

Auckland Transport 7 September 2017

File No.: <<leave blank – Infocouncil will insert this when the report is saved in Trim>>

Purpose

To report back to Auckland Council on the 12-month usage across the 2016/17 FY of free public transport during the PM peak by SuperGold and Senior Citizen cardholders, and during the off-peak by Senior Citizen cardholders; and to confirm forecasts for the next financial year, as already included in Auckland Transport's (AT) 2017/18 FY budget. The request was made by the 13 May 2016 Finance and Performance Committee, following a full review by AT of public transport fare concessions following 50% NZ Transport Agency (NZTA) funding withdrawal from these two concession categories. Auckland Council confirmed it wished to continue with these concession categories and that its share of funding for these two categories be increased to 100 per cent.

Executive summary

For the purposes of this paper, off-peak travel as defined by the national SuperGold scheme is weekdays 9am to 3pm and after 6:30pm and all day weekends and public holidays. AM peak is weekdays pre-9am and PM peak is weekday 3pm to 6:30pm.

AT provides concession fares for public transport for the following customer groups:

1. Children and secondary students: 40% discount off the adult HOP fare (funded 50% by Government / 50% by Council)
2. Accessible (for people with disabilities): 40% discount off the adult HOP fare (funded 50% by Government / 50% by Council)
3. Tertiary students: 20% off the adult HOP fare, only available on HOP (funded 50% by Government / 50% by Council)
4. SuperGold cardholders: free off-peak travel on contracted services and exempt ferry services (Waiheke Ferry, Devonport Ferry, Stanley Bay Ferry) (funded 100% by Government)
5. SuperGold cardholders: free PM peak travel on contracted services and exempt ferry services (funded 100% Council)
6. Senior Citizen cardholders (not eligible for SuperGold card) via the SuperGold scheme: free off-peak and PM peak travel (funded 100% Council)

At the 13 May 2016 Finance and Performance Committee meeting AT reported on the provision and funding of concessionary fares for public transport, including the withdrawal of national funding contribution by NZTA for free travel in the PM peak for SuperGold cardholders and free travel for Auckland Senior Citizen cardholders not eligible for a SuperGold card. In response, Auckland Council agreed to continue these concessions at 100 per cent Auckland Council funding for the 2016/17 FY, increased funding by \$1.5m and requested AT to report on the usage of these two concession categories over a 12-month period. Total cost to Auckland Council funding for 2016/17 FY was \$3.24m based on a total of 1.607m passenger trips.

Strategic context

The Land Transport Management Act requires AT to consider the needs of the transport disadvantaged. This is defined as people "...least able to travel to basic community activities and services (for example, work, education, health care, welfare and shopping)."

The Auckland Plan requires that the public transport system be designed for safe and universal access by all, including children, older persons, and people with disabilities.

Concessions contribute to the following objectives:

- Assisting the transport disadvantaged
- Congestion relief

-
- Peak travel shifting and encouraging use of lower cost services
 - Improving road safety
 - Encouraging a long term public transport habit.

The Regional Public Transport Plan (RPTP) requires AT to review concessions and eligibility to ensure these are beneficial, fair, affordable and consistent with national policy direction. This review was completed in 2015/16 FY.

Issues

The national SuperGold Scheme was introduced in 2008 including free travel for cardholders on public transport. Prior to this Auckland Regional Council (ARC) offered a travel concession to senior citizens from 9am on weekdays and all day weekends and public holidays. Starting in 2015/16 FY, NZTA withdrew their funding from SuperGold PM peak travel; noting their desire to fund only a consistent concession fare scheme across the nation. NZTA advised that they will also be withdrawing funding from the legacy Senior Citizen concession.

Around the same time, Government announced changes to the SuperGold public transport concession including a transition from a funding reimbursement by trip to a bulk funding arrangement, which has permitted AT to reduce cost attributable to the SuperGold Scheme that has been acknowledged by the Ministry of Transport (MOT)/NZTA.

Prior to 2016/17 FY, AT was not able to report on the cost of free travel for Senior Citizen cardholders as a proportion of the total cost of the free off peak travel and PM peak travel for Senior Citizen and SuperGold cardholders. The cost to retain free travel for Senior Citizen cardholders and free PM peak travel for SuperGold cardholders was estimated to cost Auckland Council an additional \$3 million per annum based on AT's review of the concessionary fare scheme. Auckland Council agreed to contribute an additional \$1.5 million in funding noting that the remaining \$1.5 million estimated cost of the discontinued government subsidy to come from internal savings within AT.

Options

AT will continue to offer these two concession categories within existing 2017/18 FY budget at 100 per cent Auckland Council funding. For the purpose of discussion, AT has identified the following options to reduce funding requirements if Auckland Council wishes to do so. These options are based on a forecast prepared in May 2016, before AT was able to identify the actual cost of the scheme for the 2016/17 FY.

Options for Senior Citizen cardholder free off peak travel:

1. The Senior Citizen concession for off peak travel is withdrawn and no longer made available to customers; 2017/18 FY approximate change in 299,284 passenger trips removing Auckland Council funding.
2. Charge a nominal fare of \$0.50, requiring 2017/18 FY Auckland Council subsidy estimated at \$0.2m based on ~149,642 passenger trips¹.

Options for SuperGold & Senior Citizen cardholders free PM peak travel²:

1. The PM peak concession is withdrawn and no longer made available to customers; 2017/18 FY approximate change in 1.7m passenger trips removing Auckland Council funding.
2. Charge a nominal fare of \$0.50, requiring FY17/18 Auckland Council subsidy estimated at \$1.6m based on ~0.9m passenger trips¹.

Concession utilisation and financial implications

Table 1 provides a summary of the passenger trips and associated cost of free travel for SuperGold cardholders in the PM peak and Senior Citizens cardholders.

Table 1: Summary of Auckland Senior Citizen Public Transport Concessions, Customer Trips and Financial Impacts

¹ Based on recent CityLink experience when the fare changed from \$0 to \$0.50.

² Based on the 2017/18 FY forecast prepared in May projecting 1.64m total passenger trips for 2016/17 FY; actual 2016/17 outturn was 1.37m passenger trips. Therefore, this estimate may be overstated but is considered a maximum.

Concession	Definition	FY16/17 Subsidy	Passenger Trips	Funding Arrangement
SuperGold PM peak Auckland Only	Free travel from 3pm - 6:30pm weekdays for SuperGold cardholders	\$2.63m	1.3m	100% Auckland Council
Senior Citizen Auckland Only	Free travel from 9am to last trip and all day weekends and public holidays	\$0.6m (Off-Peak)	0.3m	100% Auckland Council
		\$0.01m (PM peak)	7k	100% Auckland Council

Last financial year, 2016/17, saw a decrease in passenger trips taken by customers with a SuperGold or Senior Citizen card. This could be attributed to the requirement for these customers to use an AT HOP card to access their free travel benefit and the removal of the SuperGold paper tickets from the AT HOP ticketing machines at train stations. Comparing the 2015/16 FY forecast shared with Auckland Council in May 2016 and the 2016/17 FY actuals, there is an approximate reduction of

- 0.3m Senior Citizen passenger trips in the off peak representing a savings of \$0.8m; and
- 0.2m Senior Citizen and SuperGold passenger trips in the PM peak representing a savings of \$1m.

These savings have been included in the 2017/18 FY budget. The 2018/19 FY budget associated with these schemes will be accounted for as part of the annual plan process next year.

Attachments

There are no attachments for this report.