Written Submission from Free Fares regarding the Petition of Free Fares NZ: Stop the proposed fare hikes

Introduction

Our petition urges the Government not to implement the new private share funding targets for public transport issued by NZTA Waka Kotahi in fulfilment of the Government Policy Statement on Land Transport 2024.

This submission is written on behalf of the Free Fares campaign, a coalition of organisations across Aotearoa advocating for more affordable public transport. Our ask is for the Government to fully subsidise public transport for students, Community Service Card holders, under-25s, and Total Mobility Card holders and their support people.

Our advocacy is focused strongly on making public transport more affordable, which is why we organised a petition opposing the newly introduced private share funding targets. We believe that these funding targets would increase public transport prices and make public transport less attractive and affordable for people. Aotearoa needs to seriously invest in public transport to respond to climate change and boost mobility. We are concerned that the private share funding targets will increase costs for passengers, impacting their ability to travel to work, school, services and community and increasing the cost of living. For these reasons, we would like to see the private share funding targets abandoned.

Impact of Private Share Targets on Public Transport Fares and Services

In response to the Government Policy Statement on Land Transport 2024, NZTA Waka Kotahi issued to public transport authorities targets for public transport cost recovery from private revenue sources (called "private share").[1] Private share includes passenger fares, third-party revenue (e.g. from advertising), and enforcement fees, but excludes revenue from Government or rates levied by local councils. The policy objective sought by these targets was to reduce the proportion of public transport costs funded by ratepayers and taxpayers who may not directly use public transport.

[1] NZ Transport Agency Waka Kotahi (2024). *Increasing the private share of public transport operating expenditure: Discussion document.* https://www.nzta.govt.nz/assets/Walking-Cycling-and-Public-Transport/docs/Increasing-the-private-share-of-public-transport-operating-expenditure-pta-discussion-document-november-2024.pdf

The private share targets issued by NZTA Waka Kotahi to public transport authorities have been higher than anticipated and will necessitate fare increases. For Greater Wellington, a private share target of 35% was initially proposed for 2025-26, despite private share having been merely 20.5% in 2023-24.[2] Fully achieving the 35% private share target was estimated to require a 39% increase in revenue for 2025-26 (a shortfall of $38m); with advertising revenue constrained at merely $2.5m in 2024-25, meeting this target was considered unachievable without fare increases. Even after adopting a lower private share target than requested by Waka Kotahi (25.1% in 2025-26 rather than 35%), Greater Wellington is still planning for fare increases through reducing the off-peak travel discount from 50% to 30% and raising all fares by 2.2%,[3] an effective fare increase of 43% for off-peak travel.[4] Similarly, Waka Kotahi proposed private share targets for Auckland Council of 34% for 2025-26, higher than Auckland Council's projected 30.2%.[5] Due to the vast majority of private revenue coming from fares rather than advertising, Auckland also considered meeting the shortfall through raising advertising revenue to be unrealistic, instead preparing for fare increases. An option to raise Auckland Council's private share from 30.2% to 32.2% for 2025-26 was estimated to create a shortfall of $10.6m that would be met through removing the $50 fare cap and raising fares by 2.8% (in addition to an already forecasted 2%). These cases both clearly establish that fare increases will occur as a result of the new private share targets.

The private share targets will also result in significant public transport service reductions. For Greater Wellington, meeting the original 35% private share target for 2025-26 would require a 28% cost reduction ($110m).[6] While fully meeting this target was considered to be unrealistic, Greater Wellington has prepared to partially meet the target and achieve 25.1% private share through halving the number of new buses planned for purchase, deferring electrification of the bus fleet, cancelling the rollout of on-demand services, and withdrawing or merging 50 bus services, including 10 After Midnight services, 11 school bus services,

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[2] Greater Wellington Regional Council. (2025). *Council 10 April 2025 Order Paper*. https://www.gw.govt.nz/document/23258/council-10-april-2025-order-paper/
[3] Greater Wellington Regional Council. (2025). *Council 10 April 2025 Order Paper*. https://www.gw.govt.nz/document/23258/council-10-april-2025-order-paper/
[4] If peak fares rise by 2.2%, and off-peak fares rise from 50% of peak fares to 70% of peak fares, then the new off-peak fares will be 1.43x the current off-peak fares, i.e. a rise of 43%. (1.022 x 0.7/0.5 = 1.43). A 20 percentage point drop in the fare discount is actually a 40% relative increase.
[5] Auckland Council. (2025). *Report Plans of Transport, Resilience and Infrastructure Committee - Thursday, 6 March 2025.* https://infocouncil.aucklandcouncil.govt.nz/Open/2025/03/20250306_TICCC_ATT_11418_PLANS.PDF
[6] Greater Wellington Regional Council. (2025). *Council 10 April 2025 Order Paper*. https://www.gw.govt.nz/document/23258/council-10-april-2025-order-paper/

and 28 other services.[7] Similarly, raising Auckland Council's private share to 32.2% for 2025-26 was estimated to require a $34.8m cost reduction that would be met through removing 25-30 bus services (17% of services) and some ferry services.[8] These cases clearly establish that public transport service reductions will occur as a result of the new private share targets.

The national picture

The examples discussed below in the cost of living section show the significant weekly price increases for public transport users when Transport Authorities make *small* private share increases, compared to those proposed by NZTA Waka Kotahi. This may be because, like Auckland, they were starting from a relatively high private share (ie moving from 30.2% to 32.2%), or because the Transport Authority has rejected the proposed targets as unrealistic (e.g. moving from 20.5% to 25.1%, *not* 35%, in Wellington).

Please see the table below, showing the private share starting point for each Transport Authority, and NZTA Waka Kotahi's overall private share targets. For other centres, starting from a lower private share, or for any centres that adopt a higher private share target, the cost increases for public transport users would be significant.

Table 11 Regional private share targets to be agreed with NZTA

Public transport authority	2018/19 Actual	2023/24 Actual	2024/25 Interim Target	2025/26 Interim Target	2026/27 Indicative Target
Auckland	33.2%	23.5%	To be set and agreed with each public transport authority		
Wellington	36.9%	20.5%			
Canterbury	28.2%	11.7%			
Waikato	24.1%	10.1%			
Otago	34.5%	18.7%			
Bay of Plenty	17.7%	7.2%			
Horizons	23.4%	11.9%			
Taranaki	28.4%	13.0%			
Nelson-Tasman	36.6%	13.2%			
Hawkes Bay	24.0%	7.3%			
Northland	20.1%	11.6%			
Invercargill	20.3%	9.0%			
Gisborne	19.9%	8.7%			
Marlborough	14.1%	4.8%			
Total	**33.0%**	**20.5%**	**24-26%**	**28-33%**	**35-40%**

[7] Greater Wellington Regional Council. (2025). *Council 10 April 2025 Order Paper*. https://www.gw.govt.nz/document/23258/council-10-april-2025-order-paper/

[8] Auckland Council. (2025). *Report Plans of Transport, Resilience and Infrastructure Committee - Thursday, 6 March 2025.* https://infocouncil.aucklandcouncil.govt.nz/Open/2025/03/20250306_TICCC_ATT_11418_PLANS.PDF

- NZTA Waka Kotahi, November 2024[9]

Cost of living concerns

The Government's private share funding targets will almost certainly force public transport authorities to raise fare prices, worsening the cost of living, especially for vulnerable New Zealanders. Many New Zealanders are already in a poor financial position, with 38.2% of all households reporting having not enough or only just enough income to meet their needs.[10] **Table 1** illustrates the likely fare increases faced by Wellington off-peak commuters as a result of the private share targets coming into force. Fare increases will further stretch household budgets and risk making transport out of reach for many New Zealanders. Low-income people will be disproportionately affected since they spend a higher proportion of their income on transport[11] and are also more likely to travel off-peak.[12]

Table 1. Estimated fare increases to long-distance Wellington off-peak commuters.[13]

Travel	Off-Peak Weekly Fares*			
	Adult (Apr 2025)	Adult (Jul 2025 onwards)**	Community Connect (Apr 2025)	Community Connect (Jul 2025 onwards)**
Paraparaumu ↔ Wellington	$55.20	**$78.98**	$27.60	**$39.49**
Porirua ↔ Wellington	$30.40	**$43.42**	$15.20	**$21.75**
Waterloo ↔ Wellington	$24.90	**$35.56**	$12.50	**$17.81**
Upper Hutt ↔ Wellington	$43.80	**$62.67**	$21.90	**$31.33**
Masterton ↔ Wellington	$87.80	**$125.55**	$43.90	**$62.81**

[9] NZ Transport Agency Waka Kotahi (2024). *Increasing the private share of public transport operating expenditure: Discussion document.* https://www.nzta.govt.nz/assets/Walking-Cycling-and-Public-Transport/docs/Increasing-the-private-share-of-public-transport-operating-expenditure-pta-discussion-document-november-2024.pdf p. 26

[10] Statistics NZ. (2025). *Household income and housing-cost statistics: Year ended June 2024*. https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2024/ (accessed 26 April 2025)

[11] Ministry of Transport (n.d.). *Inclusive Access*. https://www.transport.govt.nz/statistics-and-insights/transport-indicators/sheet/inclusive-access (accessed 26 April 2025)

[12] NZ Transport Agency. (2016). *Pricing strategies for public transport: Part 1.* https://nzta.govt.nz/assets/resources/research/reports/565/565-Pricing-strategies-for-public-transport-part-1-main-report.pdf

[13] Metlink. *Tickets and fares*. https://www.metlink.org.nz/getting-started/tickets-and-fares (accessed 26 April 2025)

*Assumptions: Travel is for 5 days per week, twice per day, using a Snapper card
**Assumptions: Off-peak travel discount reduced to 30%, all fares rise by 2.2%.[14]

The fare increases and public transport service reductions set to occur across the country as a result of private share targets will likely worsen transport-related social exclusion. Inaccessible transport reduces disadvantaged groups' access to services (e.g. healthcare), education, and employment, limits social connections, causes mental distress, and contributes to poverty.[15] These cost wider society, such as through increased welfare provision or reduced tax revenues,[16] and would also be inequitable.

Environmental concerns

Transport makes up 17% of New Zealand's greenhouse gas emissions and 89% of household emissions.[17] These emissions are largely from private vehicle use. Currently, NZ is unlikely to meet international emissions reduction obligations. Under the Paris Agreement, NZ committed to a 50% reduction in net greenhouse gas emissions relative to 2005 gross emissions by 2030.[18] NZ is currently projected to exceed that target by 17,000 kilotonnes CO_2-equivalent in 2030.[19] Decarbonising our transport sector is critical for meeting emissions reduction targets; greater use of public transport is necessary for this transition.

We are concerned that efforts to encourage mode shift away from private vehicle use towards public transport will be undermined by increased fares and reduced service delivery. Evidence from the introduction of half-price fares from April 2022 shows that affordable fares led to significantly higher public transport patronage. Between June and October 2022, over 33-35% of public transport users (4-9% of all New Zealanders) reported taking more trips as a result of half-price fares.[20] 49% of those who switched to public transport under half-price

[14] Greater Wellington Regional Council. (2025). *Council 10 April 2025 Order Paper*. https://www.gw.govt.nz/document/23258/council-10-april-2025-order-paper/
[15] Transport for the North. (2022). Transport-related social exclusion in the North of England. https://transportforthenorth.com/reports/transport-related-social-exclusion-in-the-north-of-england/.
[16] Stanley, J., & Lucas, K. (2008). Social exclusion: What can public transport offer? *Research in Transportation Economics*, *22*(1), 36–40. https://doi.org/10.1016/j.retrec.2008.05.009.
[17] Statistics NZ. (2025). Greenhouse gas emissions (industry and household): December 2024 quarter. https://www.stats.govt.nz/information-releases/greenhouse-gas-emissions-industry-and-household-december-2024-quarter/
[18] International Monetary Fund. (2023). New Zealand: Selected Issues. https://www.imf.org/en/Publications/CR/Issues/2023/08/24/New-Zealand-Selected-Issues-538458.
[19] International Monetary Fund. (2023). New Zealand: Selected Issues. https://www.imf.org/en/Publications/CR/Issues/2023/08/24/New-Zealand-Selected-Issues-538458.
[20] Waka Kotahi. (2023). RN 009A – Impact of half-price public transport fares – a research note. https://www.nzta.govt.nz/assets/resources/research/research-notes/009a/009a-impact-of-half-price-fares-On-public-transport-survey-two.pdf.

fares cited the cost of daily travel as a concern, showing that affordable fares were critical for them to choose public transport. Overseas evidence also shows that fare discounts promote mode shift.[21] Fare increases and service reductions resulting from private share targets would hinder the much-needed decarbonisation of our transport sector.

The Loss of Decongestion Benefits

Affordable and accessible public transport also brings a host of other benefits, including congestion relief. In Melbourne, Australia, modelling showed that loss of public transport would increase driving times in the inner city by 78%, despite only carrying 9% of trips.[22] In Wellington, about half of commuters into the city use public or active transport every morning, which helps to control congestion.[23] Public transport-induced decongestion benefits per vehicle per kilometre of travel were valued at $1.19 in Auckland and 91.1 ¢ in Wellington.[24] Given that congestion is currently costing around $1.4-1.9b annually for Auckland alone,[25] the economic benefits from increasing PT use are likely to be significant. Increasing fares and reducing public transport services could stall progress towards reducing congestion, costing New Zealanders in both time and economic benefits.

Conclusion

We at the Free Fares coalition petition the House of Representatives to urge the Government to recognise the benefits of affordable, accessible, well-funded public transport and remove the private share targets that have been issued to public transport authorities.

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[21] De Witte, A., Macharis, C., Lannoy, P., Polain, C., Steenberghen, T., & Van de Walle, S. (2006). The impact of "free" public transport: The case of Brussels. Transportation Research Part A: Policy and Practice, 40(8), 671–689. https://doi.org/10.1016/j.tra.2005.12.008. See also: Cats, O., Susilo, Y. O., & Reimal, T. (2017). The prospects of fare-free public transport: evidence from Tallinn. Transportation, 44(5), 1083–1104. https://doi.org/10.1007/s11116-016-9695-5.

[22] Nguyen-Phuoc, D. Q., Currie, G., De Gruyter, C., & Young, W. (2018). Congestion relief and public transport: An enhanced method using disaggregate mode shift evidence. Case Studies on Transport Policy, 6(4), 518–528. https://doi.org/10.1016/j.cstp.2018.06.012.

[23] Waka Kotahi. (2020). *Regional Mode Shift Plan: Wellington.* https://www.nzta.govt.nz/assets/resources/keeping-cities-moving/Wellington-regional-mode-shift-plans.pdf, p.4.

[24] Aftabuzzaman, M., Currie, G., & Sarvi, M. (2008). *Evaluating the congestion reduction impacts of public transport – a comparative assessment.* https://australasiantransportresearchforum.org.au/wp-content/uploads/2022/03/2008_Aftabuzzaman_Currie_Sarvi.pdf

[25] NZ Institute of Economic Research. (2017). *Benefits from Auckland road decongestion.* https://infrastructure.org.nz/wp-content/uploads/2021/08/Benefits-Auckland-Roads-Decongestion-Report.pdf