
Waikato District (staff)	NZ Bus	Hutt Grey Power
Marlborough	Red Bus	Local Government NZ
Environment Waikato	Bus and Coach Association	
Gisborne	Mana	
Hamilton	Fullers	
Christchurch City (staff)		
Greater Wellington		
Hawke's Bay		
North Shore City		
Environment Bay of Plenty		
Auckland Regional Council		
Taranaki		
ARTA		