

## Regulatory Impact Statement: Amending the Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 to enable implementation of Community Connect to reduce public transport fares for people on low-income

# IN CONFIDENCE

## Coversheet

Purpose of Document	
Decision sought:	Agreement to amend regulation 12 (b) and 13 (3) of the Health Entitlement Cards Regulations 1993 and regulation 290 (1) (e) and (2) of the Social Security Regulations 2018 to enable the implementation of the Community Connect initiative to reduce public transport fares for people on low-income
Advising agencies:	Ministry of Health Ministry of Social Development
Proposing Ministers:	Hon Andrew Little, Minister of Health Hon Carmel Sepuloni, Minister for Social Development and Employment
Date finalised:	3 May 2022
Problem Definition	
1.	The Ministry of Transport has identified the Community Services Card (CSC) as the mechanism that will be used to entitle people to reduced fares on public transport via the Community Connect initiative.
2.	Public transport providers will need authority to be able to request that individuals present their CSC or the combination SuperGold Card and CSC (SGC/CSC) as identification and to verify that they are eligible for the fare concession when travelling.
Executive Summary	
3.	Budget 2022 allocated funding to Community Connect to make public transport more affordable for people on low-income. This funding is intended to encourage greater use of public transport and support people on low-income and those receiving a benefit, by reducing fares.

4. The funding will reduce public transport fares by 50 percent for CSC holders on peak and off-peak services.
5. Ministers have agreed to bring forward the implementation of Community Connect nationally to 1 September 2022 rather than from 1 July 2023.
6. The current Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 prohibit anyone other than healthcare providers and Ministry of Social Development (MSD) or Ministry of Health officials from requesting a person produce their CSC or SuperGold Card CSC combination card (SGC/CSC) as identification and evidence of eligibility and access to discounted services.
7. Regulations 12 (b) and 13 (3) of the Health Entitlement Cards Regulations 1993, and regulation 290 (1) (e) and (2) of the Social Security Regulations 2018, will need to be amended to give public transport providers the authority to request that individuals present their CSC as identification and verify that they are eligible to hold a community connect card when travelling.
8. The Ministry of Health and MSD have considered four options for amending the regulations:

Option	Regulations affected
1. <b>Status Quo</b>	Making no change to the regulations
2. <b>No regulation on who can see a CSC and SGC/CSC</b>	Revoke regulation 13(3) completely and amend 12 (b) of the Health Entitlement Cards Regulations; and revoke regulation 291(5) and amend regulation 290(1)(e) and (2) of the Social Security Regulations;
3. <b>public transport providers can see a CSC</b>	Amend regulations 13(3) and 12 (b) of the Health Entitlement Cards Regulations to explicitly refer to public transport providers being permitted to request cardholders produce their CSC, and amend clause 290 (1)(e) and (2) of the Social Security Regulations

s 9(2)(f)(iv)

9. Our preferred option – Option 3 – will enable the implementation of Community Connect by the start date of 1 September 2022 by explicitly allowing public transport providers and their ticketing agents to request to see

- a CSC or SGC/CSC as identification and verification that the person is eligible for the fare reduction. It is specific to public transport providers and does not have the risks of making broader amendments within the timeframe available.
10. The Ministry of Health and MSD have considered the options and agreed on the preferred option. Both agencies are working with Ministry of Transport, Waka Kotahi, and other agencies to enable implementation of Community Connect and the options for amending the regulations have been discussed with Ministry of Transport.
  11. The Ministry of Health intends to provide further advice to the Minister of Health on any broader changes required to the use of CSCs before the end of 2022.

### Limitations and Constraints on Analysis

12. Ministers originally agreed to a pilot of Community Connect in Auckland, as part of the Auckland Transport Alignment Programme 2021-31, [CAB-21-MIN-0035 refers] with possible nationwide implementation from 1 July 2023 to be decided via Budget 2022. However, Ministers have subsequently agreed to nationwide implementation at an earlier date of 1 September 2022. This aligns with Cabinet's decision to fund, through Budget 2022, an extension of the current half price public transport fares until 31 August 2022. The Auckland pilot has been cancelled.
13. This new start date limits the time available for identification and analysis of a wider range of options, risks, and implications. The current regulatory assessment and problem is confined to effectively enabling the implementation of Community Connect. This ensures a focus on providing Ministers with an effective regulatory mechanism for implementing the project within the timeframe available.
14. The policy analysis to identify the CSC as a means of targeting eligibility for reduced fares on public transport was undertaken by the Ministry of Transport for the Green Transport Card [CAB-19-MIN-0142 refers]. This regulatory impact assessment is therefore about giving effect to the decision to use the CSC and does not discuss other potential options for identifying eligibility.
15. **s 9(2)(f)(iv)**  
[Redacted text]
16. Teams across the Ministry of Health and the Ministry of Social Development have been engaged in developing the options and have consulted with the Ministry of Transport. The timeframe for implementing Community Connect

means that wider stakeholder engagement on amending the regulations has not been possible.

#### Responsible Manager(s) (completed by relevant manager)

Maree Roberts  
Deputy Director General Strategy and Policy  
System Strategy and Policy  
Ministry of Health



4 May 2022

#### Quality Assurance (completed by QA panel)

Reviewing Agency: Papers and Regulatory Committee, Ministry of Health

Panel Assessment & Comment: The Ministry QA panel has reviewed the Impact Statement titled "Amending the Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 to enable implementation of Community Connect to reduce public transport fares for people on low-income", produced by the Ministry of Health and dated 4 May 2022.

The panel considers that the Impact Statement **partially meets** the quality assurance criteria.

The Impact Statement is clear, complete, considered, and concise. The analysis is balanced in its presentation of the information and impacts are identified and assessed. The reason the Statement has been assessed as partially meets relates to limitations relating to consultation, reflecting the tight timeframe and the actions are within the wider implementation of decisions made as part of the wider cross agency Community Connect programme.

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem?

17. Budget 2022 allocated \$105.140 million over four years to Community Connect to make public transport more affordable for people on low-income. The funding is intended to encourage greater use of public transport and provide support for people on low-income and those receiving a benefit, by reducing transport costs.

18. Community Connect is part of the Climate Emergency Response and included in the Emissions Reduction Plan (ERP). It has a primary objective to support emissions reductions and will address the distributional impacts of emissions reducing policy.
19. The ERP makes significant commitments to make it easier, safer, and more affordable to travel by public transport, rather than by car. During engagement with councils and stakeholders about the Green Transport Card and reduced fares, Auckland Transport and Greater Wellington noted that public transport costs are a barrier for many low-income households. Greater Wellington noted that some CSC holders do not use public transport, or do not use it as much as they would like to, because of costs. Community Connect is an opportunity to improve transport equity by making it more affordable for more people to access social and economic opportunities such as jobs, education, and healthcare.
20. The CSC was identified as a method of identifying eligibility for reduced fares on public transport following policy analysis undertaken by the Ministry of Transport for the Green Transport Card [DEV-19-SUB-0051 refers]. The cards provide an established mechanism to target low-income households and people who receive a benefit and therefore its use can be extended to provide reduced cost public transport.
21. This decision to use the CSC provides the context for this impact assessment which, as a result, is confined to the options for enabling Community Connect to use the CSC and SGC/CSC.

### What is the policy problem or opportunity?

22. To use the CSC and the SGC/CSC as the implementation mechanism, public transport providers will need authority to request that individuals present their card as identification and to verify that they are eligible for reduced fares when travelling. The current regulations do not allow us to give effect to this.
23. The following table describes the regulations affected.

Health Entitlement Cards Regulations 1993	
12 (b)	prescribes the authorised uses of CSC i.e. that it provides evidence that the cardholder is eligible for services under the Health and Disability Act, eligible for exemption from a charge or part of a charge for the services, and any prescribed maximum amount of charge for services

13 (3)	prohibits anyone other than specified healthcare providers and MSD or Ministry of Health officials from demanding or requesting a person produce their CSC as evidence that person is eligible to hold the card.
Social Security Regulations 2018	
290 (1) (e)	sets out authorised uses of the SGC/CSC cards, that the cardholder is eligible to hold the card, and that the card can be used to provide evidence of the person’s eligibility for the card to any of the persons referred to in subclause (2)
290 (2)	sets out those authorised to see the cards

24. Changes need to be made to clause 12 (b) and 13 (3) of the Health Entitlement Cards Regulations and to 290(1)(e) and (2) of the Social Security Regulations to allow for use of the CSCS and the combination SGC/CSC card for public transport services and to be seen by public transport providers.

25. **s 9(2)(h)** [Redacted text block]

26. **s 9(2)(h)** [Redacted text block]

## What objectives are sought in relation to the policy problem?

27. The objectives are to:

- ensure that public transport authorities can request a CSC as identification and evidence of eligibility for discounted fares on public transport to enable the implementation of Community Connect by 1 September 2022; and
- ensure the application process for CSC holders is straightforward.

## Section 2: Deciding upon an option to address the policy problem

### What criteria will be used to compare options?

- Effectiveness – enabling the implementation of Community Connect
- Risks
- Timeframe available for implementation

### What scope will options be considered within?

28. Ministers have agreed a start date of 1 September 2022 for Community Connect and therefore the scope of our analysis is aimed at ensuring the regulations can be amended effectively to implement the programme from that date.
29. The decision to use the CSC as a mechanism means that we do not consider other ways of identifying people’s eligibility for reduced fares on public transport.
30. We have considered several options in relation to amending the regulations, including options that would more broadly affect those who are authorised to request to see an individual’s CSC as identification and proof of eligibility to receive discounted services.
31. However, the timeframe available restricts our ability to fully consider potential risks, implications, or unintended consequences e.g. operational implications for MSD, of making broad amendments to the regulations at this stage.
32. **s 9(2)(f)(iv)**  
[Redacted text]



## What options are being considered?

### Option One – *Status Quo*

33. This option means advising Ministers not to amend the regulations to enable the implementation of Community Connect. It would not require regulatory changes.
34. Community Services Cards have already been identified as the mechanism to implement the Community Connect initiative and this option would mean that the initiative would not be able to use the CSC or the SGC/CSC as a means of targeting reduced fares on public transport. Full implementation of Community Connect, scheduled for 1 September 2022, would not be able to go ahead using the current approach agreed by Cabinet.
35. **s 9(2)(f)(iv)**  
[Redacted text]

### Option Two – *No regulation on who can see a CSC and SGC/CSC*

36. This option would mean revoking regulation 13(3) of the Health Entitlement Cards Regulations completely and amending 12 (b). It also means revoking regulation 291(5) and amending regulation 290(1)(e) of the Social Security Regulations.
37. This option would mean the regulations would not include clauses restricting who can request to see a person's CSC. Any organisations offering discounted services to CSC holders would legitimately be able to ask to see a CSC as identification and evidence of eligibility.
38. The use of CSCs as a tool to identify people for service discounts already happens in practices to some extent and this option would have the benefit of reflecting that CSC are used by a range of organisations as a means of providing cost reductions to people on a low-income. However, the timetable for implementing Community Connect does not enable the Ministries of Health and Social Development to do the policy work required to assess the potential risks of these changes at this time.
39. This broad amendment is likely to have operational implications for MSD which we are currently unable to fully determine. These could include more work to undertake quality assurance, IT costs, and have implications for MSD's capacity to monitor and oversee the use of the cards.

***Option Three – public transport providers can see a CSC and SGC/CSC***

- 40. This option entails amending regulations 13(3) and 12 (b) of the Health Entitlement Cards Regulations and regulation 290 (1)(e) and (2) of the Social Security Regulations to explicitly refer to public transport providers being permitted to request cardholders produce their CSC as identification and evidence of eligibility.
- 41. This is the preferred option and would widen the regulations just to include public transport providers and their ticketing agents. The Ministries of Health and Social Development will work with the Parliamentary Counsel Office to define 'public transport provider' for use in the amended regulations
- 42. Amending the identified regulations to include public transport providers and their ticketing agents will enable Community Connect to be implemented by 1 September 2022. It is the pragmatic option in the time available, will enable the effective implementation of Community Connect, and does not carry the risks of more broadly amending or revoking the regulations without exploring the possible implications of those changes.
- 43. Amending the regulations in this way does not change the need to undertake more comprehensive policy work to explore the wider use of CSCs and amending the regulations more broadly.
- 44. There are risks and potential unintended consequences with amending regulations in isolation and not considering them comprehensively. However, due to previous decisions limiting the scope, and time available for impact analysis and implementation, on balance, we consider this the best option. **s 9(2)(f)(iv)**

[Redacted text block]

**s 9(2)(f)(iv)**  
[Redacted text block]

- 45. **s 9(2)(f)(iv)**  
[Redacted text block]

- 46. **s 9(2)(f)(iv)**  
[Redacted text block]

- s 9(2)(f)(iv) [Redacted]
47. s 9(2)(f)(iv) [Redacted]
48. s 9(2)(f)(iv) [Redacted]

## How do the options compare to the status quo/counterfactual?

	<b>Option One – Don't amend the regulations (Status Quo)</b>	<b>Option Two – No regulation on who can see a CSC</b>	<b>Option 3 – public transport providers can see a CSC</b>	s 9(2)(f)(iv)
Effectiveness – Enabling Community Connect	0	+	+	
Risk	0	+	+++	
Timeframe	0	+	+++	
<b>Overall assessment</b>	Would not enable Community Connect to be implemented using the agreed approach.	Satisfies the need to update the regulations in relation to CSC. Timeframe does not allow full assessment of options and implications.	Preferred option as it does what is required to implement Community Connect in the time available. It has fewer risks than broader options.	

## What option is likely to best address the problem and meet the policy objectives?

1. Option 3 will allow public transport providers to request to see a CSC and SGC/CSC and enable Community Connect to be implemented. It is the pragmatic option in the time available, will enable the effective implementation of Community Connect, and does not carry the risks of more broadly amending or revoking the regulations without exploring the possible implications of those changes.

## What are the marginal costs and benefits of the option?

<b>Affected groups</b> (identify)	<b>Comment</b> <i>nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.</i>	<b>Impact</b> <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	<b>Evidence Certainty</b> <i>High, medium, or low, and explain reasoning in comment column.</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
Regulated groups	Possible costs to public transport providers and ticketing agents as a result of ongoing checking of CSC cards.	Public transport providers will be able to check CSCs. There may be some costs to public transport providers in relation to checking the cards. However, there would be some additional costs involved with checking whether or not the regulations are amended.	High
Regulators	None identified	MSD has noted that there doesn't appear to be any costs as a result of the regulation changes. The Community Connect Budget allocation includes funding for the operational costs to MSD.	High
Wider government	None identified		
<b>Additional benefits of the preferred option compared to taking no action</b>			
Regulated groups	Public transport providers and ticketing agents will be able to check CSCs	The mechanism for targeting the reduced fares is the CSC and regulatory changes will enable public transport providers and their agents to check the cards	High
Consumers	CSC holders receive 50% fare reduction	This is the aim of Community Connect and the CSC card is the mechanism to identify those eligible	High
Consumers	Greater access to public transport and therefore services in their communities	Reducing the fares means people are likely to be able to use public transport for more journeys and will reduce one cost of accessing services.	High

## Section 3: Delivering an option

### How will the new arrangements be implemented?

49. The Ministries of Health and Social Development will instruct Parliamentary Counsel Office (PCO) to draft the proposed amendments to the Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 for Social Wellbeing Committee (SWC) and Legislative Committee approval in May and July 2022 respectively. Based on agreement to our recommended option, the current timetable means we will complete the work required by the Cabinet meeting on 1 August 2022.
50. Waka Kotahi and Ministry of Transport are currently engaging with public transport authorities to determine whether Community Connect can be implemented by 1 September 2022, assuming the regulations are amended.
51. A key consideration for the feasibility of implementation is the back-office verification process for online applications for travel cards loaded with the concession – this is needed regardless of whether the regulations are amended and is expected to take at least four months to establish. If the regulations are amended, this will provide other channels for providing the concession to CSC holders, such as in person applications, where public transport providers can sight the CSC to verify eligibility, or by passengers showing their CSC when boarding and paying a cash fare.
52. While Waka Kotahi and Ministry of Transport are still working with public transport authorities on the feasibility of a 1 September launch date, it is anticipated that amending the regulations will improve the ability of providers to meet this launch date, through being able to use alternative methods to an online application platform.

## How will the new arrangements be monitored, evaluated, and reviewed?

53. Waka Kotahi, in its role of leading the implementation of Community Connect, will work with partners including Ministry of Transport, MSD, and public transport authorities to build the system to incorporate the CSC as identification. The funding allocated through Budget 2022 includes funding for implementation. Waka Kotahi and partners will monitor how this implementation progresses and can report back to the Ministries of Health and Social Development.
54. The Ministry of Transport and Waka Kotahi will review the first year of the concession's operation from a funding perspective. This will look at the extent to which the funding being provided in subsequent years is sufficient to meet public transport authorities' needs.
55. Transport officials will also undertake a formal evaluation to assess the impact of the concession and the objective of increasing the use of public transport. This will be completed at the end of the four-year period for full Crown funding and will inform funding decisions beyond this time. Transport officials will also work with MSD and the Ministry of Health to assess the impact and effectiveness of the CSC as a mechanism to provide the concession to people on low-income. We do not currently have a timetable for when this assessment of the CSC will occur.
56. The evaluation of Community Connect will be informed by ongoing monitoring and research looking at:
  - a. The extent to which barriers to public transport uptake other than price persist for people on low-income
  - b. Any changes in use patterns, e.g., whether the concession attracted new public transport passengers, and whether it has reduced reliance on private vehicles
  - c. Public perceptions of the concession and public transport generally
  - d. Comparison with patronage levels during the universal half-price fares period prior to the roll-out of Community Connect
  - e. The impact of external factors such as the border re-opening, fuel prices, and COVID-19 response
  - f. The potential impact of other concurrent policies, e.g., initiatives to improve the frequency and availability of public transport, vehicle scrappage, and social leasing schemes.



57. **s 9(2)(f)(iv)** [Redacted]  
[Redacted]  
[Redacted]