



16 May 2022

OC220382

**Hon Michael Wood**  
**Minister of Transport**

**Action required by:**  
Wednesday, 18 May 2022

## COMMUNITY CONNECT- OUTSTANDING POLICY MATTERS

### Purpose

Seek your direction on remaining policy questions as to the scope of the Community Connect concession

### Key points

- Officials have been discussing the feasibility of nationwide roll-out of Community Connect with officers from public transport authorities (PTAs). The views of PTA elected officials have not been sought at this stage due to budget confidentiality requirements.
- While PTAs have expressed support for the concession, they have identified several constraints on their ability to deliver the concession in time for the 1 September 2022 launch date. We have briefed you on these concerns in your weekly report. We have also received a letter from Greater Wellington Regional Council (GWRC) setting out their concerns, provided at Annex 1. GWRC has indicated a likely go-live date of early to mid December 2022.
- During these discussions, there have also been questions as to the scope of the concession. PTAs offer a range of different adult fare products with different prices. In particular, PTAs have asked whether the concession applies to adult:
  - cash fares as well as smartcard fares (in those regions with smartcards)
  - monthly passes or similar products.
- We recommend that Crown funding for the concession should be for the single adult trip smartcard fare, with discretion given to PTAs as to whether they include cash fares or monthly passes. This approach enables PTAs to establish the concession consistently with their fare policies and is in line with funding allocated for this initiative. Given the potential implications of this approach, we will continue to update you on progress and will include these scope considerations as part of a formal evaluation of the concession.
- We seek your agreement to this approach in advance of Budget announcements, as we expect media and stakeholders to raise these questions once it is announced. You may also wish to consider the wording of the implementation date as part of the

budget announcements, given the uncertainty about when it will go live across different regions. We are working with your office on the messaging.

- You may also wish to clarify your expectations for the implementation of the concession to elected council officials. We suggest that you send a letter around the time of the announcement and will provide you with a draft letter by Wednesday 18 May 2022.

**Recommendations**

We recommend you:

- |   |   |          |
|---|---|----------|
| 1 | <b>agree</b> that funding for the Community Connect concession is to be applied to the single adult smartcard trip fare across all public transport networks  | Yes / No |
| 2 | <b>agree</b> that funding for the Community Connect concession can be applied to other adult fare products (e.g. cash or monthly fare), but the decision to apply the concession to other adult fare products is at the discretion of each public transport authority | Yes / No |
| 3 | <b>forward a copy</b> of this briefing to Hon Carmel Sepuloni, Minister for Social Development and Employment   | Yes / No |



Matt Skinner  
**Acting Manager, Mobility and Safety**  
 16 / 05 / 2022

Hon Michael Wood  
**Minister of Transport**  
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- Minister's office to complete:**
- |  |   |
|--|---|
| <input type="checkbox"/> Approved            | <input type="checkbox"/> Declined             |
| <input type="checkbox"/> Seen by Minister    | <input type="checkbox"/> Not seen by Minister |
| <input type="checkbox"/> Overtaken by events |   |

**Comments**

Withheld to protect the privacy of Natural Persons

**Contacts**

Name	Telephone	First contact
Olivia Kitson, Senior Adviser, Mobility and Safety	[REDACTED]	✓
Matt Skinner, Acting Manager, Mobility and Safety	[REDACTED]	

## COMMUNITY CONNECT- OUTSTANDING POLICY MATTERS

### Based on discussions with public transport authorities (PTAs), we anticipate a staggered roll-out will be required

- 1 Following Ministers' agreement to engage with officers from PTAs prior to Budget Day (OC220237 refers), we have had in-depth discussions with:
  - 1.1 Otago Regional Council (ORC), on behalf of PTAs with the Bee Card
  - 1.2 Environment Canterbury (ECan)
  - 1.3 Greater Wellington Regional Council (GWRC) and their ticketing provider Snapper.
- 2 Overall, there is support for the policy and its intent, but also indications that launching Community Connect nationwide from 1 September 2022 is not going to be feasible. The key issue is that the technical requirements developed for AT and its ticketing system do not necessarily work for ticketing systems in other regions. Each system has its own back-end design, requirements and processes. Smartcard purchase lead-in times have also been raised as a concern for PTAs, as indications are supply chain issues mean smartcards need to be ordered months in advance (in some cases, six to nine months).
- 3 GWRC has indicated early to mid December 2022 is the earliest possible date for introducing Community Connect for Wellington rail and bus services due to the Snapper system development required. This has been set out in a letter to the Ministry, provided at Annex 1. This timeframe aligns with the planned Snapper roll-out on rail services in November 2022, meaning a fully electronic solution for Wellington bus and rail services can be offered from go-live of the Community Connect scheme.
- 4 At this point Snapper is not being introduced on Wellington ferry services. In their letter, GWRC suggests deploying Snapper validators to ferry services, but there is insufficient funding available through the Community Connect scheme and the National Land Transport Fund (NLTF) to fund Snapper deployment on ferries. Therefore, a paper ticket solution will be required for Community Service Card (CSC) holders on these ferry services. We note that Wellington public transport ferry usage is very low compared to other modes, so the proportion of CSC holders using the ferries is likely to be relatively small.
- 5 ECan and ORC have indicated the 1 September timeframe will be challenging as they anticipate difficulties getting their ticketing provider, INIT, to prioritise the necessary work in their global development programme to implement the concession on their smartcards. For ECan, there is a further complication as they require their provider to create a concession engine for their older ticketing system.
- 6 There are a small number of Public Transport services around the country where electronic ticketing is not used. This includes the bus services provided in Marlborough and several small rural services contracted by PTAs in other regions. It is likely to be simpler to introduce the Community Connect scheme onto these services, but where PTAs operate other services with electronic ticketing, they are likely to wish to align the rollout across their region.

**The staggered roll-out will have implications for the Ministry of Social Development's (MSD) ability to resource work on development of the online verification system**

- 7 Bringing forward the nationwide rollout to 1 September 2022 will require considerable work from the MSD and, before committing to a new go-live date, an impact assessment against the current work programme needs to be completed to understand if any trade-offs need to be made.
- 8 In order to meet the new go-live, MSD will need to start the work now as the technical build requires four months of effort.
- 9 An impact assessment for the 1 September 2022 go-live date has been completed against the current integrated work programme. The outcome of the assessment is that some work in MSD's Technology Portfolio will either need to be paused or slowed down resulting in some minor operational expenses which will need to be absorbed and the continued carrying of some technical risks.

**PTAs have also raised concerns with announcements creating unrealistic expectations about roll-out from 1 September**

- 10 A key concern coming through from PTAs is the impact on their staff from an announcement of Community Connect being rolled out "from 1 September". It is likely that members of the public will take this to mean the concession is available in September and may take out their frustrations on frontline staff such as bus drivers when they find that it is not yet available in their region. GWRC has raised this as a concern in their letter in Annex 1.
- 11 We recommend that announcements on Community Connect make clear that it will be introduced as soon as practical by PTAs and acknowledge the unique circumstances and different ticketing systems each PTA has. We will work with your office on the messaging around the budget announcements. We are preparing a letter for you to send to elected council officials after Budget Day, encouraging them to adopt Community Connect and acknowledging these concerns. We expect to provide you with a draft letter by Wednesday 18 May 2022.

**In the course of discussions, some questions have arisen on the scope of the concession**

- 12 As we have discussed implementation in greater detail, some questions have come up around the scope of the concession. While it is understood that at a minimum the Community Connect concession is to apply to the single adult trip smartcard fare, there are questions as to whether it extends to a wider range of adult fare products:
  - 12.1 cash fares are permitted in regions where smartcards are in use (the adult cash fare is generally higher than the smartcard fare in most regions); and
  - 12.2 monthly passes or variations thereof.
- 13 Given PTAs' responsibility for setting fares, we recommend that decisions on whether to provide the concession to cash fares and monthly passes are for PTAs to make.

Our expectation would be that Crown funding for the concession applies to the single adult trip smartcard fare in all regions (except where smartcards are not used, where it would apply to the single adult cash fare). Focusing on the single adult trip fare ensures delivery of the concession in the most expedient timeframe and within the funding allocated<sup>1</sup> to the initiative. Crown funding could also be applied to cash fares or monthly passes, but the decision to apply the concession to other adult fare products rests with PTAs.

- 14 Requiring the concession to apply to the single adult trip smartcard fare reflects the approach being taken in Auckland for Community Connect. If AT has to change this approach to include the instances listed above, it could affect their ability to deliver the concession on 1 September 2022. There are also the following considerations behind the approach taken in Auckland:
- 14.1 The concession does not apply to cash fares partly because the Regulations they were working under for the original pilot do not authorise the use of CSCs for transport purposes. Additionally, cash has not been reintroduced onto Auckland buses since the start of the Covid pandemic.
- 14.2 AT is not applying the concession to monthly passes on smart cards as it would be inconsistent with their fare policy. AT does not provide a monthly pass option for other concessions.
- 14.3 AT is only applying the concession to the adult fare, not to the child fare. This reflects their policy that the child fare is already a concession on the comparable adult fare. It would likely be challenging to apply the concession to another concession, given technical constraints with the HOP card.
- 15 There are some implications of this approach, particularly as it is different to the approach taken for the universal half price fares policy. For example, it will mean that in some regions, the cost of the child fare concession may be higher than the cost of the Community Connect concession. PTAs can address this with Waka Kotahi through their fare policies. We note that some CSC holders will be eligible for other concessions, and they will make a decision as to the best one to use. We also note that the number of people eligible for both Community Connect and child fares is relatively small.
- 16 Another implication is the potential impact of PTAs choosing not to apply the concession to those paying cash fares. Those on lower incomes may be reluctant to keep money loaded on to a smart card which they cannot use to pay for other goods and services. In such situations a CSC holder could prefer to pay for fares with cash.
- 17 We note GWRC's concern that requiring a CSC holder to show their card to pay a reduced cash fare could be stigmatising; however, we also consider that ultimately the choice to show the card rests with the card holder, in exchange for the benefit of a reduced fare. These are considerations PTAs will need to take into account in providing the concession.
- 18 We note that along with these concerns, there will likely be other issues that arise as the concession is rolled out. Therefore, we will maintain a watching brief and advise

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<sup>1</sup> The fare revenue foregone was calculated for the budget initiative based on total fare revenue and total boardings. This means that other fare products were included but not weighted.

you on any issues that arise. We propose to include considerations around the scope of the concession as part of the formal evaluation of the concession.

PROACTIVELY RELEASED BY  
THE MINISTRY OF TRANSPORT

**ANNEX 1 LETTER FROM GREATER WELLINGTON REGIONAL  
COUNCIL**

PROACTIVELY RELEASED BY  
THE MINISTRY OF TRANSPORT