

In Confidence

Office of the Minister of Health

Office of the Minister for Social Development

Chair, Cabinet Social Wellbeing Committee

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

Proposal

- 1 This paper seeks agreement to amend the Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 to enable public transport providers to request to see a community services card (CSC) and the combination SuperGold card and CSC (SGC/CSC) for identification purposes and eligibility for reduced fares on public transport.

Relation to government priorities

- 2 This proposal will help to implement the Community Connect initiative that supports the government's priority of laying the foundation for the future through the climate change response. The investment in reducing fares will contribute to improving access to, and affordability of, public transport for people on low-income.

Executive Summary

- 3 Budget 2022 allocated \$105.140 million over four years to Community Connect to make public transport more affordable for people on low-income. Community Service Card holders will be eligible for a 50 percent reduction in fares.
- 4 Community Services Cards have been identified as the preferred mechanism to prove eligibility for reduced fares because they are an established method of reducing service costs for people on low-income. The use of CSCs and the combination SGC/CSC, and who can request to see the cards as identification or evidence of eligibility for reduced cost services, are regulated by the Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 respectively.
- 5 Only the Ministry of Health, health providers, and the Ministry of Social Development are currently authorised to request to see a person's CSC.
- 6 We propose amending regulations 12 (b) and 13 (3) of the Health Entitlement Cards Regulations and regulation 290 (1) (e) and (2) of the Social Security Regulations to add public transport providers to those able

to request to see a CSC and SGC/CSC as identification and evidence of entitlement to the concession.

- 7 If Cabinet agrees to the proposal, the Parliamentary Counsel Office will draft amendments to the regulations and papers will be provided to Ministers' Offices by 29 June 2022 ahead of the Cabinet Legislation Committee meeting on 28 July, followed by Cabinet on 1 August.

Background

- 8 As part of Budget 2022 Cabinet has agreed funding for the Community Connect initiative which aims to make public transport more affordable for people on a low-income.
- 9 Under Community Connect all CSC holders will be eligible for 50 percent discount on public transport fares for peak and off-peak services.
- 10 Cabinet has agreed to fund Community Connect through the Climate Emergency Response Fund, with the initiative included in the Emissions Reduction Plan. It has a primary objective to support emissions reductions and address the distributional impacts of emissions reduction policy by supporting households on low-income.
- 11 Households on low-income spend a much greater proportion of their income on transport costs than those on higher incomes, and their access to social and health care services is limited as a result. The discounted fares proposed for CSC holders will make it easier for people to access health care, jobs, and a range of social services.

Implementing Community Connect from 1 September 2022

- 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.
- 13 However, as part of the Budget process, Cabinet has agreed to bring forward the nationwide roll-out of Community Connect to 1 September 2022. This aligns with the decision to fund an extension of the current half-price public transport fares until 31 August 2022. The planned pilot in Auckland from 1 July has been cancelled.
- 14 While developing the pilot of Community Connect various options were considered by the Ministry of Transport such as transport authorities providing cards pre-loaded with the fare concession which could then be distributed to CSC holders, and other ways of sharing data. These options were discounted in the pilot development, and in the options analysis for the nationwide roll-out, due to the operational demands they would place on MSD and public transport providers and because they would put the concession at greater risk of misuse.

- 15 The proposal being progressed is for public transport providers to be able to request to see a CSC when a cardholder is applying in person to have the fare concession loaded onto an existing or new travel card. For cash fares, CSC holders will be able to be asked to show their card when purchasing a ticket to obtain the concession.

Using the Community Services Card to reduce service costs

- 16 The CSC currently helps individuals and whānau with the costs of health care, such as paying less for visits to a General Practitioner, prescription medications, emergency dental care, and after-hours health care.
- 17 Eligibility for a CSC is dependent on household income. A person may be eligible to get a CSC if they are under the income threshold, over 16 years of age, and not a dependent child. They also need to be a New Zealand Citizen, permanent resident, or have, or have applied for, refugee or protection status, and normally live in the country and intend to stay. A person may get a CSC if they are 16 or 17 years of age and studying full-time or are a veteran eligible for Scheme 1 weekly income compensation or scheme 2 weekly compensation. There are 1,060,812 people with a CSC as of 31 March 2022.
- 18 The Ministry of Transport identified the CSC as a method of determining eligibility for reduced fares on public transport through analysis undertaken for the Green Transport Card [CAB-19-MIN-0142 refers]. The card provides an established mechanism to reduce the costs of services for people on low-income and therefore using it to provide for reduced public transport fares aligns with government's priority of tackling the cost of living with a particular focus on low-income households.
- 19 Community Service Cards are regulated by the Health Entitlement Cards Regulations 1993. The current regulations only authorise personnel at the Ministry of Social Development, Ministry of Health, and those working for health providers such as pharmacies, to request to see a CSC as evidence of eligibility for discounted services. The Social Security Regulations 2018 impose similar limitations in relation to SuperGold Card (SGC) holders who are eligible for the CSC, specifically those who hold the combination SGC/CSC card.

Analysis

Amending the Health Entitlement Cards Regulations 1993 and Social Security Regulations 2018

- 20 To enable the implementation of Community Connect we need 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.
- 21 The following table describes the regulations affected.

Health Entitlement Cards Regulations 1993	
12 (b)	sets out the authorised uses of CSC, i.e. that it provides evidence that the cardholder is eligible for services under the New Zealand Public Health and Disability Act 2000, 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 healthcare providers (and their employees) and Ministry of Social Development or Ministry of Health officials from demanding or requesting a person produce their CSC as evidence of their eligibility 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.

22 We considered the four following options:

- 22.1 **Status Quo:** making no changes to the regulations.
- 22.2 **No regulation on who can see a CSC and SGC/CSC:** 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) of the Social Security Regulations.
- 22.3 **Public transport providers can see a CSC and SGC/CSC:** 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 card, and amend clause 290 (1)(e) and (2) of the Social Security Regulations; or
- 22.4 **s 9(2)(f)(iv)** [REDACTED]

s 9(2)(f)(iv) [Redacted]

23 Given the time available, officials at the Ministries of Health and Social Development have focussed on ensuring that any amendments will be effective in enabling the implementation of Community Connect by 1 September 2022 and, by retaining this specific focus, mitigate any policy or operational risks and unintended consequences that could occur from amending the regulations more broadly.

24 s 9(2)(f)(iv) [Redacted]

25 However, these broader options would need further investigation including considering the potential risks and operational implications of any changes for the Ministry of Social Development.

26 The timeframe for implementing Community Connect means that we have not been able to identify further opportunities to provide targeted support for CSC holders, beyond the remit of transport. In addition, wellbeing and environmental risks will need to be considered as part of the wider operationalisation of Community Connect.

27 While it would be preferable to fully consider the regulations on the use of CSCs, this work cannot be completed effectively within the timeframe required to implement Community Connect from 1 September 2022. s 9(2)(f)(iv) [Redacted]

Regulation change proposal

28 We recommend **amending the regulations to enable public transport providers to see a CSC and the SGC/CSC** (paragraph 22.3). This option means amending regulations 12 (b) and 13 (3) of the Health Entitlement Cards Regulations and clause 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. (See appendix 2 for the regulations affected.)

29 The proposed changes will be effective in enabling the implementation of Community Connect by the 1 September 2022. The amendments proposed are specific to public transport providers and a pragmatic approach within the timeframe available. These changes will enable public transport providers to see and validate CSC cards in order to apply the discount.

30 s 9(2)(f)(iv) [Redacted]

Next steps

31 If Cabinet agrees to the proposal, the Ministry of Health and Ministry of Social Development will provide the Parliamentary Counsel Office with instructions for amending the regulations.

Implementation

32 Waka Kotahi, the Ministry of Transport, and the Ministry of Social Development are working with public transport authorities and their ticketing providers to support implementation of Community Connect. This includes engaging with them on how the regulatory amendments support their ability to provide the concession.

Financial Implications

33 There are no financial implications to the proposal in this paper.

34 Cabinet has approved funding of \$105.14 million for Community Connect over four years. This includes funding of \$2.276 million for capital costs, and \$102.864 million for operational costs such as providing travel cards and the fare revenue foregone by public transport authorities, and the IT and financial costs of implementation.

s 9(2)(h) [Redacted]

35 s 9(2)(h) [Redacted]

s 9(2)(h) [Redacted]

36 s 9(2)(h) [Redacted]

37 s 9(2)(h) [Redacted]

- s 9(2)(h) [REDACTED]
- s 9(2)(h) [REDACTED]

38 s 9(2)(h) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Impact Analysis

Regulatory Impact Statement

- 39 A Regulatory Impact Statement has been completed and is attached in appendix 1.
- 40 The Ministry of Health 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 May 2022.
- 41 The panel considers that the Impact Statement **partially meets** the quality assurance criteria.
- 42 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 that the actions are within the wider implementation decisions made as part of the wider cross agency Community Connect programme.

Climate Implications of Policy Assessment

- 43 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the regulations themselves do not have a climate impact.
- 44 However, the broader Community Connect initiative does have climate impacts and these have been addressed in the CIPA completed by the Ministry of Transport.

Population Implications

- 45 Amending the regulations to enable using the CSC to implement Community Connect will contribute to the affordability of public transport for people on

low-income and improve access to social and economic opportunities including health care, education, and employment.

- 46 The 2018 Census indicates that populations including Māori, Pacific Peoples, and disabled people are disproportionately affected by low-income, and therefore will benefit from the fare reductions if they are eligible for a CSC. As at 31 March 2022, 21 percent of the 1,060,812 cardholders, including those with a combination SGC/CSC card, identified as Māori and 9 percent as Pacific peoples.
- 47 In relation to older people, there are time restrictions for when SuperGold card users can travel on public transport using their cards which restricts access to health care and a range of services. Around 42 percent of SuperGold card holders are eligible for the combination SGC/CSC and this proposal will reduce the costs of public transport during peak times and improve access to services for these cardholders.

Human Rights

- 48 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Consultation

- 49 This paper was prepared by the Ministries of Health and Social Development. The Ministry of Transport, The Treasury, and Crown Law have been consulted.
- 50 The Department of the Prime Minister and Cabinet has been informed.

Communications

- 51 Waka Kotahi and the Ministry of Transport will communicate the intention of the regulatory changes to public transport providers as part of the overall implementation of Community Connect.
- 52 Community Connect will be communicated to the public via Budget announcements.

Proactive Release

- 53 We intend to proactively release this paper and its associated minute within the standard 30 business days from the decision being made by Cabinet, with any appropriate redaction where information would have been withheld under the Official Information Act 1982.

Recommendations

The Minister of Health and the Minister for Social Development recommend that the Committee:

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- 1 note that Budget 2022 has allocated \$105.140 million over four years to roll-out nationwide the Community Connect 50 percent public transport concession for people on low-income.
- 2 note that Budget 2022 has also allocated \$27.100m to extend the current half price public transport fares from 1 July 2022 to 31 August 2022.
- 3 note that Cabinet has directed nationwide rollout of Community Connect to commence 1 September 2022.
- 4 note that Community Services Cards have been identified as the preferred mechanism to prove eligibility for reduced fares because they are an established method of reducing service costs for people on low-income.
- 5 note that to facilitate the rollout of Community Connect nationwide by 1 September 2022, the most expeditious option is to amend the Health Entitlements Cards Regulations 1993 and the Social Security Regulations 2018.
- 6 note that under Health Entitlements Cards Regulations 1993 and the Social Security Regulations 2018 only specified health providers and the Ministries of Health and Social Development may request or demand a CSC or SGC/CSC for identification and eligibility purposes.
- 7 agree to amend the Health Entitlement Cards Regulations 1993 and the Social Security Regulations 2018 to add public transport providers to those able to request or demand to see a CSC and SGC/CSC as evidence that the cardholder is eligible for public transport concessions.
- 8 direct the Ministries of Health and Social Development to instruct the Parliamentary Counsel Office to draft the amendments to the Health Entitlement Cards Regulations 1993 and Social Security Regulations 2018 and report to the Cabinet Legislation Committee on 28 July 2022.
- 9 **s 9(2)(f)(iv)**
[REDACTED]

Authorised for lodgement

Hon Carmel Sepuloni
Minister for Social Development

Hon Andrew Little
Minister of Health

Appendices

1. Regulatory Impact Assessment
2. Health Entitlement Cards Regulations 1993 and Social Security Regulations 2018