

MIN-4816 Fare increases signalled by PTAs

20 March 2025

Update on gradual fare increases signalled by Public Transport Authorities (PTAs) to achieve private share goals.

NZ Transport Agency Waka Kotahi (NZTA) response:

- The PTAs' increasing private share (IPS) targets are underpinned by the following PTA-proposed fare increases (see table 1).

PTA	24/25	25/26	26/27
Auckland	5.2%	3.0%	2.0%
Wellington	10.0%	2.2%	1.8%
Canterbury (1)	0.0%	50.0%	-
Waikato	20.0%	11.4%	13.4%
Otago	0.0%	25.0%	-
Bay of Plenty	0.0%	36.0%	-
Horizons	0.0%	5.0%	5.0%
Taranaki	0.0%	15.0%	5.0%
Nelson-Tasman	5.0%	5.0%	10.0%
Hawke's Bay	5.0%	5.0%	10.0%
Northland	0.0%	50.0%	0.0%
Invercargill	0.0%	36.0%	33.0%
Gisborne	-	50.0%	-
Marlborough	0.0%	20.0%	5.0%

Table 1: PTA Proposed private share-related fare increases

- means to be determined.

(1) Canterbury have been trialling flat fares when previously they were zonal which means fares effectively decreased in 2023/24)

- As can be seen in Table 1, PTAs are proposing a range of fare increases over 2025/26 and 2026/27. The increases quoted above generally relate to the standard adult fare¹ and become more gradual over the period.
- PTAs have expressed concerns that by responding with the proposed fare increases to increase private share, it will also deliver an adverse impact on patronage.
- Notwithstanding these concerns, all PTAs except Taranaki are forecasting that their patronage will grow over the current 2024-27 NLTP period (see Table 2). Taranaki is anticipating patronage to remain static.

¹ PTAs may also be proposing other fare changes, e.g. adjustments to concessionary fares

	18/19	Actual	Proposed figures			
		23/24	24/25	25/26	26/27	
Passenger boardings	168,596,147	155,959,884	164,688,345	178,739,376	191,499,879	
Auckland	100,748,898	86,800,000	94,700,000	106,800,000	115,800,000	
Wellington	39,493,904	37,623,105	37,872,720	38,128,322	40,464,042	
Canterbury	13,866,220	14,744,571	14,892,017	15,189,857	15,493,654	
Waikato	4,008,457	4,065,755	4,132,240	4,165,334	4,218,763	
Otago	4,013,254	5,368,557	5,490,350	5,614,906	5,742,288	
Bay of Plenty	2,742,094	3,371,706	3,183,021	3,585,548	3,706,975	
Horizons	1,335,248	1,078,318	1,401,813	1,892,448	2,554,805	
Taranaki	649,874	772,768	772,768	772,768	772,768	
Nelson-Tasman	417,918	899,751	923,004	946,257	987,059	
Hawke's Bay	645,297	490,816	503,135	533,792	564,448	
Northland	336,265	443,469	501,196	781,199	853,259	
Invercargill	182,640	159,967	170,562	180,792	191,022	
Gisborne	133,426	123,934	127,990	130,257	132,523	
Marlborough	22,652	17,167	17,528	17,897	18,273	
Private share - Fees and charges	(millions)	352.9	283.8	367.6	422.3	469.1
Private share - Third-party revenue	(millions)	1.2	31.1	33.9	39.9	36.7
Total operating expenditure	(millions)	1,068.0	1,435.7	1,604.7	1,758.2	1,870.1
PTA private share target		33.2%	21.9%	25.0%	26.3%	27.0%
NZTA - Low target			21.7%	23.0%	27.0%	33.0%
NZTA - High target			21.7%	27.0%	32.0%	40.0%

Table 2: Forecast patronage to support private share targets

- While a number of the proposed fare increases seem high in percentage terms (e.g. 36 percent for Bay of Plenty and 50 percent in Northland), these are still relatively small changes in the actual monetary cost per trip, noting that cost increases will affect those on lower incomes more.
- For example, the 36 percent increase for Bay of Plenty will see the Tauranga adult smartcard fare go from \$2.72 to \$3.70; Northland's adult smartcard fare will increase from \$2.00 to \$3.00; and Otago's proposed 25 percent increase will mean the adult smartcard fare will increase from \$2.00 to \$2.50.
- In recent years, PTAs have sought increased public share rather than raise fares to meet rising costs. Since 2018/19, the average annual increase in the NZTA diesel bus index² has been about 4 percent. Despite this, average fares have declined, and it is only through the private share initiative that fares are forecast to go back up to a level that will support PTAs to more sustainably recover their costs (see Figures 1 and 2).

² A benchmark used to calculate inflationary increases to bus contracts

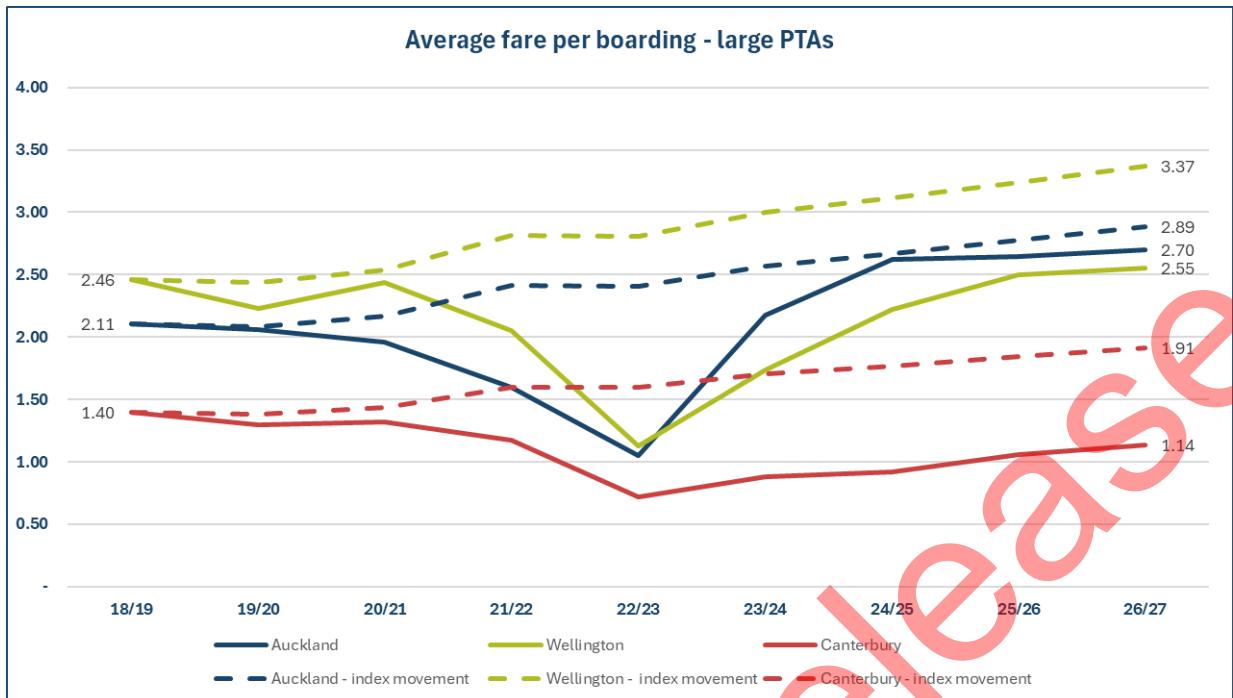


Figure 1: Average fare per boarding for three largest PTAs compared to the increases in the NZTA diesel bus index in those regions. The last three years are forecasts.

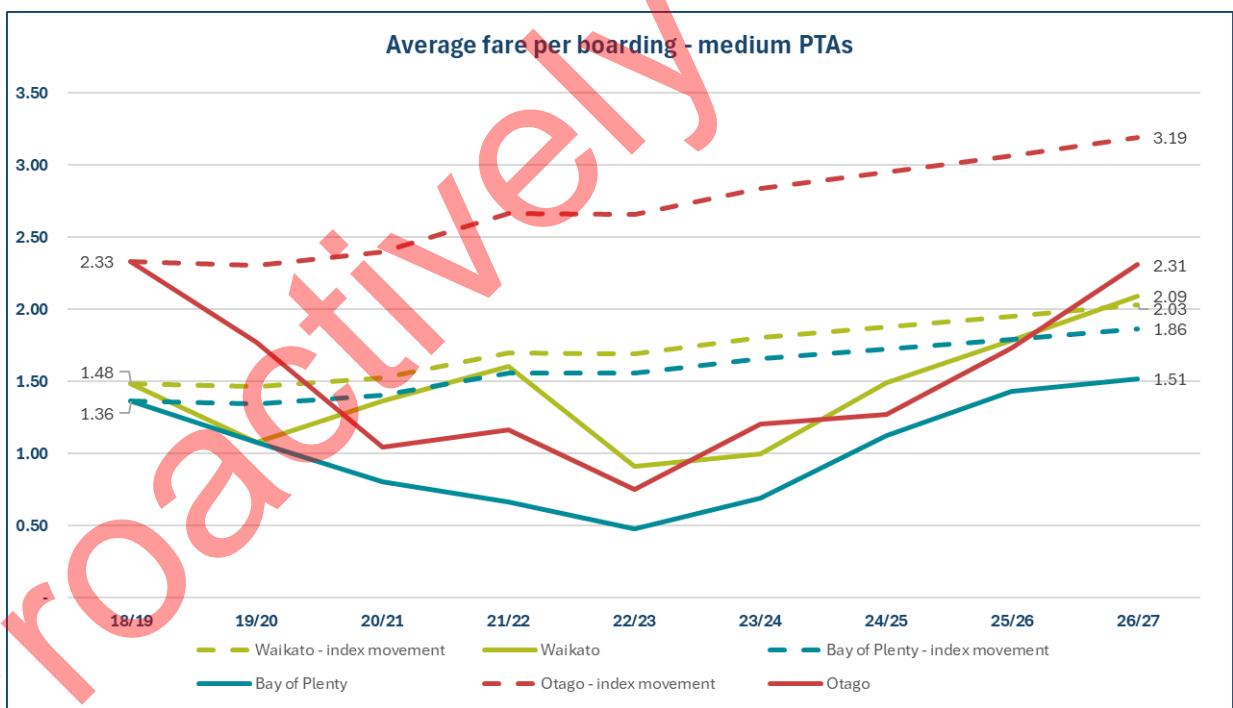


Figure 2: Average fare per boarding for medium-sized PTAs compared to the increases in the NZTA diesel bus index in those regions. The last three years are forecasts.

- Over the last year, a number of PTAs have already increased their fares without patronage decreasing. For example:
 - Auckland Transport increased its fares by about 6 percent in February 2024 and its patronage for the period July 2024 to January 2025 compared to a year earlier increased by 8 percent.
 - In July 2024, the Waikato Regional Council increased its bus fares by 20 percent and its patronage for the period July 2024 to January 2025 compared to a year earlier is 13 percent higher,
 - Greater Wellington raised its fares by 10 percent in July 2024 and its patronage is 2 percent higher this year.
- There may be other factors causing patronage increases which are potentially offsetting the negative impacts from fares increasing. For example, improvements in reliability making public transport more attractive for regular commuters and other travel options becoming more expensive (e.g. petrol and parking costs increasing).

Noted by Minister