



AGENDA

Extraordinary RTC Public Transport Subcommittee Meeting

Date: Tuesday, 11 August 2026

Time: 1:00 PM

Location: Council Chambers
Waikato Regional Council
Level 1, 160 Ward Street, Hamilton

Members: Cr Liz Stolwyk – Committee Chair – Waikato Regional Council
Cr Angela Strange – Committee Deputy Chair – Waikato Regional Council
Cr Ray Broad – Hauraki District Council
Cr Jo Butcher – Ōtorohanga District Council
Cr Duncan Campbell – Taupō District Council
Cr Mike Keir – Waikato District Council
Cr Mesh Macdonald – Hamilton City Council
Cr Sue Moroney – Hamilton City Council
Cr Janette Osborne – Waitomo District Council
Cr Mike Pettit – Waipā District Council
Cr Martin Rodley – Thames Coromandel District Council
Mayor Ash Tanner – Matamata Piako District Council
Cr Elvisa van der Leden – South Waikato District Council
Cr Andrew Corkill – Waka Kotahi NZ Transport Agency (non-voting)

Alternates: Cr Stephen Crooymans – Hauraki District Council
Cr Roger Gordon – Waipā District Council
Cr Sandra Greenslade – Taupō District Council
Cr Eugene Patterson – Waikato District Council
Cr Kerry Purdy – South-Waikato District Council
Deputy-Mayor James Sainsbury – Matamata Piako District Council
Cr Dan Tasker – Waitomo District Council
Cr Sarah Thomson – Hamilton City Council
Susan Collins – Waka Kotahi NZ Transport Agency (non-voting)

RTC Public Transport Subcommittee

Ngā Tikanga Whakahaere | Terms of Reference

1. *Mana ā-Ture* | Status

This is a Subcommittee of the Regional Transport Committee and was established by Council under clause 30(2) of Schedule 7 of the Local Government Act 2002. It is a discretionary committee that can be created or disestablished by Council or Regional Transport Committee resolution.

2. *Kawenga* | Responsibilities

This Subcommittee is responsible for considering and making recommendations on:

- a. Preparing the *Regional Public Transport Plan* for endorsement by the Regional Transport Committee and adoption by Waikato Regional Council.
- b. Adopting non-significant (as defined in the *Regional Public Transport Plan*) variations to the *Regional Public Transport Plan*.
- c. Adopting non-significant (as defined in the *Regional Public Transport Plan*) variations to the *Regional Public Transport Plan*.
- d. Considering and making recommendations on matters relevant to regional implementation and monitoring of the *Regional Public Transport Plan*.
- e. Receiving regular monitoring reports and presentations on relevant public transport matters.
- f. Preparing recommendations on public transport strategy and programmes, and investment requirements, to the relevant authorities.

3. *Ngā Apatono* | Powers

The Committee has the following powers required to carry out its responsibilities:

- a. Prepare and recommend the *Regional Public Transport Plan* for endorsement and adoption.
- b. Recommend significant variations to the *Regional Public Transport Plan* to the Regional Transport Committee and Waikato Regional Council.
- c. Establish a single purpose hearings committee or subcommittee with appropriate representation to develop and hear submissions on the *Regional Public Transport Plan*.
- d. Advise on public transport strategy, programmes, and investment needs.

4. *Ngā Tūranga* | Membership

4.1 *Ngā Mema* | Members

The Subcommittee has sixteen members as follows:

- a. Two persons appointed by, and representative of Waikato Regional Council, one being the chair (or deputy-chair) of the Regional Transport Committee.
- b. Two persons appointed by, and representative of Hamilton City Council.
- c. One person appointed by, and representative of, the following territorial authorities in the Waikato region being:
 - i. Hauraki District Council
 - ii. Matamata-Piako District Council
 - iii. Ōtorohanga District Council
 - iv. South-Waikato District Council
 - v. Taupō District Council
 - vi. Thames Coromandel District Council
 - vii. Waikato District Council
 - viii. Waitomo District Council
 - ix. Waipā District Council
- d. The Subcommittee includes the following non-voting members:
 - i. One non-voting member appointed by the Auckland Council Governing Body.
 - ii. One non-voting member appointed by Waka Kotahi NZ Transport Agency.
 - iii. One person appointed by the Regional Transport Committee representing the disability, access and mobility sector in an advisory (non-voting) capacity.

4.2 Ngā Kairiwhi | Alternates

Any appointing agency or organisation may appoint one alternate member. Where the member appointed by the agency or organisation concerned is absent, the alternate will have full voting rights in the place of the absent member (where that member had those same rights).

4.3 Mema-kore | Non-members

The Subcommittee may invite non-member, non-voting experts to assist the Subcommittee, sitting at the Subcommittee table and with the same speaking rights as a member.

4.4 Ūpoko me te Ūpoko Tuarua | Chair and Deputy-Chair

- a. The Chair of the Subcommittee is the Chair (or the Deputy-Chair), of the Regional Transport Committee as appointed above.
- b. The Deputy-Chair is appointed by Council in accordance with clause 25 of Schedule 7 of the Local Government Act 2002.

5. Tokamatua | Quorum

Seven voting members. *Refer clause 23(3)(b) of Schedule 7, Local Government Act 2002*..

6. Ngā Tikanga Pōti | Voting

- a. Decisions are made by majority vote of members present.
- b. If votes are equal, the Chair has a deliberative and casting vote.

Refer clause 24 of Schedule 7, Local Government Act 2002.

7. Ngā Hui i te Tau | Frequency of meetings

Quarterly or as required.

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1 KARAKIA TIMATANGA

Whakataka te hau ki te uru	Cease o winds from the west
Whakataka te hau ki te tonga	Cease o winds from the south
Kia mākinakina ki uta	Bring calm breezes over the land
Kia mātaratara ki tai	Bring calm breezes over the sea
E hī ake ana te atakura	And let the red-tipped dawn come
He tio	With a touch of frost
He Huka	A sharpened air
He hau hū	And promise of a glorious day
Tīhei mauri ora!	Behold we live

2 APOLOGIES**3 CONFIRMATION OF AGENDA****4 DISCLOSURES OF INTEREST**

Members are reminded of the need to be aware of maintaining a clear separation between personal interests and duties and their role as an elected member.

If any member has an interest that creates an actual, or could be perceived to create, a conflict in relation to any item on the agenda, it is recommended that this be disclosed.

5 GENERAL ITEMS

5.1 RPTP FARE POLICY REVIEW: DECISION PAPER TO PROCEED WITH CONSULTATION

Rā Date:	4 August 2026
Kaituhi Author:	Katherine Simpson, Team Leader - Transport Planning
Kaituku Authoriser:	Phil King, Director, Regional Transport Connections
Mana whakatau Delegation Status:	For recommendation to Waikato Regional Council

TE ARONGA | PURPOSE

1. The purpose of this report is to seek the RTC Public Transport Subcommittee's (RTC PT Subcommittee) recommendation to Waikato Regional Council to endorse the proposed preferred package and consultation approach for the Regional Public Transport Plan (RPTP) Fares Policy Review and proceed with public consultation.
2. This report seeks the RTC PT Subcommittee's confirmation to conduct hearings for the Fares Policy Review consultation process; hearing submitters who wish to be heard, considering feedback received through consultation, and making recommendations to Waikato Regional Council for its final decision.

KŌRERO WHAKATAKI | EXECUTIVE SUMMARY

3. This report provides an update on the Waikato Regional Council (WRC) RPTP Fares Policy Review and presents the proposed preferred package and consultation materials for consideration. The review seeks to ensure the region's fare policies remain fit for purpose by balancing affordability, patronage growth, equity and financial sustainability, while preparing for the introduction of Motu Move. Following technical assessment and elected member workshops, a preferred package has been developed and is proposed for public consultation.
4. The proposed changes are expected to require consultation under the Special Consultative Procedure. The RTC Public Transport Subcommittee is invited to recommend that WRC endorse the preferred package and consultation approach and proceed with public consultation. Subject to Council endorsement, consultation is proposed to occur between September and October 2026, with final recommendations to be presented to Council in December 2026.
5. Specifically, the report:
 - (a) Presents the RTC PT Subcommittee on the proposed preferred package of fare policies and structures for the Fares Policy Review project.
 - (b) Shares the proposed preferred package (**Attachment 1**), Statement of Proposal (**Attachment 2**) for consultation and draft consultation questions (**Attachment 3**).
 - (c) Outlines the proposed consultation process, including key consultation steps, timeframes and decision points.

- (d) Advises that the final Issues and Options Report and draft Final Report have been received from the consultant (**Attachment 4**) and outlines at a high level what these reports cover.

TAUNAKITANGA KAIMAHI | STAFF RECOMMENDATION:

1. That the report *RPTP Fare Policy Review: Decision Paper to Proceed with Consultation* (RTC Public Transport Subcommittee, 11 August 2026) be received.
2. That the RTC Public Transport Subcommittee recommends that Council endorses the proposed preferred package and consultation approach for the Regional Public Transport Plan Fares Policy Review and proceeds with public consultation.
3. That the RTC Public Transport Subcommittee will conduct hearings for the Fares Policy Review consultation process (as/if required), hearing submitters who wish to be heard, considering feedback received through consultation, and making recommendations to Waikato Regional Council for its final decision.

HOROPAKI | BACKGROUND

6. Waikato Regional Council (WRC) is undertaking a comprehensive review of its public transport fares policy to ensure the fare system remains fit for purpose in a changing policy, funding and operating environment.
7. The purpose of WRC's fares policy is to support a public transport system that is simple, affordable, accessible and financially sustainable. Fare setting is not solely about determining how much passengers pay; it is about making deliberate choices regarding how the costs of providing public transport are shared, how affordability is maintained for those who most rely on the network, and how fares can support the continued growth of public transport use across the region.
8. The Council recognises that fares influence people's travel choices and that public transport delivers wider benefits to the region through improved access to employment, education, healthcare and social opportunities, while also supporting broader transport, environmental and wellbeing outcomes. The fare system should therefore encourage public transport use wherever practical, while acknowledging the need to recover an appropriate share of operating costs and ensure the network remains financially sustainable for both passengers and funders.
9. In setting fares, Council seeks to balance three interrelated objectives: growing and retaining patronage, promoting equitable access, and maintaining sustainable revenue. These objectives do not always align, requiring trade-offs between affordability, simplicity and cost recovery. The fare system aims to provide affordable travel for those most likely to face transport disadvantage, including young people, people with accessibility needs and lower income households, while ensuring that fare products are easy to understand and targeted where they can deliver the greatest benefit. The preferred fare package reflects this approach by retaining strong support for passengers with limited transport alternatives, improving affordability for a broader range of young people, simplifying aspects of the fare

structure, and supporting continued investment in a reliable and effective public transport network.

10. The review is occurring against a backdrop of several significant and interrelated drivers. Central government, through the Government Policy Statement on Land Transport 2024 (GPS), has introduced higher private share revenue targets for public transport funding. These targets require public transport authorities to recover a greater proportion of operating costs from fares and other third-party revenue sources, while still supporting patronage growth and equitable access.
11. WRC is also preparing for the transition to the Motu Move, expected to be implemented in the Waikato region during the 2027/2028 period. This transition presents both constraints and opportunities for fares policy as future fare structures must be compatible with Motu Move's technical capabilities while also being simpler, more consistent, and easier for customers to understand.
12. The fare review also interfaces with other live and evolving work programmes. These include ongoing Annual Plan deliberations, which have included decisions to increase fares to meet private share targets, changes to Total Mobility funding, as well as work relating to Te Huia and the continued evolution of on-demand / flex services. The sequencing and timing of these programmes has meant that the fare review has needed to remain adaptable, with assumptions and inputs evolving as wider policy and funding settings are clarified.
13. The Scope of Work for the Fares Policy Review intentionally focuses on fare and tariff structures rather than operational delivery. It seeks to strike an appropriate balance between three competing objectives: maintaining financial sustainability, supporting patronage growth, and addressing social and equity considerations. The review also considers opportunities to simplify the existing fare system, including zoning, concessions, fare capping, and fare presentation, while retaining a zonal approach.
14. Elected member workshops were conducted to seek high-level feedback on policy directions and trade-offs to prepare a final report and recommendation. Workshops were held with the WRC Transport Committee and this Subcommittee on 2 June and 15 June 2026, respectively.
15. Feedback from the RTC Public Transport Subcommittee and WRC Transport Committee workshops has informed the development of the preferred package. The RTC Public Transport Subcommittee provided a clear preference for a defined hybrid package, selecting what it viewed as the strongest elements from across the three packages presented during the workshop. This preferred approach has helped inform the identification of the preferred package.
16. A final Issues and Options Report has been prepared by the consultant and is appended as **Attachment 4**. This report provides the technical evidence base for the review and considers the trade-offs between revenue, patronage, equity, simplicity and implementation complexity.
17. A Final Report has also been prepared by the consultant and is appended as **Attachment 1**. This report sets out the preferred package and recommended policy changes.

TE TAKE | ISSUE

18. The Fares Policy Review has reached a key milestone with the identification of a preferred package. This preferred package proposes a number of changes to fare policy and fare settings, including:
- (a) Te Huia fares are proposed to be set separately from bus fares and marketed by station rather than by zone. This reflects Te Huia's role as an inter-regional rail service with a distinct market and cost structure.
 - (b) As the rail fare structure is proposed to diverge from bus fares, there are technical and administrative challenges in providing free transfers between bus and rail. Free bus-rail transfers are therefore not proposed to continue as part of the preferred package at this stage. This is expected to affect a relatively small proportion of trips where only 0.05% of Te Huia journeys involved a bus-rail transfer between January 2025 and April 2026. Any future bus-rail transfer arrangement would need to be tested through the Motu Move tariff configuration process to confirm whether it is technically possible and operationally feasible.
 - (c) Free transfers between eligible bus services would be retained.
 - (d) On-demand fares are proposed to be set in line with the equivalent fixed-route bus fare to provide free transfers and consistent pricing messaging to passengers unless a premium fare is warranted for a service with a specific use case (such as with the Hamilton Night Flex).
 - (e) For bus services, the zonal fare structure would be retained but simplified by reducing the number of rural fare zones. Fares would be marketed across 1 to 6+ zones, with the maximum bus fare reached at 6 zones. The existing Central City zone would be retained.
 - (f) The Accessibility Concession would be retained in full, including the PlusOne.
 - (g) SuperGold travel on buses would be aligned with how it is currently implemented on Te Huia as well as the national scheme. This means SuperGold cardholders would continue to travel free on all services during off-peak times, and all day on weekends and public holidays, but free weekday peak travel on buses would no longer continue.
 - (h) Adult fare capping is proposed to remain at 9 journeys per week.
 - (i) A new 20% youth discount on all smartcard user trips is proposed for passengers aged 5 to 18 years on buses. Youth fare capping would also be aligned with the adult fare cap of 9 journeys per week. This provides a simpler and more consistent approach than maintaining separate adult and youth capping rules.
 - (j) Every youth rail journey would continue to receive a 50% discount on all smartcard user trips. However, it is proposed to extend the age band of 'youth' who are eligible to receive this 50% discount to be 5 to 18 years to align with buses. This would improve consistency and reduce complexity across the fares system. Youth fare capping on rail would still continue, but it would be aligned with the adult cap of 9 journeys a week.
19. The preferred package also proposes new RPTP policies, including policies for relative zonal bus fares, fare rounding and annual fare adjustments. A table of the proposed RPTP policy changes and new policies can be found in **Attachment 2**.

20. At the June RTC Public Transport Subcommittee workshop, the Subcommittee was receptive to replacing the Central City zone with a larger Hamilton Inner Zone. However, further analysis found that the proposal would create complexity and equity issues, particularly for outer-suburb and cross-city passengers. For a separate lower-fare inner zone to be justified, trips within that zone would need to be meaningfully shorter than trips across the wider Hamilton area. Assessment of the options against journey length, equity, natural boundaries and patronage identified fatal flaws with all options (see **Attachment 1**). A Hamilton Inner Zone is therefore not considered as part of the preferred package.
21. The potential for a group or family ticket was raised during elected member engagement with the RTC Public Transport Subcommittee. Group or family tickets could provide financial benefits for passengers travelling together. However, there are several matters to consider, including eligibility criteria, group size, passenger mix, transaction processing, enforcement, and NTS technical compatibility. There is also limited evidence on the benefits of group ticketing, and the cost of implementing this type of fare product is difficult to forecast due to uncertainty around uptake and potential impacts on other ticket types. For these reasons, a group or family ticket is not recommended as part of the preferred package at this stage.
22. Under the RPTP significance policy, the proposed changes require full public consultation using the Special Consultative Procedure.
23. A draft Statement of Proposal has been developed in accordance with the Local Government Act 2002 and is appended as **Attachment 2**. This document is intended to support public consultation on the fare policy review. The document explains the need for the review, the objectives being sought, the key policy proposals being consulted on, and the potential implications of those proposals for public transport users. The Statement of Proposal is designed to provide sufficient information for submitters to understand the options being considered, the reasons for the proposed changes, and the trade-offs involved, enabling informed feedback before final decisions are made by Council.
24. **Attachment 3** provides a draft set of consultation questions that are intended to test public views on the key fare policy proposals arising from the review. The questions focus on the main themes identified through the review, including youth fare discounts and fare caps, and SuperGold concessions. The questions have been designed to gauge the level of public support for the preferred policy directions, understand the reasons behind that support or opposition, and identify any unintended consequences or implementation considerations that should be taken into account before final policy decisions are made. The consultation material is intended to focus on strategic policy choices and trade-offs rather than detailed fare calculations or operational matters
25. The proposed public consultation period may overlap with the communication of upcoming public transport fare increases. This presents a risk that public feedback may focus on the fare increases rather than the Fares Policy Review itself. To reduce this risk, the consultation material will clearly explain the scope of this project and the specific matters being consulted on.
26. Public consultation is proposed between 3 September 2026 and 5 October 2026 with hearing dates expected to be in late October / early November 2026.
27. The project timeframes are very tight due to the need to be ready for implementation of the Motu Move in 2027. Council will be asked to endorse the proposed consultation approach at its August 2026 meeting, with the final recommendation scheduled to be presented to Council for decision in December 2026. To meet these timeframes and reduce the

administrative requirements associated with establishing a separate hearing panel, it is proposed that the RTC Public Transport Subcommittee act as the hearing panel for this process. This would enable the Subcommittee to hear submitters who wish to speak to their submissions, consider feedback received, and make recommendations to Waikato Regional Council before Council makes a final decision. If a separate hearing panel is established, or if additional governance steps are required, the programme is likely to be delayed into early 2027.

TE URUTAI KI TE HURIHANGA ĀHUARANGI | ADAPTATION TO CLIMATE CHANGE

28. This decision will increase the ability of the Council or region to proactively respond to the impacts of climate change now or in the future.
29. Public transport plays an important role in supporting community resilience by providing access to employment, education, healthcare and essential services. The Fares Policy Review seeks to ensure the fare system remains affordable, accessible and fit for purpose, helping maintain access to public transport for a wide range of users, including groups that may be more vulnerable to the impacts of climate change. Public consultation will provide an opportunity for communities, stakeholders and iwi to contribute to the decision-making process and identify any potential impacts on access and affordability that should be considered before final decisions are made.
30. The decision is not sensitive to higher emission scenarios or more rapid climate changes.

TE WHAKAMAURU – TE WHAKAHEKE I NGĀ PĀNGA KI TE ĀHUARANGI | MITIGATION – REDUCING IMPACTS ON THE CLIMATE

31. This decision is likely to result in a no direct impact in greenhouse gas emissions.
32. The decision relates to seeking approval to undertake public consultation on the proposed Fares Policy Review package and does not in itself change public transport service levels, fare settings, or travel behaviour. As a result, no direct greenhouse gas emissions increase or reduction is expected from this decision.
33. However, the Fares Policy Review considers fare settings that may influence public transport patronage and mode choice over time. Maintaining an affordable, simple and accessible fare system can support the attractiveness of public transport and contribute to broader regional objectives of increasing public transport use and reducing reliance on private vehicles.
34. The decision does not result in any material greenhouse gas emissions and no emissions estimate has been calculated

TE HAUTŪ ĀHUARANGI | CLIMATE LEADERSHIP

35. This decision provides an opportunity for Council to demonstrate leadership by engaging with communities, stakeholders and iwi on the future of public transport fares, helping to build awareness of the role that affordable and accessible public transport can play in supporting a more sustainable and lower-emissions transport system.

TE AROMATAWAI I TE HIRANGA | ASSESSMENT OF SIGNIFICANCE

36. Having regard to the decision making provisions in the LGA and Council's *Significance and Engagement Policy*, a decision in accordance with the recommendations is considered to have a high degree of significance. Staff are of the opinion that the content and recommendations in this report are consistent with the decision making requirements contained in Part Six of the LGA and that the decision making requirements of the LGA have been met.

TE HOROPAKI Ā-TURE | LEGISLATIVE CONTEXT

37. The RLTP and the RPTP is prepared under the direction of the Land Transport Management Act 2003 (LTMA). The recommendations presented in this report are considered to meet the requirements of the LTMA and consultation will be in accordance with the Local Government Act (LGA).

KŌWHIRINGA I MANAKOHIA | PREFERRED OPTION

38. The preferred option is for the RTC Public Transport Subcommittee to recommend that Waikato Regional Council endorse the proposed preferred package and consultation approach for the RPTP Fares Policy Review and proceed with public consultation. The preferred package, as outlined in **Attachment 1 and 2**, reflects feedback received through elected member workshops and seeks to balance affordability, patronage growth, equity and financial sustainability while preparing for the implementation of Motu Move. Public consultation will provide an opportunity for passengers, stakeholders and communities to provide feedback before final decisions are made by Council.

NGĀ WHAIWHAKAARO KAUPAPAHERE | POLICY CONSIDERATIONS

39. To the best of the writer's knowledge, this decision is not significantly inconsistent with, nor is anticipated to have consequences that will be significantly inconsistent with any policy adopted by Council or any plan required by the LGA or any other enactment.

TE TIRITI O WAITANGI | THE TREATY OF WAITANGI

40. Council is obligated under the LGA to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.
41. Council is committed to recognising and respecting its obligations under Te Tiriti o Waitangi through partnership, participation and protection. The proposed public consultation process will provide opportunities for iwi and Māori to participate in the review of the region's fares policies and to share their views on the proposed changes before final decisions are made.
42. Staff will work with Council's communications and engagement teams to support appropriate engagement with iwi and Māori throughout the consultation process. This approach recognises the importance of Māori participation in decision-making and provides an opportunity for Māori perspectives and interests to be considered as part of the final recommendations to Council.

WHAKAKAPINGA | CONCLUSION

43. The Fares Policy Review has reached a key milestone with the identification of a preferred package and associated consultation materials. The preferred package has been developed following technical assessment and elected member engagement and seeks to balance affordability, patronage growth, equity and financial sustainability, while supporting preparation for the implementation of Motu Move.
44. This report seeks the RTC Public Transport Subcommittee's recommendation to Waikato Regional Council to endorse the proposed preferred package and consultation approach and proceed with public consultation. Consultation will provide an opportunity for passengers, stakeholders, iwi and the wider community to provide feedback on the proposed changes before final decisions are made by Council.
45. To support the proposed programme timeframes, it is also proposed that the RTC Public Transport Subcommittee will undertake hearings for the consultation process. This would enable the Subcommittee to hear submitters who wish to be heard, consider consultation feedback, and make recommendations to Waikato Regional Council ahead of Council's final decision on the Fares Policy Review.

ĀPITI HANGA | ATTACHMENTS

1. **WRC Fares Review - Final Report with the Preferred Package (doc # 37727527)** [↓](#)
2. **Statement of Proposal for Consultation (doc # 38085005)** [↓](#)
3. **Draft Consultation Questions (doc # 38089755)** [↓](#)
4. **WRC Fares Review Final Issues and Options Report (doc # 37320403)** [↓](#)



Final Report
Waikato Regional Council Fares Review 2026

Fares Policy Review 2026



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Final Report
Waikato Regional Council Fares Review 2026

Document History

Date	Version	Date	Description
Working Draft			
Final Draft	0.9	13.07.2026	
Updated Final Draft	0.95	16.07.2026	



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Executive Summary

Waikato Regional Council is reviewing public transport fares to make sure the fare system remains financially sustainable, easy to understand, and fair for the people who rely on it.

This regular review of fares policy responds to two major changes: the planned rollout of the National Ticketing Solution and the need to respond to working towards achieving a higher proportion of public transport operating costs recovered from fares and other private revenue sources.

This report presents the evidence from the review in a condensed form focusing on the key issues identified and the development of the preferred option to take forward. The review provides specific recommendations on fares and tariff and the policy changes needed to support them.

Current Government policy requires PTAs to work towards growing "Private Share" to reduce Government subsidies. Waikato has an agreed target which rises from 13.3% to 18.4% by 2026/27. WRC exceeded its private share target in FY2024/25, achieving 15.2% against a 13.3% target. WRC is committed to increasing fares annually to work towards private targets.

Fares policy however is a wider issue than just higher or lower fares - it considers how the whole fares system distributes costs and benefits across different types of passengers and the journeys they make. Issues relating to the design of fare zones, and the relative prices of different types of journeys can affect fairness, as well as patronage and financial outcomes.

The review finds that Waikato's existing fare system has a solid foundation, but there is scope to make it simpler, better aligned to travel patterns, and more effective at balancing revenue, patronage, and equity.

A preferred option has been identified which:

- **Retains the broad zonal basis of the Waikato fare system while simplifying rural bus fare zones and separating Te Huia rail fares from the bus zonal tariff** — reducing complexity in rural areas where there is little travel between fare zones, and reflecting Te Huia as a distinct product.
- **Supports higher fares for rail, and special on-demand services** compared to bus services to reflect the premium nature of those services,
- **Retains the free Accessibility Concession at all times** — the cost being justified by strong access and equity benefits for a group with limited alternative transport options.
- **Aligns the SuperGold scheme with the national scheme** — peak-period use is low, and diverging from the national scheme adds unnecessary complexity.



- **Introduces a flat rate discount of 20% for youth** - fare capping alone benefits a small share of youth who reach the cap. A flat discount extends affordability to part-time and infrequent young users. Te Huia retains the existing 50% youth discount reflecting its distinct market and eligibility is extended to ages 5–18
- **Retains weekly fare capping at 9 journeys per week and applies it more consistently across passenger groups (including for youth and for Te Huia)** — a single, consistent cap is simpler for passengers to understand and for the Council to administer, and avoids maintaining parallel capping structures

The preferred option has been assessed against the RPTP objectives and the specific objectives staff had for the review. The review has modelled financial, patronage, and equity impacts enabling the preferred package to be tested against revenue, demand, and fairness considerations.

The proposed tariff changes avoid unnecessary complexity and any changes that would place disproportionate pressure on particular passenger groups. It is intended to be practical to implement through the National Ticketing Solution. The preferred option responds to the review objectives to help simplify the existing tariff and the RPTP objective of "a fares and ticketing system that is simple, affordable and attracts and retains customers."

Subject to the Transport Committee's endorsement, the next step is to take the preferred option to public consultation from August 2026, with a final Council decision anticipated in December 2026. Changes that require a policy amendment would be given effect through a variation to the Regional Public Transport Plan. The majority of tariff changes are expected to be implemented in tandem with the rollout of the National Ticketing Solution by the end of 2027. Selected "quick wins" may be introduced earlier where benefits justify doing so.



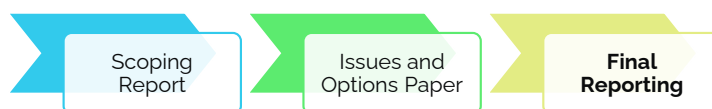
1 | Introduction

Waikato Regional Council has undertaken this fares review to ensure that its RTPP fares policies are fit for purpose, and that the tariff system is configured in the best way to meet existing and future challenges.

This report presents the evidence from the review in a condensed form focusing on the key issues identified and the development of the preferred option to take forward. The review provides specific recommendations on fares and tariff, and the policy changes needed to support them.

How the Review Was Carried Out

This report concludes the final phase of the fares review study and provides the final recommended preferred option. This section of the final report sets out how the study was undertaken.



Scoping

The review began with understanding staff preferences and objectives for the review during scoping stage. The objectives were:

- ◆ To assist WRC in developing a fare structure with an improved proportion of private share revenue in line with Government objectives.
- ◆ To model and compare different potential tariff options and their impact on passenger demand, financials and equity for various passenger groups (e.g., students, seniors, low-income).
- ◆ To identify opportunities to:
 - Simplify the current tariff structure and make it easier to communicate to passengers.
 - Lower the overall administrative burden of the ticketing system for WRC.
- ◆ To test compatibility of potential tariff options with the National Ticketing Solution.
- ◆ To provide specific, actionable recommendations for fare and tariff adjustments, including potential revenue targets and implementation strategies and possible amendments to RTPP policy.



Issues and Options Phase

This report is preceded by a fares review 'Issues and Options' paper which develops the evidence base and potential options for responding to the issues identified.

The evidence gathering part of the review developed the understanding how the current fare system works in practice: how customers use public transport across the region, and how existing fare settings affect revenue, demand, and fairness for different groups of users. Evidence from Bee Card tag on tag off data provided valuable insights showing how passengers actually use the public transport network. Comparisons of Waikato's fare structure against other passenger transport authorities in New Zealand were also made. A summary of the most important findings of the evidence gathering phase of the review are provided in this report; with the Issues and Options paper providing the full detail and background.

A long list of possible individual tariff changes was developed, which was then narrowed down to a smaller set of viable options which might responding to the issues identified. Those options were then grouped into shortlisted 'themed' packages to test with elected members to test a preferred overall direction between greater simplicity, affordability or patronage growth. The three pathways all assumed the same level of fare revenue - treating meeting private share revenue targets as a given.

Workshops were held with the WRC Transport Committee and the RTC Public Transport Subcommittee to test the emerging analysis and seek direction on the broad policy approach before developing final recommendations. The PT Subcommittee provided a preference for a defined hybrid package selecting what they viewed as the strongest elements from across the three packages. That preferred approach has helped inform to the identification of a preferred option to take forward to consultation.

Final Report and Recommendations

This report shows how that preferred option has been developed and also contains detailed financial and patronage modelling of the preferred option and an assessment of equity impacts on various user groups.



2 | What the Evidence Shows

Introduction

This section of the report presents an overview of the evidence base developed for the Issues and Options report, which presents the evidence base in greater depth.

Waikato's current tariff system has a good foundation; it is based on a zonal structure that broadly links the cost of fares to the time it takes for residents to move around the region. It also contains features intended to support regular travel and targeted concessions to benefit those who need it most.

Fares Policy

Fare setting requires balancing three objectives that inherently compete with each other:

- ◆ Patronage (attracting and retaining passengers).
- ◆ Revenue (reducing reliance on subsidy)
- ◆ Equity (ensuring affordability for students, pensioners, and rural or low-income users).



Final Report
Waikato Regional Council Fares Review 2026

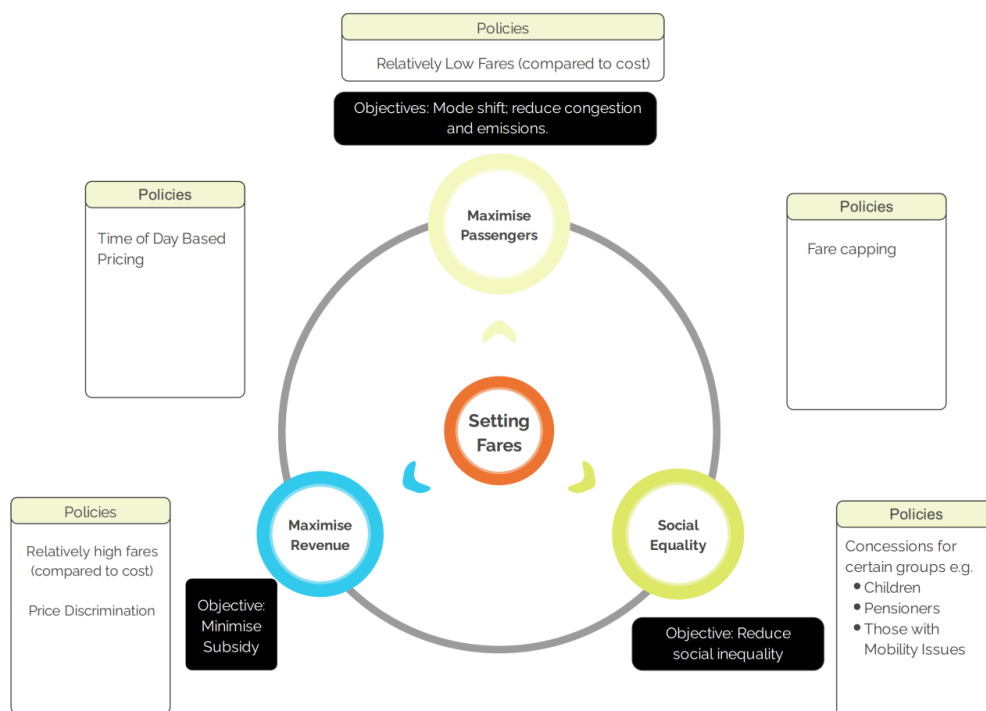


Figure 1 Examples of Trade Offs in Fares Policy

Placing too much emphasis on one objective comes at the expense of the others — for example, fare increases improve revenue in the short term, but the effect on patronage grows over time, that gain. This balance is further shaped by several constraints:

- **Elasticity of demand** — For those who pay a fare, demand decreases or increases proportional to the change in fares, which in turn affects revenue. These effects are greater the longer the amount of time from the fare change as people adjust their behaviour.
- **Network capacity** — crowding at peak times may constrain how much fares can be lowered to grow patronage without incurring additional service costs
- **Simplicity and marketability** — an easily understood fare structure supports uptake, but this can conflict with pricing that more precisely reflects the cost or distance of each journey
- **Cross-subsidy and funding availability** — concessions for one group are typically funded through higher fares for others, or through government subsidy.



Cost Recovery

The Issue

Current Government policy requires PTAs to work towards growing "Private Share" (fares, and other commercial revenue) to reduce Government subsidies. Waikato has an agreed target which rises from 13.3% to 18.4% by 2026/27.

Part of this review is to test the extent to which changes to other elements of the tariff structure might help lead to better outcomes than across-the-board fare increases.

The Evidence

WRC has comparable private share rates to other similar medium sized PTAs. Through the benchmarking process it has been identified that WRC does not have either particularly low fares and neither does it offer excessive concessionary discounts.

WRC exceeded its private share target in FY2024/25, achieving 15.2% against a 13.3% target. Through previous council resolutions WRC is committed to increasing fares annually to work towards private targets.

An emphasis on flat rate fare increases, whilst straightforward to implement, does mean that passengers who already pay the most for fares also have the greatest exposure to price increases. The risk is that sustain fare increases will erode the fare paying revenue base. Over time this means more passengers switching away from public transport which may constrain revenue and even mean cuts to services.

Optimisation of the Tariff Structure

The Issue

Passengers value a fare system that is easy to understand. Complexity in the tariff makes it harder to explain to passengers and is harder to administer.

There is a natural tendency for any long-standing policy to accumulate new initiatives, concessions, and special provisions over time in response to particular issues as and when they arise. Since the current fare policy and tariff was originally implemented with the Bee Card system, staff have observed that the structure has tended to become more complex over time. This review presents an opportunity to look at where the system can be simplified.



There are trade-offs of a simple fare system – segmenting the fare structure by geography for example is a necessary part of trying to ensure that the fare system is both fair *and* commercially sound – for example it is reasonable that passengers that travel the furthest should generally be charged more.

There are other means besides geography to segment a fare system, each introducing an additional layer of complexity – some fare systems charge different amounts depending on the time of day they travel, and some fare systems charge different amounts depending on the means of travel – be it bus, rail, or on-demand.

A fare system that goes too far in either direction will tend to have diminishing returns on the objectives being sought. This study takes a balanced approach – identifying simplifications to the existing tariff where they can be made without significant adverse impacts but does not discount changes where they may make the tariff more complex but would otherwise have significant benefits.

The Evidence

Mode Based Pricing

The Te Huia rail service represents a significantly different product to bus services. Rail offers higher quality than bus – better ride quality, and higher speed for example. There is a compelling argument that over the same distance travelled, fares for an equivalent rail service should be higher than for bus.

Prior to Council's decision to increase Te Huia fares by 25% in May 2026, there was a mostly unified approach to pricing public transport across the region, based on a single zonal system: whether travelling by train or bus passenger would be charged the same base fare based on the start and end point of their journey. However, Te Huia differed from buses in other respects such as concessions eligibility and transfer windows creating inconsistencies. In addition, Pukekohe station is allocated to a different fare zone from the surrounding regional bus zone to better align with Auckland Transport fares. Some of these differences have emerged over time rather than being designed for the tariff from launch.

On-demand services such as Night Flex also operate in a distinct market providing a premium product (booked travel, and corner to corner transport). Alignment to standard bus fares may not be appropriate for this type of service. The Flex night-time on-demand services also have a much higher cost per passenger than bus.

The trade-off of a mode specific approach is a more complex fare structure with different rules and pricing arrangements by mode.



The Zonal Structure and Fare Table

The existing zonal structure works well in that it broadly links the cost of fares to the time it takes for residents to move around the region. However, it has been identified that fare zones are more complex than needed in rural areas where there is very little travel between and within certain fare zones. Figure 2 shows proportion of travel between zones charged in the current fare table. Travel over 5, 6 and 7 zones has very little patronage (and hence revenue). Travel over 8 and 9 zones is almost exclusively on the Te Huia service.

Proportion of Journeys by Zones Travelled

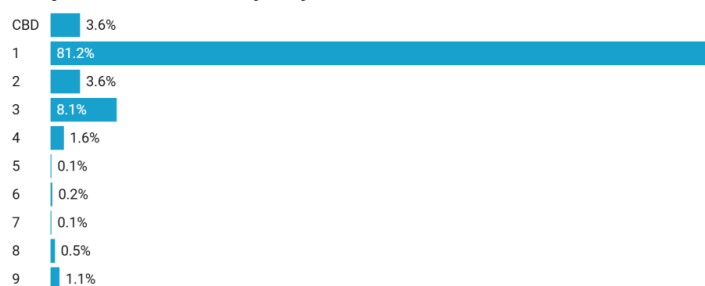


Figure 2 Proportion of Journeys by Zones Travelled

The City of Hamilton accounts for 95.8% of single-zone journeys in the region. Any changes to the Hamilton zone will have a far greater impact on passengers and revenue than changes to any other zone. This makes it the most important location to consider if the current zone design is optimal.

The evidence shows that passengers from the outer suburbs of Hamilton such as Rototuna travel on average much greater distances for the same single zone fare within Hamilton than those that live in the inner suburbs of the city such as Fairfield.

Providing better segmentation between longer journeys from the edge of the city and shorter journeys around the central city may improve revenue outcomes but this would be at the expense of increasing complexity and potentially raising questions of fairness of the system.

Time of Day Based Pricing

The current fare structure does not use time-of-day pricing. Charging different fares in Peak and off-peak times could help improve revenue outcomes relative to patronage impacts however the trade-off of this is additional complexity of the tariff. The review also found that there are not sufficient levels of crowding on most peak period bus services to justify higher fares in peak periods from a demand management approach. In terms of user impacts the approach would mostly benefit those who can and do travel outside peak periods, including shift workers and discretionary users through lower fares in the off-peak.



Concessions and Fare Capping

The Issue

Concessions is one of the most important areas of trade-off to consider in the fares policy review. Concessions policy should be treated as a deliberate choice about who is being supported, at what cost, and through which mechanism.

While concession products can improve access and respond to social equity concerns, they also carry an opportunity cost through either increased subsidy or cross-subsidy from other fare-paying passengers. A key policy choice for this review is whether the current choices of local concessions and fare capping remain appropriate.

Like many other regions, Waikato offers additional concession discounts above the nationally funded schemes. Because these extra concessions are funded locally rather than being co-funded by NZTA, they come at a direct cost to the region. These products offered in the Waikato are:

- ◆ The Accessibility Concession (and companion Plus One)
- ◆ Peak SuperGold entitlement on bus services

Fare capping is also discussed in this section. Waikato is unique in New Zealand in using a lower capping threshold to achieve a discount for youth – the user not paying for more than 6.5 journeys a week instead of a flat rate discount. The adult fare cap is set at 9 journeys per week.

Another consideration is the eligibility criteria for concessions. Eligibility for SuperGold and Community Services Card discounts are determined nationally, but eligibility for the 'youth' discount and other regional concession choices are determined by the region.

The Evidence

Today, Waikato's choices on concessionary fare products and fare capping cost roughly \$1 million per year in revenue foregone. If the total amount were funded from fares alone it would be equivalent to roughly a 10% fare reduction across the network.

Accessibility Concession

The accessibility concession exists to provide Waikato residents with "an impairment which means they are unable to drive" free travel on the Waikato public transport network, with an optional 'Plus One' companion fare for those needing travel assistance. Eligible residents may apply through an appointment with an approved assessor agency, who submits the application on their behalf.



Around 2,600 in-use Accessibility Concession Bee Cards existed in FY2024-25 (~3% of all cards in use), yet holders account for 8.5% of all public transport journeys in the Waikato —high usage relative to the number of card holders.

The accessibility concession was introduced in mid-2019 and is included as Policy P38 of the RPTP, though the RPTP itself doesn't clearly define the concession's objectives. A 2023 review by MR Cagney found strong social/access equity benefits: users reported that "many shopping and recreational trips would not have been possible, or would have been more difficult without the concession," and for recreation specifically, participants said such trips "would have been unaffordable if they had to pay the bus fare." Elected members also noted in workshops that the concession was cost-efficient relative to the more expensive taxi-based Total Mobility scheme which Waikato also part funds.

The estimated cost of the revenue foregone of the concession (not including any revenue saved from Total Mobility services) is \$360,000/year.

SuperGold Card Peak Extension

The scheme provides free travel to SuperGold Card holders during peak periods, on top of the nationally-funded SuperGold scheme which only applies to off-peak journeys.

This concession is a WRC-initiated extension — The peak period scheme provides a 100% discount on fares, funded 100% by WRC – this is distinct from the off-peak product which is funded by the Crown with a formula for partial reimbursement of revenue foregone.

The peak period scheme is bus-only — SuperGold Cardholders can currently travel for free on buses at any time, but can only travel free during off-peak trips on the Te Huia rail service, with full adult fares charged during peak times.

The peak extension captures only a modest share of peak trips - 4.5% of peak period journeys are made by SuperGold Card holders, as compared to 24.5% and 22.2% in the off-peak and weekends respectively. The vast majority of SuperGold peak users make only a very small number of journeys each week — of those SuperGold card holders who do use the peak concession over half make only a single trip per week in peak periods. There has been no direct evidence collected from users regarding any social benefits of the extension.

The peak SuperGold concession has modelled revenue-foregone cost of \$172,000 per annum in 2028.

Fare Capping

Separate weekly fare caps apply for youth and adults as set out below:

- ◆ Adults - For adults who have a 9 journey per week cap,



◆ Youth and Children -

- ◆ On bus and Te Huia services 5-18 year olds have a fare cap than of 6.5 journeys per week – users receive a half price 7th journey and free travel thereafter for the week.
- ◆ For Te Huia only - 'children' aged 5-15 only receive half price fares in addition to fare capping.

The evidence shows that fare capping currently benefits only a small proportion of high frequency users across both groups. Bee Card data shows that only 12.6% of youth journeys are capped, with 31% of active users in this group reaching the capping threshold during a typical term time week. Approximately 4% of adult journeys are capped. This arrangement benefits the typically 7.8% of active adult cardholders, who make at least ten trips weekly.

Capping disproportionately benefits those who travel frequently on a regular journey by the same method (bus or rail). Part-time workers, shift workers, and less regular users gain little or no benefit from capping. The low impact of capping on current travel patterns raises questions about whether fare capping remains the most effective tool for supporting affordability. Changing travel patterns may have weakened the case for continuing to rely on existing fare tools (particularly fare capping) in the current form.

Group Tickets

The potential for a group or family ticket was raised during elected member engagement through the RTC PT subcommittee. This is not a product that is currently offered on services in the Waikato. Group tickets would provide financial benefits to groups of passengers travelling together on the same journeys.

Eligibility criteria for this product would be a key consideration – how large can the groups be, what is the mix of passengers allowable (e.g. is a group of adults travelling together permissible for example or just adults with Children). There is also a significant operational consideration of how group transactions would get processed or enforced.

There is limited evidence on the benefits of group ticketing. The cost of implementing this type of ticket option is difficult to forecast as uptake, and abstraction from other ticket types are highly uncertain and difficult to model.



3 | Development of the Preferred Option

This section sets out the development of the preferred option building on the evidence base. The preferred option should align with staff objectives for the review, the RPTP objectives for fares whilst acknowledging that overall fares will need to rise to meet agreed private share targets.

Optimisation of the Tariff Structure

Mode Based Pricing

Te Huia

During this review, staff indicated a preference for greater future flexibility in the Te Huia tariff which is currently integrated with the bus service tariff. In May, Council approved a 25% increase in Te Huia fares, compared with 10% for bus services which created separate fare tables for rail and bus. Rail fares now approximately 15% higher than what would be the equivalent bus journey over the same number of zones. Some differences between the bus and rail tariff already existed prior to this as set out in the previous section.

A distinct approach to Te Huia fares is therefore required. Under the preferred option Te Huia would have a separate fare structure to bus. In practice this would mean that fares for Te Huia would continue to be marketed as they are currently - according to the specific **stations that Te Huia services** rather than the fare zones in which those stations reside, those being:

- Hamilton: Frankton
- Hamilton: Rotokauri
- Pukekohe,
- Puhinui
- Strand

The Bee Card fares for Te Huia effective from 28th September 2026 are provided in Table 1 below alongside an estimate of 2028 pricing. For the purposes of this review and the financial forecasting set out later in this report, it is assumed that up to 2028 that rail fares will increase from the current levels at the same rate that bus fares would increase by, however it is expected that staff will review and make recommendations on Te Huia fares annually to account for actual changes in costs, patronage and revenue.



Table 1 Te Huia Fares from 28th September 2026 and Forecast 2028 (fares are symmetrical in both directions)

From	To	Adult Bee Card Fare September 2026	Adult Bee Card Fare 2028 Estimated
Hamilton	To Huntly	\$6.70	\$8.90
	To Pukekohe	\$16.70	\$22.20
	To Puhinui	\$25.00	\$33.30
	To Strand (Auckland)	\$30.00	\$39.95
Huntly	Pukekohe	\$8.40	\$11.10
	Puhinui	\$16.70	\$22.20
	Strand	\$20.00	\$26.80
From Pukekohe	To Puhinui	\$8.40	\$11.10
	To Strand	\$13.40	\$17.75

In addition to separating the Te Huia fare table it is recommended that additional bespoke fare products be investigated and further developed for Te Huia given its unique market and operational positioning compared to bus services. These products would potentially include being able to make advanced bookings, discounted group tickets (in line with the findings set out below on group tickets), and other fare products to help optimise revenue and patronage on the service. These bespoke fare products would be investigated in tandem with consideration over whether to retain the higher 50% concession for youth (discussed later in this report) or if to align it with the bus discount rate.

Flex / On Demand

An increase of 25% above the standard one-zone urban fare is recommended for the Night Flex service, to better reflect the higher value to passengers of the bookable, corner-to-corner nature of the service. A staged fare increase for the Hamilton Night Flex on-demand service was broadly supported at elected member workshops. Fares for the service should be subject to regular reviews monitoring the effect of fare changes on the service.

In addition to the Night Flex, other future on demand services which have a bespoke or special market beyond what would ordinarily be expected to be provided by standard bus service are recommended to be considered for premium fares reflecting the typically higher cost of on-demand services to provide. The existing RPTP policy P19 provides flexibility with respect to on-

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demand service, but some changes to the policy for clarity are suggested in section **Error!**

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However, an important exception to this recommendation is any potential future on-demand services in the region which would integrate closely with the bus network (for example as feeder services) or replacing existing fixed route services. Pricing for these services are recommended to be aligned with the equivalent fixed route bus service tariff to provide free transfers and consistent pricing messaging to passengers.

The Zonal Structure

Regional Zones - Bus

Because rail fares are proposed to be removed from bus fares table, a new, separate bus only zonal fare table has been created. This section deals with the zonal system as it would apply to bus services.

The principles of the existing regional system are retained in the preferred option:

- The existing 'bullseye' fare zone map is retained, but simplified to reduce the numbers of different concentric bands.
- Charging would continue to be based on the number of 'zones travelled' in the region.
- The existing method of calculating 'zones travelled' is counted based on the number of zone boundaries a passenger crosses.
- Free transfers between bus services, set at the current transfer window rules.

In line with the objective of simplifying the fares system, a reduced number of fare zones for bus services is proposed for the preferred option. These simplifications to the zonal system reduce the number of possible combinations which in turn makes the fare table more compact and easier to understand for passengers.

The changes to the fare zones are:

- Zones which were previously only associated with the Te Huia service (i.e. Auckland) can now be excluded from the bus fare table as they are dealt with separately through the rail tariff.
- The number of zones is reduced by eliminating two zones in low-use rural areas.

The change to reduce the number of low-patronage rural zones was supported at both elected member workshops. The changes reduce the complexity of the fare table, moving from ten zone bands to eight with little impact on patronage or revenue.

Table 2 below shows the proposed allocation of towns within the zonal structure. There are no changes to towns in bands 1-4 with some of the towns in the higher bands moving into lower numbered zones.

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Table 2 Preferred Allocation of Townships to Fare Zones for Bus Services

	North West	North East	South East	South	West
Zone 1	Hamilton, Tamahere				
Zone 2	Ngaruawahia Horotiu Te Kowhai	-	Avantidrome	Ohaupo	Whatawhata
Zone 3	Huntly Taupiri	Morrinsville	Cambridge	Te Awamutu Kihikihi	Te Uku
Zone 4	Te Kauwhata	Te Aroha Waitoa Matamata	Tirau	Otorohanga	Raglan
Zone 5	Meremere Pokeno Tuakau Pukekohe	Paeroa	Putaruru Tokoroa	Te Kuiti	
Zone 6		Thames	Mangakino		
Zone 7			Kinloch Taupo		
Zone 8			Turangi		

Note – only towns with an existing public transport connection are listed in the table.



Table 3 Existing Allocation of Townships to Fare Zones

	North West	North East	South East	South	West
Zones 1 – 4	Same as Preferred				
Zone 5	Meremere	Paeroa	Putaruru	Te Kuiti	-
Zone 6	Pukekohe, Tuakau Pokeno	Thames	Tokoroa	-	-
Zone 7		-	Mangakino	-	-
Zone 8	Auckland (Puhinui Station)	-	-	-	-
Zone 9	Auckland (Strand)	-	Kinloch Taupo	-	-
Zone 10		-	Turangi	-	-

Hamilton Inner and Outer Zones

An option to replace the Hamilton central city zone with a larger Hamilton inner zone to better reflect the split of distances travelled was put forward as part of a potential 'optimisation' policy package. The Transport Committee workshop expressed opposition to the concept with concerns that increased costs for outer-suburb residents would deter mode shift from private vehicles. The PT subcommittee workshop however was more receptive to replacing the small central zone with a larger Hamilton inner zone, and members requested that Hamilton City Council confirm its formal position before the option was progressed. To date, WRC has not received confirmation of a position on this matter.

Additional analysis of this option has been undertaken for this review with different options considered in Appendix 2. Only a model where passengers are charged a cheaper fare for travel *within* the Hamilton zone is considered to be workable. A model where passengers are charged for crossing into and out of the zone (similar to the fare zones outside of the CBD), was discounted due to its unfair impact on cross-city passengers and adding significant complexity to the fare system within Hamilton.

For a contained inner zone to justify a separate, lower fare tier, the average length of journeys within the inner zone must be meaningfully shorter than those across the wider Hamilton zone. Assessed against this measure, and other good practice principles including equity of access, alignment with natural boundaries, and patronage volumes inside and outside of the zone, each of the four



potential options identified were found to have fatal-flaws and a Hamilton inner zone is therefore **not recommended for progression as part of the preferred option.**

On balance, while the existing central city fare zone is not optimal in terms of its impact, the benefits of removing it — some simplification, and a small amount of foregone revenue — are not considered substantial enough to outweigh the cost of implementing the change. Unlike the other proposed changes to the zonal fare structure, removing the central city fare zone would not meaningfully simplify the fare table for passengers, since this fare is specific to the central city alone and does not need to be interpreted as part of the wider fare table.

Time of Day Based Pricing

Time of day based pricing was tested with elected members who expressed concerns that this pricing model would be a complication and go against the need to attract passengers in peak periods. Concerns around complexity are considered to be valid, especially when compounding the additional complexity with other features of the fare system such as fare capping. **Time of day based pricing has not been taken forward for the preferred option.**

Fare Table

Defining Principles

While the RTPP does not need to specify exact fare levels, defining principles for how fares should be determined could make fare setting a more transparent. The basis of the calculation of the existing fare table is unclear.

Fare setting across zones should be guided by principles that reflect the relative cost of providing those services. In general, fares should increase broadly in line with distance travelled, while recognising that some operating costs — including vehicles, infrastructure, and overheads — are fixed or shared across the network rather than directly distance-based. Taking account of local access and the availability of facilities and services in the local area could also be a consideration, however this is much more difficult to quantify.

Proposed Structure and Pricing

The current fare table includes fares for travel over up to 9 zones, plus a separate central city zone. By reducing the number of zones (as set out above) the complexity of the fare table can be greatly reduced as there are fewer possible combinations. The proposed fare in Table 4 moves to fares for travel over just 6 zones and retains a separate central city zone.

Some trips on the current bus network can cross more than six zones, however the data shows that these accounted for only 0.001% of bus journeys for the period analysed. It is recommended that



these trips be marketed as a single fare which would apply to 6+ zones. The revenue impact of not maintaining separate higher fares for these very long trips is therefore negligible.

The proposed fare table has been updated to more consistently reflect distances travelled across the region – reflecting a base fare of \$3.70 plus an additional fare of about \$0.19 per kilometre travelled (based on average travel distances between zones) in 2028 prices.

Due to the reduction in the number of possible fares, combined with this more consistent pricing across the region some fares between towns would change.

For the vast majority of passengers there would be very little change compared to the fares they would otherwise pay. One of the most significant changes in fare levels to highlight is that for travel over 4 zones there would be an increase of around 8.5% (or an increase from \$10.45 compared to \$9.63 per journey on a Bee Card at 2028 prices.) This increase reflects the current under-pricing of this number of zones travel on a distance travelled basis compared to the adjacent 3 or 5 zone travel in the fare table.

The Central City fare has been retained at 50% of the existing 1 zone fare.

Table 4 Recommended Fare Table for Bus Services

Zones Travelled	Estimated Fare based on potential 2028 Pricing (subject to LTP / annual plan decisions)
Central City	\$1.85
1	\$3.70
2	\$5.70
3	\$7.55
4	\$10.45
5	\$14.40
6+	\$17.05

Because the proposals include changes to bus fare zones, a direct comparison with zones travelled in the existing fare table would not be representative. Instead, the impact of the proposed bus fare table is assessed using a comparison of the top 25 most frequent bus journeys both within and between townships in the Region.



Table 5 Table of Fare Changes by Most Popular Regional Bus Journeys

Journey	Zones Travelled		Estimated 2028 Fare		Change in Fare
	without proposed changes	with proposed changes	without proposed changes	with proposed changes	
Any Journey Within a Town or City	1	1	\$3.85	\$3.70	-\$0.15
Hamilton Central City	CBD	CBD	\$1.96	\$1.85	-\$0.11
Hamilton Te Awamutu	3	3	\$7.72	\$7.55	-\$0.17
Hamilton Cambridge	3	3	\$7.72	\$7.55	-\$0.17
Hamilton Huntly	3	3	\$7.72	\$7.55	-\$0.17
Hamilton Ngaruawahia	2	2	\$5.78	\$5.70	-\$0.08
Hamilton Raglan	4	4	\$9.63	\$10.45	\$0.82
Hamilton Morrinsville	3	3	\$7.72	\$7.55	-\$0.17
Hamilton Whatawhata	3	3	\$7.72	\$7.55	-\$0.17
Pukekohe Tuakau	1	1	\$3.85	\$3.70	-\$0.15
Hamilton Ohaupo	2	2	\$5.78	\$5.70	-\$0.08
Hamilton Taupiri	3	3	\$7.72	\$7.55	-\$0.17
Huntly Ngaruawahia	2	2	\$5.78	\$5.70	-\$0.08
Hamilton Temple View	1	1	\$3.85	\$3.70	-\$0.15
Hamilton Tamahere	1	1	\$3.85	\$3.70	-\$0.15
Pokeno Pukekohe	1	1	\$3.85	\$3.70	-\$0.15
Hamilton Horitiu	2	2	\$5.78	\$5.70	-\$0.08
Hamilton Te Aroha	4	4	\$9.63	\$10.45	\$0.82
Huntly Taupiri	3	3	\$7.72	\$7.55	-\$0.17
Hamilton Matamata	4	4	\$9.63	\$10.45	\$0.82
Hamilton Tokoroa	6	5	\$19.28	\$14.40	-\$4.88
Pokeno Tuakau	1	1	\$3.85	\$3.70	-\$0.15
Hamilton Otorohanga	4	4	\$9.63	\$10.45	\$0.82
Hamilton Rukuhia	1	1	\$3.85	\$3.70	-\$0.15
Cambridge Tamahere	3	3	\$7.72	\$7.55	-\$0.17

The fares in Table 5 are shown without fare rounding in the do-minimum and with fare rounding in the proposed as there is a fare rounding policy proposed but not currently in place.

Of the top 25 most popular regional bus journeys in this list, only Hamilton to Tokoroa has a change to the number of zones crossed, with the other towns affected only by the fare changes themselves. The fact that only Tokoroa to Hamilton is the only journey out of the top 25 which sees a change in the number of zones crossed - underlines the need for simplification of these zones which have very little demand.

Aside from the top 25 journey pairs listed above there are only two pairs of towns that would become single zone fares that are currently two zone fares under the preferred option. These are Tokoroa and Putaruru, and Meremere and Mercer which would become a single zone fare with Pokeno, Tuakau and Pukekohe.



Concessions and Fare Capping

Accessibility Concession

The relatively modest fiscal cost of the Accessibility concession scheme is considered justified by the access and equity benefits delivered to a group with limited alternative transport options. There was strong consensus across both elected member workshops to retain the Accessibility Concession at full free travel, including the companion Plus One entitlement. **Retaining the Accessibility Concession, free at all times is identified as part of the preferred package.**

Options to reduce the level of benefit or its scope within certain time periods were not preferred by elected members and would introduce additional complexity and would be likely to disadvantage certain groups who have a need to travel at different times. It was also noted by elected members that the concession is cost-efficient relative to the more expensive taxi-based Total Mobility scheme that WRC also part-funds.

The following general recommendations are also made which do not have a bearing on the tariff:

- The objectives and desired outcomes of the Accessibility Concession (and more broadly any concessions policies which are regionally adopted) should be defined within the RPTP, which would support its evaluation in future fares reviews.
- Transition to NTS presents a potential opportunity to review eligibility for the Accessibility Concession for existing users. Eligibility for the scheme does not expire or require reassessment, and staff raised concerns that a significant number of existing card holders were assessed under a previous GP referral system considered less robust than the current agency-based approach. A new register and transit cards will need to be established for NTS and represents a potential opportunity for review. Any review must carefully balance the integrity of the scheme against the risk of creating unnecessary barriers for an already disadvantaged group, so direct engagement with the disability sector is strongly recommended.

SuperGold Card Peak

It is recommended to align the SuperGold concession with the national scheme by removing the current regionally-funded peak period extension for buses. The use of this concession at peak times is quite low compared to other periods of the day, and it is not considered good value to the region, especially as it is likely abstracting revenue from either paid travel during peak periods, or travel during off-peak periods (which are crown funded through the national SuperGold scheme). It



is estimated that alignment with the national scheme would save the region approximately \$172,000 p.a. by 2028.

Elected members provided relatively broad consensus in support of aligning the SuperGold concession with the national off-peak-only scheme.

Fare Capping

The evidence shows that fare capping benefits only a small proportion of users: approximately 4% of adult journeys and 12.6% of youth journeys currently result in a capped fare. Capping disproportionately benefits those who travel frequently on a standard weekday commuting pattern, while part-time workers, shift workers, and less regular users gain little or no benefit. This raises questions about whether fare capping remains the most effective tool for supporting affordability under current travel patterns.

Changing travel patterns have weakened the case for continuing to rely on existing fare tools (particularly fare capping) in the current form. Fare capping tends to favour passengers travelling frequently in peak periods across a standard five-day pattern, while other passengers such as part-time workers or shift workers benefit less or not at all.

Adult / Other Fare Type Fare Capping

On adult fare capping the consensus from the RTC PT subcommittee was to retain the existing cap at 9 journeys per week. Although only around 4% of adult journeys are currently capped, members placed value on the cost certainty it provides for regular users, and the financial case for removal was limited.

Youth Capping / Discount

The PT sub-committee workshop indicated a preference for a flat rate percentage discount, replacing the existing 6.5 journeys per week capping mechanism for youth. The primary rationale was that fare capping benefits only the 12.6% of youth passengers who reach the cap threshold, leaving part-time students and infrequent users with no benefit. Because only a small proportion of journeys are capped, the cost to council of providing this existing fare capping is less than an equivalently positioned flat rate discount.

Further to additional modelling exploring trade-offs, two alternative options were considered to introduce a youth concession which does not cost significantly more than the existing arrangement.

- The first option provides a 20% discount to all youth passengers in addition to fare capping at 9 journeys per week (keeping consistency with other passenger types)
- The second option provides a 25% discount with no capping. This option is slightly more expensive than the first option as the revenue cost of providing the additional 5% fare



discount is greater than capping the fares of those who make more than 9 journeys per week. This option would cost either an additional 8 cents on a standard fare to compensate, or approximately \$100,000 per annum.

The first option providing a 20% discount as well as fare capping at 9 journeys is preferred for bus services. This is because not only does it provide consistency with the capping levels for other passengers, which is easier to communicate, it is also the more cost effective option. Both capping and the discount are proposed to apply to 5-18 year olds.

Te Huia

On Te Huia services there is an existing 50% flat rate discount provided to users in a narrower age range (5-15). This age range is inconsistent with that for the 20% discount being proposed for youth (5-18) and is significantly more generous in the level of discount provided.

Unlike bus services, youth use of Te Huia does not typically include regular daily travel to places of education or work. Te Huia's market includes a component of leisure and family or group orientated trips towards Auckland – of which youth travel is a more significant part of.

Some further consideration is required for the preferred approach for Te Huia given these differences. The preferred approach needs to consider the balance between providing a different product to optimise the Te Huia tariff to its unique market and passenger profile, versus the benefits of a standardised approach.

Te Huia Youth Fare Capping

It is recommended to align the fare capping for youth to 9 journeys per week for consistency. The weekly frequency of youth journeys on Te Huia is very low and there will effectively be no passenger impact of this change. For the period analysed, 98% of youth card holders made only one journey per week on Te Huia, and none made more than four journeys per week.

Te Huia Youth Discount Rate

Retaining a higher 50% discount rate to bus services is considered justified to enable Te Huia to continue to compete with vehicle travel to Auckland for groups, particularly families. A family or group ticketing proposal has also been put forward for further development and investigation as part of this fares review, pending the outcome of this work, there may be justification or opportunity to review the discount rate as a group ticket may provide an effective alternative.

Another reason for not decreasing the discount rate for youth at this time is that given that fares for Te Huia have recently been increased, and this would create a dual burden on this group, increasing fares significantly for youth overall.



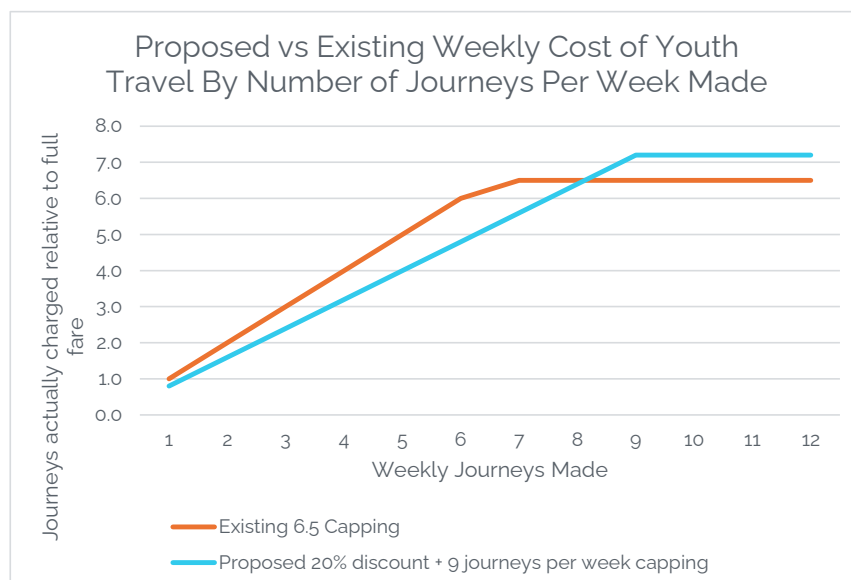
Age Range

Aligning the current 5–15 concession eligibility with the 5–18 youth discount bracket would improve consistency and reduce complexity across the fares system. While the cost of this change is difficult to estimate precisely due to a lack of data on the specific ages of passengers, it is expected to be relatively minor in the context of the overall Te Huia revenue profile. This reflects both the narrow age bracket affected and the fact that the 50% fare, and the fare elasticity effects of this change would offset a substantial share — over 60% — of the revenue currently collected from full-fare paying passengers in this group.

It is estimated that the annual revenue foregone cost of this change would be up to \$23,000 per annum based on an extrapolation of usage in the existing 5–15 age bracket and a factor of 2 applied to reflect a worst case scenario due to the uncertainty in the estimate.

Comparison of Preferred Youth Discount Option Compared to Existing

Figure 3 Youth Concession Proposal for bus services – Cost by Journeys Made per Week



All of those making 8 journeys or less a week would be between 40 cents and \$4.80 better off under the proposal. Those making 9 journeys or more per week would spend around \$2.80 a week more under the proposed changes.

Age Range

With regards to the age band, it is recommended that the existing 5–18 age band that applies for fare capping be retained for the child/youth concession going forward for both bus and rail. This consistent approach is straightforward to administer and easy for customers to understand.



Some other regions have adopted lower age thresholds, such as under-16, and tie continued eligibility to proof of education attendance. While there may be a rationale for such approaches, the additional administrative complexity and operational burden they introduce is not considered to outweigh the benefits in the Waikato context.

Retaining eligibility through to age 18 is also considered preferable from a mode shift perspective. Young people in this age group (regardless whether they are in education) are at a pivotal stage where they are beginning to consider car ownership and independent travel choices. Maintaining an affordable public transport option during this period may help establish positive travel habits before those decisions are made.

Group / Family Ticket

As set out earlier, one of the objectives of this review was to move towards a simpler fare structure. A group or family ticket product is considered to add additional complexity to the system, for unproven benefit - there is little international evidence on the benefits of group ticketing.

Other proposed changes — including the youth concession, and fare capping — are simpler to administer, and will deliver clearer benefits to a wider range of users. Under 5s already travel for free on the network which helps with the travel costs for young families.

From an operational standpoint, group ticketing would introduce challenges for bus drivers and service delivery. Drivers would bear responsibility for selling or validating a group ticket - matching the numbers of different types of passenger against the ticket sold or presented. Staff have concerns about the time that this would take, potentially leading to longer boarding times and/or increased revenue risk due to the time pressures that drivers are often under.

From a technical perspective, the grouping functionality within NTS is as yet untested in a live environment. Other PTAs, including Otago Regional Council, are opting to wait to see how the technology performs in practice before committing to a group ticketing product. It would not be appropriate for Waikato to commit ahead of those learnings being available.

It is not recommended to introduce group ticketing as a standing feature of the tariff across the network as an outcome of this review for a combination of policy, operational, and technical reasons. Group or family ticketing may have potential merit as a time-limited or promotional product in the future, and the potential for use on Te Huia where leisure travel is a key market is acknowledged. In this case further work would need to be done to scope the product and model the revenue impact.



4 | Preferred Package

The preferred package is a blend of changes to concessions and fare capping, modal tariffs and the zonal system.

Overall, the preferred option supports staff objectives to help make the tariff simpler by reducing the number of bus fare zones, moving towards national consistency for SuperGold, keeping fare capping thresholds the same for different user groups. In some areas such as Te Huia and on-demand special service tariffs there is some added complexity however this is considered justified in those cases to deliver improved revenue outcomes.

Tariff Optimisation

The preferred option for the elements of fare policy considered in this section are:

- **Rail (Te Huia):** Separate, non-zonal fares marketed by station rather than zone, reviewed annually, following price increases for Te Huia (putting fares ahead of bus) announced in May 2026. Investigation of special Te Huia fare products to support revenue maximisation, reflecting Te Huia's distinct market. No free bus-rail transfers (subject to technical scoping).
- **Bus:** The zonal structure would be retained, restructured to fewer zones in rural areas and marketed for pricing for 1-6+ zones travel. The existing discounted Central City zone would be retained. Free transfers between bus services would also be retained.
- **On Demand:** Special Hamilton Night Flex fares which move to be ~25% above the standard one-zone urban fare. Any future feeder-style on-demand services or services strongly integrated with the bus network would align with the equivalent bus tariff and have free transfers.

Concessions and Fare Capping

The preferred option for the elements of fare policy considered in this section are:

- ◆ **Accessibility Concession:** Retained in full — free travel at all times, including the companion Plus One entitlement, with no reduction in scope or time-based restrictions.
- ◆ **SuperGold Card:** Aligned with the national off-peak-only scheme by removing the regionally-funded peak-period extension on buses.
- ◆ **Fare Capping:** for this group moving to be consistent with the adult cap of 9 journeys per week
- ◆ **Youth Discount:** A flat 20% discount applies to youth (5-18) in addition to fare capping. Te Huia retains its existing higher 50% discount, with the age range extended to align with the



bus network's 5–18 band. This higher rate can be revisited once other Te Huia products — such as group and advance ticketing — have been investigated.

Whilst group or family ticketing may warrant future consideration as a targeted promotional product — particularly for Te Huia and other leisure-focused markets — it is not recommended for general implementation in this review. Simpler fare initiatives are expected to deliver clearer benefits with fewer operational and technical risks.

Comparison to PT Sub Committee preferred package

The package supported by the PT sub-committee set out in **Appendix D: PT Subcommittee Preferred Package** informed the development of the preferred option, and the majority of its elements have been carried forward unchanged. Following the workshops two refinements to this option have been reflected in the final preferred option.

The first relates to fare capping. Rather than introducing a separate youth mechanism alongside the adult cap, it is proposed that in addition to a 20% flat rate discount for youth, that the weekly cap of nine journeys apply uniformly to all users, including youth. Applying a single, consistent capping rule across the network is simpler for passengers to understand and for the Council to administer and avoids maintaining two parallel capping structures.

The second recommendation is not to proceed with replacing the Central City (CBD) zone with a larger Hamilton inner zone. While the sub-committee had been receptive to this change, following more detailed analysis of the zone boundaries and likely outcomes, the proposal was found to raise material concerns around complexity and equity for outer-suburb residents.

It has therefore been set aside and the existing Central City zone retained. With these two adjustments, the preferred option otherwise mostly reflects the direction set by the PT sub-committee, while further improving the overall simplicity and deliverability.

Assessment of the Preferred Option Against Existing RPTP Policy

Policy changes to the RPTP will be required to implement the recommendations of the review. This section considers the existing RPTP fares policies and the necessary changes required.

Assessment against RPTP Objectives

The current RPTP objectives are:

- ◆ Objective 1: Deliver public transport services in a way that results in at least net neutral carbon emissions for the period 2025 to 2050.



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- ◆ Objective 2: Deliver an integrated network of public transport services that enhances accessibility and wellbeing.
- ◆ Objective 3: Provide a fares and ticketing system that is simple, affordable and attracts and retains customers.
- ◆ Objective 4: Provide high quality and intuitive public information.
- ◆ Objective 5: Provide the infrastructure and services necessary for an accessible, effective, efficient and enjoyable public transport experience.
- ◆ Objective 6: Provide public transport services that are affordable for passengers and funders.
- ◆ Objective 7: Develop and maintain partnerships that obtain best value for money in the delivery of transport solutions.

The most relevant objectives to fares policy and this review are objectives 3 and 6. It is considered that the preferred package from this review provides good alignment with these objectives, building on the strengths of the existing system to deliver a 'fares and ticketing system that is simple, affordable and attracts and retains customers.'

Polices



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Table 6 below provides the details of the existing RPTP fares policies alongside an assessment of whether the current policy would need to change, and what changes would be required. The table is followed by an assessment of any *new* policies which may be required.



Table 6 Review of Preferred Option against RPTP Fares Policy (Objective 3)

Existing RPTP Fares Policy	Required Changes
P34 - Public transport services will be delivered under an integrated zonal-fare structure that covers the Waikato region.	Policy wording may need to be amended to reflect the divergence of the fare structure for rail, bus, and on-demand services with specific use cases.
P35 - The council will develop a Public Transport Revenue Plan to identify any anticipated changes in fare settings and revenue over the three-year period.	Review and retain if required – Consider that the LTMA (section 120(2)(b)) notes that the RPTP must include policies on “fares and the method or formula or other basis for setting and reviewing those fares.” The RPTP itself could articulate this basis or signpost another document to give effect to this policy.
P36 – Children under the age of 5 to travel for free on all services	No change proposed.
P37 - All SuperGold Card holders with their concession loaded onto a registered smartcard are eligible for free travel on all services included within the SuperGold Card scheme at all times.	The wording needs to remove “at all times.” Alternatively remove the policy to be consistent with the Community Services Card scheme.
P37 (numbering error in original document) - An accessibility concession will be available to eligible people with a transport disability to enable free travel on all contracted public transport services at all times. One additional support person may travel for free when accompanying an accessibility concession holder where the nature of the card holder's disability means they are unable to travel alone.	The existing scheme is proposed to be retained so no change is required.
P39 - The council may work with any entity to introduce additional fare concessions for specific user groups provided the concession is funded directly by a third party to offset any public subsidy costs.	No change required.
P40 The council will seek to implement a common integrated ticketing system on all contracted public transport services within the region.	No change required but consider integrating with Policy P45 regarding implementation of NTS.
P41 The council will minimise the use of cash on public transport services by setting cash fares higher than equivalent smartcard fares.	No change required but note this policy will not be required once cash fares are eliminated.
P42 - The council will implement weekly fare capping for smartcard users to encourage frequent public transport travel.	Fare capping is still proposed as part of the preferred option (albeit in an amended form) so no change required.
P43 - The council may implement temporary promotional fare and ticketing products to encourage uptake of public transport from time to time.	No change required.
P44 - Free transfers will be available on all public transport services (including passenger rail) for smartcard users only for travel within a prescribed transfer time and/or trip limit as published by Waikato Regional Council. To encourage the use of smartcards and improve safety by reducing the amount of cash on buses, free transfers will not be available in association with cash fares.	Policy wording needs to be amended to reflect that free transfers may not be possible with NTS between rail and bus services given the divergence in fare tables approach. Note that the cash fares clause will not be required once cash is withdrawn.
P45 - The council will participate in and transition to a national ticketing system.	No change required.



P46 - The council will remove the use of cash on public transport services as part of implementing a national ticketing system and will investigate the viability of doing so earlier.

It would likely not be viable to withdraw cash fares before the introduction of NTS so the "and will investigate the viability of doing so earlier." Could likely be dropped.

Additional Recommended Policies

In addition to consideration of potential changes to existing policies discussed above, the following additional policies are suggested to reflect the intent of the recommendations in this review:

- ◆ **Relative Zonal Bus Fares:** A policy to guide how relative zonal fares are set, including the principles used to determine fare differences between zones. This should consider the distance travelled between zones, reflect some shared or fixed costs and may also include some considerations around equity and access. The policy should reflect overall intent and principles rather than be too prescriptive about methodology.

Potential policy wording: *"Council will set relative zonal fares to reflect distance travelled, shared or fixed costs, and relevant equity and access considerations."*

- ◆ **On-demand fares:** There is an existing Policy P19 relevant to the pricing of on-demand fares (quoted below).

Existing Policy P19 - The public ride-sharing service will be available within defined service areas, and fares may be dynamic and vary by:

- time of day
- user groups
- distance travelled
- number of people sharing a ride
- scheme partner requirements.

This policy is situated within the on-demand section of the RPTP rather than the fares section under Objective 3. Two suggestions are made with respect to this policy. These are made for reasons of clarity and presentation rather than being required to support the recommendations of this review :

- ◆ **Firstly** it may be more appropriate to have the pricing part of the policy located alongside the other policies related to fares under Objective 3 of the plan. This would keep all fares policies in one section of the document.
- ◆ **Secondly** the policy wording could be amended to more specifically align with the recommendations in this review – that on-demand fares be priced:



- In line with the zonal fare structure, and integrated with fixed-route bus fares with free transfers where connections to fixed route services are important (for example if on-demand is used as a feeder service in future.)
- At a premium in certain circumstances to reflect a higher-cost or more tailored service such as the Night Flex service in Hamilton.
- ◆ Potential policy wording: "Council will set on-demand fares in line with the equivalent fixed-route bus fare, unless a premium is warranted for a service with a specific use case."
- ◆ **Te Huia fares:** A policy to guide how Te Huia fares are set, recognising its distinct role as an inter-regional rail service, its different cost structure and market, and the need for separate station-based pricing and potential bespoke fare products. The current "integrated" fares policy (p34) may be suggestive of a mode-agnostic approach to pricing and may need to be replaced.

Potential policy wording: "Council will set Te Huia fares separate from bus services reflecting Te Huia's role as an inter-regional passenger rail service with a distinct market."

Policy Relating to Fares Review

The Land Transport Management Act (section 120(2)(b)) notes that the RPTP must include policies on "fares and the method or formula or other basis for setting and reviewing those fares." This section sets out a framework under which fares could be periodically reviewed and updated.

Fare increases in Waikato have been historically subject to large jumps - long periods with no fare increases followed by rapid increases as revenue falls below sustainable levels. Large jumps in fares are particularly unsettling for passengers. A better position would be to ensure that there is a regular annual adjustment of fares in line with Council objectives and prevailing economic conditions. Whilst this is currently the practice at WRC a policy to support this would give effect to the LTMA. Any adjustments would likely still require Council resolution to approve given the impact on Council revenue.

Adjusting fares annually in line with the Consumer Price Index (CPI), within a defined range (for example plus or minus 2%) might provide a good starting point for annual changes to fares but a tie to costs and agreed revenue targets would also be required to work towards current central government revenue outcomes and any future targets which might be in effect. Referring to the current 'private share' targets might be too narrow a terminology for the policy to remain relevant over time. Hence the following provides a suggestion for a relatively high level policy wording which is designed to deliver on these considerations:

"Council will review public transport fare levels on an annual basis as part of the Annual Plan process. The review will consider changes in operating costs, consumer price inflation, the impact



on passenger demand, and progressing towards any current cost recovery objectives as set out in the Government Policy Statement on Land Transport."

Rounding of fares

A policy around the rounding of fares is suggested as Council currently sets fare increases in percentage terms, but these currently translate into fares which are not easy to remember or communicate. Rounding of fares to the nearest 5 cents would have an immaterial impact on revenue, however if there was concern about revenue the policy could refer to rounding up to the nearest multiple of 5 cents. Suggested policy wording might include:

"Council shall set individual fares at multiples of 5 cents so that they are easier to remember and communicate, reflecting the minimum revenue requirements set in the annual fares review by Council."

Minor Changes to Tariff System

Aside from the options to simplify the zonal system, there is likely merit in undertaking a review of Zonal boundaries for all options to ensure that they follow best practice, and that Zones reflect any significant changes to urban form (for example the growth of Cambridge).



5 | Modelling of the preferred option

Purpose of Modelling

Demand and revenue modelling has been developed to inform the review by enabling the revenue and patronage impacts of different options to be compared and assessed. The revenue modelling also provides assurance that the preferred option is financially viable.

Future year forecasts for this modelling incorporate reasonable estimates of the impacts of external factors (such as population growth) but cannot account for all eventualities. Greater confidence can be placed in the **relative differences between scenarios** than in the absolute figures — it is these differences that reflect the impact of the policy and tariff changes proposed in this review.

The modelling undertaken represents a best – practice approach for forecasting and hence provides a sound basis for decision making on the preferred option. Any uncertainty in the future year scenarios can be dealt with through the annual plan and LTP process (where fare levels are set separate to this policy review). These reviews will include annually updated figures on patronage, revenue and costs to guide decision making.

Methodology and Assumptions

The modelling uses 2028/29 as its future year horizon. A fare revenue target of \$9.46 million has been set for that year which is applicable to both the reference case and the preferred option. This figure represents the level of revenue required to meet a private share revenue ratio of 18.4%. It should be noted that targets beyond

The fare levels and revenue forecasts presented in this study are estimates based on a series of assumptions and established fare revenue modelling practices. As with all forecasting, outcomes will differ from projections depending on events. Staff will continue to monitor revenue and costs on an ongoing basis and recommend adjustments to fare levels annually in accordance with the fares policy developed through this review.

Factors which may affect the revenue forecasts made in this study (and therefore how much fares may need to change to meet revenue targets in the future) are set out below in Table 7. If costs are higher than expected then fares will need to rise accordingly, and likewise if patronage is higher than expected fares can rise by lower amount whilst still meeting revenue targets.

Separate from any fare changes, ridership is assumed to grow in line with Waikato's population — forecast to rise from around 350,000 people in the 2024/25 base year to about 368,000 by



2028/29, a cumulative increase of roughly 5% over five years (the 'background growth'). No separate assumptions have been made around the long term impact of other factors such as fuel prices, or the cost of living as these inputs tend to have considerable uncertainty over time. A consideration of the multitude of factors which might influence public transport costs and demand is provided below in Table 7.

Table 7 Factors which may affect how fares may need to change in the future

	Would Affect Costs?	Would Affect Patronage?
	If costs reduce then fares can be lower	If patronage increases the fares can be lower.
Service Levels (from network and route changes)	Yes	Yes
Contract Costs – Retenders	Yes depending on whether costs are higher or lower than existing	Only as part of any service level changes
Contract Costs – Inflation	Contract costs are indexed linked to changes in fuel costs, labour costs and vehicle costs. These typically increase over time.	No
Policy and Infrastructure Interventions	Bus priority measures etc can reduce costs	Cost and availability of parking is a significant factor in public transport demand. Bus priority measures can increase patronage through faster journey times.
Higher than expected population changes	Only if new services are required	Yes
Other Unexpected Events such as changes to legislation, emergencies etc	Potentially	

How fares affect demand

If fares change, patronage will change in response. Depending on the time of day, when fares rise by 10% patronage is expected to fall by around 3.5%. The relationship between higher fares and reduced patronage is well established in literature - the modelling approach and assumptions used for the demand forecasting are based on NZTA guidance and established fare revenue modelling practice.

If fares were removed entirely for a given type of fare, the model assumes the maximum extra demand would be double what it would be otherwise, or conversely half if those paying start receiving a free fare. It is acknowledged however that there is significant uncertainty over modelling a move from free to paid fare and vice versa.



Any adult and youth fares are capped after a set number of trips in a period, with further journeys free once the cap is reached. The model uses actual 2024/25 Bee Card usage data to estimate what proportion of trips fall into this "free after cap" category at each cap level.

Under current RPTP policy, cash fares will be withdrawn when the NTS system is introduced. 90% of customers currently paying cash are assumed to keep using the bus once the new fare system is introduced – this is based on experience when Auckland removed cash fares.

Scenarios

The base year for this modelling is the 2024/25 financial year, with Bee Card data and all financial data obtained relevant to that year. This section of the report considers the following two scenarios which have been built upon the base year using the forecasting approach discussed above:

- Do Minimum (2028 / 2029) – This scenario assumes the current fare policy is applied, that current tariff options within that policy are applied, and that all fares are increased annually to meet the agreed private share targets.
- Preferred Option – This scenario assumes the recommended policy and tariff components of this review are applied, and as with the do-minimum it also assumes that fares are increased annually to meet the agreed private share targets.

Results

The modelling results in this section contain results for all services; including bus, rail and on-demand.

Demand Forecast

Overall patronage is expected to decline by around 2% in the do-minimum scenario as a consequence of the fare increases which will be required to progress toward private share revenue targets. As noted above however, the figures are subject to a range of factors beyond fare levels that will influence actual outcomes, and the absolute figures should be treated with appropriate caution.

The two future year scenarios are therefore most useful as a basis for comparing the do-minimum and preferred option, with the differences between the two reflecting the relative impact of the policy and tariff recommendations in this review.



Table 8 Forecast Annual Patronage by User Group (Thousand Journeys)

	Baseline 2024	Do Minimum (2028/29)	Preferred Option (2028/29)	Change in Demand from Do- Minimum to Preferred Option
Adult	1,345	1,233 (-8%)	1,246 (-7%)	13 (1%)
Youth	784	778 (-1%)	843 (8%)	65 (8%)
Community Connect	220	216 (-2%)	218 (-1%)	2 (1%)
Accessibility	312	334 (7%)	334 (7%)	0 (0%)
Supergold	511	541 (6%)	479 (-6%)	-62 (-12%)
Partner Concessions	256	251 (-2%)	254 (-1%)	3 (1%)
Child	160	164 (3%)	164 (3%)	0 (0%)
Other	133	132 (0%)	132 (0%)	0 (0%)
Total	3,719	3,650 (-2%)	3,670 (-1%)	20 (1%)

The preferred option performs slightly better than the do-minimum by 20,000 passenger per annum. Within the total there are notable increases and decreases between user groups as follows:

- ◆ The largest negative patronage impact for the preferred option is in the **Supergold** group who would lose peak period free travel (to align the concession with the rules of the national scheme). This would mean Supergold journeys would be 6% less compared to 2024, and 12% lower than the 2028 do minimum.
- ◆ Patronage in the **youth group** increases significantly due to a combined discount and fare capping product which arguably provides a better positioned product to that group, especially encouraging less frequent users to travel more often.
- ◆ Primarily due to the reduction in revenue foregone by aligning the bus Supergold scheme with national scheme in the preferred option (discussed below), overall fares can be slightly lower than would otherwise be the case whilst still meeting the target revenue. This results in a slight increase in patronage for adults, and for concessions which are derived from adult fares (partner concessions and community connect).



Revenue forecast

Table 9 compares projected revenue under two modelled scenarios – the do minimum' against the 2024 baseline.

Revenue Summary

Table 9 Summary of Private Share Revenue by Source

	Baseline 2024	DM (2028/29)	Preferred Option (2028/29)	Change in Revenue from Do- Minimum to Preferred Option
Partner Concession Revenue	\$272,000	\$250,000	\$244,000	-\$6,000
Other Revenue	\$406,000	\$510,000	\$510,000	\$0
Total 3 rd Party Revenue	\$678,000	\$760,000	\$754,000	-\$6,000
Total Fare Revenue	\$6,652,000	\$8,738,000	\$8,743,000	\$5,000
Total Private Share Revenue	\$7,330,000	\$9,498,000	\$9,497,000	-\$1,000
Target Private Share Revenue (based on Target and Current Cost Projections)	\$6,528,000	\$9,456,000	\$9,456,000	\$0
Forecast Revenue Relative to Target	\$802,000	\$42,000	\$41,000	

Fare revenue will grow substantially from **\$6.65m** in 2024 to roughly **\$8.74m in 2028/29**. This growth in fare revenue is primarily achieved with the increases in fares which will be required to meet the agreed private share revenue targets. The fares for the do-minimum and preferred options have both been optimized to meet the revenue target. Both scenarios meet the minimum target revenue - the small exceedance of the target revenue in the do-minimum and preferred option (**\$9.50m**) is primarily due the rounding of the optimised base fare in the preferred scenario rounding up to a much larger revenue number. Fares in the do-minimum have been set so that the



revenue between the two future year scenarios matches – this is so that there is a consistent basis between the two scenarios for comparison.

In addition to fare revenue, third-party revenue is forecast to increase modestly: partner concession revenue dips from \$272k in 2024 to 250k in the do-minimum primarily due to the DHB withdrawing as a partner in providing a staff concession however forecast revenue from other sources rises from \$406k to \$510k as a result of a new bus back advertising contract revenue, and a forecast increase in Te Huia Café revenue.

Revenue Breakdown by Passenger Group

	Baseline 2024	Do Minimum (2028/29)	Preferred Option (2028/29)	Change in Revenue from Do-Minimum to Preferred Option
Adult	\$3,847,000	\$4,851,000	\$4,703,000	-\$148,000
Youth	\$1,759,000	\$2,542,000	\$2,561,000	\$19,000
Community Connect	\$330,000	\$472,000	\$462,000	-\$10,000
Accessibility	\$0	\$0	\$0	\$0
Supergold	\$39,000	\$62,000	\$232,000	\$170,000
Partner Concessions*	\$357,000	\$509,000	\$498,000	-\$11,000
Child	\$46,000	\$13,000	\$12,000	-\$1,000
Other	\$275,000	\$289,000	\$275,000	-\$14,000
Total	\$6,652,000	\$8,738,000	\$8,743,000	\$5,000

*Partner concession revenue is the fares paid by the end user rather than the revenue from the organisation which is accounted for separately in Table 9.

The introduction of a SuperGold peak charge is the most significant difference between the two scenarios. Under the do minimum the SuperGold group generates \$62,000 (from rail), whereas under the preferred option it contributes around \$232,000. This choice allows fares elsewhere to be set slightly lower than would otherwise be the case but whilst still meeting the revenue target.

Revenue in the youth group increases slightly – the foregone revenue from lower average fares is offset by abstraction of some revenue from the adult group due to the extension of the eligible youth age range on Te Huia.



To a lesser extent revenue across other groups is slightly reduced due to slightly lower fares overall (but which results in slightly higher passenger numbers.) Revenue from the adult group would reduce by \$148,000 accordingly, with revenue from the remaining groups largely unchanged. As a result, total private share revenue is almost identical under the two scenarios – \$8.74M under the do minimum and preferred option. The preferred option largely redistributes revenue changes across user groups rather than changing the total.

Social impact assessment through personas

This section of the report provides an assessment of the impact of the preferred package at a user level, using the 'personas' previously developed by WRC to illustrate typical public transport users and their needs. These personas are used as both illustrative and typical of most users in this exercise - it is acknowledged that they do not cover all journeys and user types.

The financial assessment is based on 2028 fare levels estimated for this review, for both the do-minimum and preferred option packages. As with the forecasting, future fare levels are subject to change and will need Council approval — so it is the difference between the two sets of figures, rather than the absolute fare levels, that provides the most meaningful insight in this context.

	 HESITANT HARRY AGE: 45 OCCUPATION: Engineer LOCATION: Hamilton City TRAVEL FREQUENCY: Daily commute to city center from inner suburb MODES OF TRANSPORT: car, Uber MOTIVATORS: Awareness, intuitiveness, frequency <i>"Why would I?"</i>	 FIRST TIME FIONA AGE: 45 OCCUPATION: Works part-time in retail LOCATION: Hamilton East TRAVEL FREQUENCY: Daily traveller, never considered public transport PRIMARY MODE OF TRANSPORT: Car MOTIVATORS: Safety, affordability, awareness, reliability, frequency <i>"It all feels a bit hard, I don't even know where to start"</i>	 DABBLING DAVE AGE: 55 OCCUPATION: Manufacturing Manager LOCATION: Te Rapa TRAVEL FREQUENCY: Daily commute for work (work vehicle) but infrequent bus user MODES OF TRANSPORT: Car, bus, taxi MOTIVATORS: Reliability, intuitiveness <i>"I never know when the next bus is or where to catch it."</i>
Impact Assessment	If Harry decides to travel by bus as a regular user, he would pay slightly less under the proposed option as a result of slightly lower fares.	If Fiona decided to travel by bus as a regular user, she would pay slightly less under the proposed changes. Because she works part time she wouldn't benefit from fare	If Dave travels by bus twice a week he would pay slightly less due to slightly lower fares. He would not benefit from fare capping



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			capping which only starts at 9 journeys.			
Estimated Travel Costs	Weekly	Annually	Weekly	Annually	Weekly	Annually
Current Policy	\$34.66	\$1,594	\$23.11	\$1,062.88	\$7.70	\$354.29
Preferred	\$33.30	\$1,532	\$22.20	\$1,021.20	\$7.40	\$340.40
Change	-\$1.36	-\$63	-\$0.91	-\$41.68	-\$0.30	-\$13.89
	 VUNERABLE VINNY AGE: 50 OCCUPATION: Unemployed LOCATION: Hamilton Central TRAVEL FREQUENCY: a few times a week MODES OF TRANSPORT: Bus MOTIVATORS: Safety, accessibility, affordability <i>"I like the bus but the bus doesn't like me"</i>		 GOLDEN GLORIA AGE: 80 OCCUPATION: Retired nurse LOCATION: Hamilton TRAVEL FREQUENCY: Weekly bus user MODES OF TRANSPORT: Bus, train no longer drives MOTIVATORS: Affordability, accessibility, enjoyable, comfortable, safety <i>"It's important to get out, especially in winter, when it could be too easy to sit at home on my own"</i>		 SHIFTWORKER STEVE AGE: 26 OCCUPATION: Electrician Apprentice on large construction project LOCATION: Ngaruawahia TRAVEL FREQUENCY: Daily MODES OF TRANSPORT: Bus MOTIVATORS: Accessibility, frequency, affordability <i>"It sucks relying on the bus but parking is too expensive"</i>	
Estimated Travel Costs	Weekly	Annually	Weekly	Annually	Weekly	Annually
Current Policy	\$0.00	\$0.00	\$0.00	\$0.00	\$52.05	\$2,394.46
Preferred	\$0.00	\$0.00	\$0.00	\$0.00	\$51.30	\$2,359.80
Change	\$0.00	\$0.00	\$0.00	\$0.00	-\$0.75	-\$34.66
Impact Assessment	Vinny is an Accessibility card holder and would continue to receive free fares at all times.		Assuming that gloria travels outside of peak hours she will continue to travel for free.		Steve takes the Bus from Ngaruawahia to Hamilton which is a (two zone fare) each day and would pay slightly less than he does currently due to slightly lower fares overall.	



	 STUDIOUS SAM AGE: 15 OCCUPATION: High school student with part time job at supermarket LOCATION: Hamilton TRAVEL FREQUENCY: Daily MODES OF TRANSPORT: Bus MOTIVATORS: Reliability, affordability, safety <i>"I catch the bus with my mates so there can be a lot of us"</i>			 CORPORATE CHLOE AGE: 32 OCCUPATION: Accountant LOCATION: Outskirts of Hamilton TRAVEL FREQUENCY: Daily MODES OF TRANSPORT: Bus MOTIVATORS: Safety, affordability, awareness, reliability, frequency. <i>"I just need the bus to be on time, every time."</i>		
Impact Assessment	During term time if Sam Travels to school every day by bus he will pay slightly more in a full week, but during school holidays and weeks when there are public holidays or teacher training days he will pay less.			Chloe would pay slightly less due to lower fares overall. She benefits from fare capping at 9 journeys per week in both scenarios.		
Estimated Travel Costs	Term Time average	School Holidays	Yearly	Weekly	Annually	
Current Policy	\$25.03	\$25.03	\$1,302	\$34.66	\$1,594.31	
Preferred	\$26.20	\$23.68	\$1,332	\$33.30	\$1,531.80	
Change	\$1.16	-\$1.35	\$30.36	-\$1.36	-\$62.51	



6 | Implementation Plan

Introduction

This section of the report sets out a consideration of the steps that would be required to implement the tariff changes recommended in this fares policy review.

Good principles for planning the timing of implementation of changes (which are in line with RPTP objectives and staff objectives for this review) are that changes:

- ◆ Can be clearly communicated to the public
- ◆ Are operationally achievable,
- ◆ Are aligned with the rollout of the National Ticketing Solution.

Implementation could involve a staged approach, with simpler policy or fare changes introduced first and more complex structural changes introduced alongside wider ticketing system changes. The changes recommended in this review can be broadly separated into two categories:

- ◆ Changes which require a policy change through an RPTP variation, for example any changes to concession products offered. Any changes that would require a policy change cannot be implemented ahead of an RPTP variation.
- ◆ Changes which do not require a policy change, for example changes to fare zones or fare levels which are not defined in policy.

NTS Alignment

NTS is expected to be implemented by the end of 2027. The implementation of NTS provides an opportunity to implement the changes arising from this fares policy review potentially leveraging combined marketing to passengers around the transfer of the Bee Card system to NTS.

Given the NTS implementation date is relatively soon, there are likely minimal returns from implementing any significant changes to the tariff structure with the Bee Card system, in advance of NTS as that would require planning two sets of technical implementations of the tariff changes. None of the changes identified in this review are deemed urgent enough that they cannot be deferred until NTS implementation based on the current NTS programme.

The need for alignment with NTS rollout reinforces the importance of having a preferred option that is not only attractive in principle, but also practical in terms of implementation.

It is expected therefore that the majority of the tariff changes will be implemented in tandem with the introduction of NTS, there may be quick wins in terms of elements from the preferred tariff



approach which could be implemented ahead of NTS. The degree to which staff consider that these changes should be prioritised for early implementation will depend on:

- ◆ If a change in policy is required.
- ◆ The significance of the benefits (in terms of patronage, revenue, ongoing staff resources)
- ◆ Technical feasibility (with the existing Bee Card ticketing system)
- ◆ Any cost to WRC of instructing Init (the Bee Card ticketing provider) to make the tariff changes and the resources of Init to deliver.
- ◆ The degree to which marketing of these changes to customers makes sense as a package and are distinct from the wider NTS introduction.

If staging of the rollout of the preferred option is desirable, it should be guided by what delivers the greatest benefit with the least disruption, while still maintaining a clear direction of travel towards full implementation of the recommendations.

Notes on NTS Tariff Configuration

The following comments are provided to aid in the interpretation of the policy review into the development of a tariff.

The presentation of the current zonal fares system to passenger significantly reduces the complexity which needs to be conveyed to passengers compared to the underlying tariff configuration. One of the design choices made in the current Bee Card tariff was to split each concentric circle zone into separate 'segments' denoted with letters. One of the key benefits of adding these segments was seen as future proofing for pricing for services which might move in circular fashion around the fare zones rather than radially (across Hamilton). The configuration also serves another purpose however – that journeys that regional trips which cross Hamilton always end in a different fare zone to the one they started in. This review is agnostic as to what the best way to implement the tariff within NTS is – there are likely many alternative approaches. The only requirement for this review is that – the end user experience is the same.

Underlying tariff coding will need to reflect the actual possible zone combinations which are required for system implementation (including between each of the pairs of the zones where the proposed 6+ zones travelled bus fare is proposed).

For the recommended Te Huia tariff station-to-station fares could be set up either as a stage-based approach or within their own set of fare zones (as the Bee Card system is presently configured). The NTS team have confirmed that the system can support two separate tariff structures for the same region.

Because the rail fare structure is diverging from bus, the current regime of free bus-rail transfers may not be possible – certainly not in its present form, where the price of a combined bus-rail journey is calculated from the start and end zone. Any transfer mechanism would likely need to be



handled as a "credit" against the connecting journey, and this would need to be confirmed with NTS as part of the tariff configuration. If free bus-rail transfers do prove technically possible and operationally feasible, they could be continued. It's worth noting, though, that the actual passenger impact of not implementing this would be minimal: only 0.05% of Te Huia journeys involved a bus-rail transfer between January 2025 and April 2026.

Indicative Programme and Timescales

The following indicative programme reflects the current position of the project. Timing beyond the August 2026 Committee paper is subject to elected member decisions, the outcome of public consultation, and the rollout of the National Ticketing Solution (NTS).

Milestone	Indicative timing
Paper to WRC Transport Committee seeking endorsement to proceed to public consultation on the preferred option	4 August 2026
Public consultation on the preferred option	From August 2026 (following Committee endorsement)
Final Council decision on the preferred fares package	December 2026
RPTP variation for changes requiring a policy amendment	Following the Council decision (timing subject to the variation process)
Development of Detailed Tariff	Starting December 2026, Following the Council decision to proceed.
Implementation of the majority of tariff changes, in tandem with the National Ticketing Solution (NTS)	By end of 2027, aligned with the NTS rollout
Early "quick win" changes not requiring a policy change or NTS	Ahead of NTS where justified against the prioritisation criteria above



7 | Summary and Conclusion

Summary

This review set out to ensure that Waikato's fare system remains financially sustainable, easy to understand, and is fair for the people who rely on it. The review was prompted by two developments: the forthcoming rollout of the National Ticketing Solution (NTS), and the need to work towards central government's private share targets, which require a greater proportion of operating costs to be recovered from fares and other private revenue sources. WRC exceeded its private share target in 2024/25, and the challenge now is to sustain that performance as the target rises to 18.4% by 2026/27.

The evidence gathered through the review confirmed that Waikato's fare system has a solid foundation, but that there is scope to make it simpler, better aligned to how people actually travel, and more effective at balancing revenue, patronage and equity. Three themes have been addressed in this report:

- ◆ The need to increase the proportion of private share revenue to fund sources.
- ◆ The opportunity to optimise the tariff and zonal structure so that fares better reflect the journeys people make and reduce complication;
- ◆ Setting concessions and fare capping so that affordability is protected without adding unnecessary complexity.

Preferred Option

The preferred option responds to each of these themes. It retains the broad zonal basis of the Waikato system while simplifying rural bus fare zones and separates Te Huia rail fares from the bus zonal tariff to reflect its distinct role as an inter-regional service. The bus network remains the 'core' of the tariff system, and the recommended provisions for pricing Te Huia and specialised on-demand services reflects their distinct market position.

On concessions, the free Accessibility Concession is retained at all times, justified by the strong access and equity benefits it provides to a group with limited transport alternatives. The SuperGold scheme moves to be aligned with the national scheme, as peak-period use is low and diverging from the national rules adds complexity.

Weekly fare capping is implemented consistently at nine journeys per week for all users instead of providing a separate capping level for youth. Instead, a flat 20% youth discount is introduced to extend affordability to part-time and infrequent young travellers. Te Huia retains its more generous youth discount of 50% and aligns its youth age range to 5–18.



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Modelling of the preferred option indicates that with fare increases of a level comparable to what would be required without the policy changes, the recommended option achieves private share revenue targets.

Conclusion

Taken together, the preferred option meets the objectives staff set for this review and supports the RTP objective of "a fares and ticketing system that is simple, affordable, and attracts and retains customers." The proposed changes avoid unnecessary complexity, protect the passengers most reliant on the network, and are designed to be practical to implement through the National Ticketing Solution.

Subject to the Transport Committee's endorsement, the next step is to take the preferred option to public consultation from August 2026, with a final Council decision anticipated in December 2026. Changes requiring a policy amendment will be given effect through a variation to the Regional Public Transport Plan, and the majority of tariff changes will be implemented alongside the rollout of the National Ticketing Solution by the end of 2027, with any potential "quick wins" being introduced earlier where the benefits justify doing so.



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Appendix A: Modelling Results

Results Sheet - All Modes

	Patronage			Patronage Change			Revenue			Revenue Change			Average Fare			Average Fare Change		
	Baseline	DM (2028)	DS (2028)	Base->DM	Base->DS	DM->DS	Baseline	DM (2028)	DS (2028)	Base->DM	Base->DS	DM->DS	Baseline	DM (2028)	DS (2028)	Base->DM	Base->DS	DM->DS
Bee Card Tag-On and Tag-off Patronage by Group																		
Adult	1198192	1149139	1163760	-1%	-5%	1.3%	\$4,030,359	\$5,657,820	\$5,542,043	40.4%	37.5%	-2.0%	\$3.36	\$4.92	\$4.76	46.4%	41.6%	-3.3%
Youth	764984	742302	801281	-3%	4%	7.9%	\$2,505,764	\$3,514,326	\$2,950,330	40.2%	17.7%	-16.0%	\$3.28	\$4.73	\$3.68	44.5%	12.4%	-22.2%
Community Connect	216267	206783	209556	-5%	-2%	1.3%	\$367,582	\$514,238	\$502,939	39.9%	36.8%	-2.2%	\$1.70	\$2.49	\$2.40	46.3%	41.2%	-3.5%
Accessibility	245640	257922	257922	5.0%	5.0%	0.0%	\$0	\$0	\$0	0.0%	0.0%	0.0%	\$0.00	\$0.00	\$0.00	0.0%	0.0%	0.0%
Supergold	456920	479555	435697	5.0%	6%	-9.1%	\$44,265	\$69,475	\$259,960	57.0%	48.7%	-24.2%	\$0.10	\$0.14	\$0.60	49.5%	51.9%	31.8%
Partner Concessions	252966	242373	245569	-2%	-2%	1.3%	\$403,848	\$562,262	\$548,940	39.2%	35.9%	-2.4%	\$1.60	\$2.32	\$2.24	46.9%	40.0%	-3.6%
Child	134972	141721	141721	5.0%	5.0%	0.0%	\$0	\$0	\$0	0.0%	0.0%	0.0%	\$0.00	\$0.00	\$0.00	0.0%	0.0%	0.0%
Other	0	0	0	0%	0%	0.0%	\$0	\$0	\$0	0.0%	0.0%	0.0%	\$0.00	\$0.00	\$0.00	0.0%	0.0%	0.0%
Total Patronage / Revenue	3269941	3219795	3255505	-5%	-6%	1.1%	\$7,351,818	\$10,318,122	\$9,804,211	40.3%	33.4%	-5.0%	\$10.03	\$14.61	\$13.68	45.6%	36.3%	-6.4%
Bee Card Stored Value and Tag-On Only Events																		
Adult	28260	25969	26273	-8%	-7.0%	1.2%	\$93,644	\$125,955.40	\$132,576.98	34.5%	41.6%	5.3%	\$3.31	\$4.85	\$5.05	46.4%	52.3%	4.0%
Youth	18723	17281	18871	-7%	0.8%	9.2%	\$55,123	\$73,536.29	\$61,962.34	33.4%	12.4%	-15.7%	\$2.94	\$4.26	\$3.28	44.5%	11.5%	-22.8%
Community Connect	3826	3516	3560	-8%	-6.9%	1.3%	\$11,497	\$15,459.45	\$16,233.83	34.5%	41.2%	5.0%	\$3.00	\$4.40	\$4.56	46.3%	51.7%	3.7%
Accessibility	54906	57651	57651	5.0%	5.0%	0.0%	\$0	\$-	\$-	0.0%	0.0%	0.0%	\$0.00	\$0.00	\$0.00	0.0%	0.0%	0.0%
Supergold	49425	45078	27467	-8%	-14.0%	-99.4%	\$22	\$29.46	\$133.03	36.4%	51.9%	95.6%	\$0.00	\$0.00	\$0.00	49.5%	1008.2%	64.1%
Partner Concessions	2925	2695	2730	-7%	-6.7%	1.3%	\$6,887	\$9,219.37	\$9,643.01	33.9%	40.0%	4.6%	\$2.35	\$3.42	\$3.53	46.3%	50.0%	3.2%
Child	4576	4805	4805	5.0%	5.0%	0.0%	\$13,867	\$14,559.93	\$13,866.60	5.0%	0.0%	-4.8%	\$3.03	\$3.03	\$2.89	0.0%	-4.8%	-4.8%
Other	94271	98985	98985	5.0%	5.0%	0.0%	\$315,979	\$331,778.16	\$315,979.20	5.0%	0.0%	-4.8%	\$3.35	\$3.35	\$3.19	0.0%	-4.8%	-4.8%
Total	256912	255980	240342	-0.4%	-6.4%	-6.1%	\$497,017	\$570,538	\$550,395	14.8%	10.7%	-3.5%	\$1.93	\$2.23	\$2.29	15.2%	18.4%	2.7%
Farebox Revenue Foregone due to fare capping (including GST)																		
Adult							-\$248,504	-\$348,851	-\$341,712	40.4%	37.5%	-2.0%						
Youth							-\$537,490	-\$753,828	-\$181,912	40.2%	17.7%	-76.9%						
Community Connect							\$0	\$0	\$0	0.0%	0.0%	0.0%						
Accessibility							\$0	\$0	\$0	0.0%	0.0%	0.0%						
Supergold							\$0	\$0	\$0	0.0%	0.0%	0.0%						
Partner Concessions							\$0	\$0	\$0	0.0%	0.0%	0.0%						
Child							\$0	\$0	\$0	0.0%	0.0%	0.0%						
Other							\$0	\$0	\$0	0.0%	0.0%	0.0%						
Total							-\$785,995	-\$1,102,679	-\$523,624									
Adjustments for changes in age range																		
Adult	0	0	-1755						-\$63,878				\$0.00	\$0.00	\$36.39			
Youth	0	0	2237						\$40,708				\$0.00	\$0.00	\$18.20			
Community Connect													\$0.00	\$0.00	\$0.00			
Accessibility													\$0.00	\$0.00	\$0.00			
Supergold													\$0.00	\$0.00	\$0.00			
Partner Concessions													\$0.00	\$0.00	\$0.00			
Child													\$0.00	\$0.00	\$0.00			
Other													\$0.00	\$0.00	\$0.00			
Total	0	0	482				\$0	\$0	-\$23,170				\$0.00	\$0.00	\$0.00			
Cash Patronage (and for future years, former cash users) by Group																		
Adult	91133	29273	29320			0.2%	\$548,197	\$144,125	\$139,627				\$6.02	\$4.92	\$4.76			
Youth						6.8%	\$0	\$89,522	\$74,331				\$0.00	\$4.73	\$3.68			
Community Connect						0.2%	\$0	\$13,099	\$12,671				\$0.00	\$2.49	\$2.40			
Accessibility						-1.1%	\$0	\$0	\$0				\$0.00	\$0.00	\$0.00			
Supergold						-10.2%	\$0	\$1,770	\$6,549				\$0.00	\$0.14	\$0.60			
Partner Concessions						0.2%	\$0	\$14,323	\$13,830				\$0.00	\$2.32	\$2.24			
Child						-1.1%	\$39,027	\$0	\$0				\$5.76	\$0.00	\$0.00			
Other																		
Total	104743	82020	82020			0.0%	\$587,224	\$262,839	\$247,009				\$5.61	\$3.20	\$3.01			
Count Patronage																		
Adult	27079	28433	28433	5.0%	5.0%	0.0%												
Youth	0	0	0	0.0%	0.0%	0.0%												
Community Connect	0	0	0	0.0%	0.0%	0.0%												
Accessibility	11290	11855	11855	5.0%	5.0%	0.0%												
Supergold	4385	4604	4604	5.0%	5.0%	0.0%												
Partner Concessions	0	0	0	0.0%	0.0%	0.0%												
Child	13493	14168	14168	5.0%	5.0%	0.0%												
Other	31414	32985	32985	5.0%	5.0%	0.0%												
Total	87661	92044	92044	5.0%	5.0%	0.0%												
Total Patronage and Revenue (inc GST) by Group																		
Adult	1344664	1232814	1246031	-8%	-9%	1.1%	\$4,423,695	\$5,579,050	\$5,408,657				\$3.29	\$4.53	\$4.34			
Youth	783707	778493	842576	-0%	7%	8.2%	\$2,023,396	\$2,923,556	\$2,945,419				\$2.58	\$3.76	\$3.50			
Community Connect	220093	215567	218396	-2%	-6%	1.3%	\$379,079	\$542,797	\$531,844				\$1.72	\$2.52	\$2.44			
Accessibility	311836	333998	333926	7%	7%	0.0%	\$0	\$0	\$0				\$0.00	\$0.00	\$0.00			
Supergold	510730	541453	478745	6.0%	6%	-11.0%	\$44,287	\$71,275	\$266,643				\$0.09	\$0.13	\$0.56			
Partner Concessions	255891	251241	254486	-2%	-6%	1.3%	\$410,735	\$585,805	\$572,413				\$1.61	\$2.33	\$2.25			
Child	159822	164303	164264	2%	2%	0.0%	\$52,894	\$14,560	\$13,867				\$0.33	\$0.09	\$0.08			
Other	132514	131969	131969	-0%	-0%	0.0%	\$315,979	\$331,778	\$315,979									
Total	3719257	3649838	3670393	-2%	-2%	0.6%	\$7,334,085	\$9,717,042	\$9,738,842				\$9.62	\$13.35	\$13.16			
Value from NZTA Annual Return	4187597																	
Difference	468340																	
	13%																	
Total by Group (GST excluded, after fare capping)																		
Adult	1344664	1232814	1246031	-8%	-9%	1%	\$3,846,691	\$4,851,348	\$4,703,180	26.3%	22.3%	-3.1%	\$2.86	\$3.94	\$3.77			
Youth	783707	778493	842576	-1%	8%	8%	\$1,759,475	\$2,542,222	\$2,561,234	44.3%	45.6%	0.7%	\$2.25	\$3.27	\$3.04			
Community Connect	220093	215567	218396	-2%	-6%	1%	\$329,633	\$471,998	\$462,473	43.3%	40.3%	-2.0%	\$1.50	\$2.19	\$2.12			
Accessibility	311836	333998	333926	7%	7%	0%	\$0	\$0	\$0	#DIV/0!	#DIV/0!	#DIV/0!	\$0.00	\$0.00	\$0.00			
Supergold	510730	541453	478745	6%	6%	-12%	\$38,510	\$61,978	\$231,863	60.3%	50.1%	-24.1%	\$0.08	\$0.11	\$0.48			
Partner Concessions	255891	251241	254486	-2%	-6%	1%	\$357,161	\$509,395	\$497,750	42.8%	39.4%	-2.3%	\$1.40	\$2.03	\$1.96			
Child	159822	164303	164264	2%	2%	0%	\$45,894	\$12,661	\$12,058	29.5%	73.8%	-4.8%	\$0.29	\$0.08	\$0.07			
Other	132514	131969	131969	-0%	-0%	0%	\$274,765	\$288,503	\$274,765	5.0%	0.0%	-4.8%						
Total	3719257	3649838	3670393	-2%	-2%	1%	\$6,652,230	\$8,738,105	\$8,743,323	31.3%	31.4%	0.1%	\$8.36	\$11.61	\$11.45			
Value from NZTA Annual Return							\$6,625,034											
Difference							-\$27,196											
							-0.41%											
Third Party Revenue (GST excluded)																		



Appendix B: Consideration of Changes to Rural Zones

This appendix provides further information regarding the proposal to amalgamate certain rural zones in the bus tariff.

Essentially the proposal is to join zones 5 and 6, and 7 and 8 into two larger zones. The reallocation of townships between zones and which towns are proposed to be located within each zone is considered in the main body of this report. The main reason why these zones have been proposed for amalgamation is that they have very low demand and that they are adjacent to each other. This is a reasonable basis for making the change, and the distance modelling undertaken to inform the suggested fares table for this review confirms that the numbers of zones which would be travelled from these larger bands would continue to provide a good basis as a proxy for service costs through the regional fare table.

Since larger zones are being created from smaller zones in this instance the scope for travel within these zones with only a single zone fare expands, providing more opportunities to travel further at the same cost for residents. There should therefore be no issue from this perspective and this is a particular advantage in rural areas where residents typically need to travel further to access essential services. There are generally therefore no negative equity impacts to consider from amalgamating zones unless boundaries also move.

Beyond simply creating larger fare zones from smaller ones however there are some further mainly aesthetic considerations in refining the proposal.



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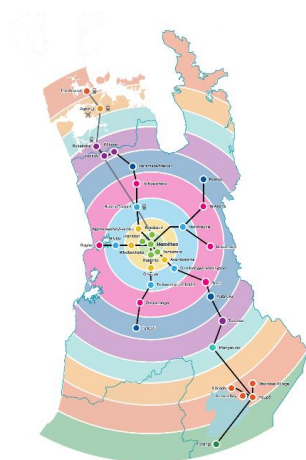


Figure 2 – Existing WRC Zonal Map

The current part-schematic WRC zonal map illustrates almost perfectly spaced concentric zones. The aesthetics of having two larger bands on the map to be located in between two smaller bands, whilst not a critical issue does require some thought as to presentation.

Parts of the zones 7 and 8 bands (7A and 8a) which cover Auckland would be removed due to the proposal to establish the Te Huia service (which is the only WRC service to use these zones) as its own separate fare structure.

Compared to zones 5, 6, 7 and 8, the current zone 4 is quite a wide band (18km) whereas zones 5, 6, 7 and 8 are drawn 12 – 15 kilometres apart. If certain zones are joined together, then the width of that band becomes the total width of its constituent zones.

A potential remedy to this is to adjust the width of certain zones. Given the rural nature of these areas there is reasonable scope to adjust zonal boundaries in most places without affecting the townships that lie within them. The proposal in response to this which is reflected in the preferred option is:

- No changes to the width of zone 4 (which is already slightly larger than adjacent zones.
- A narrower combined zone 5 and 6, moving the outer boundary in slightly. This becomes the new zone 5.
- The combined zone 7-8 moves inwards and becomes slightly narrower. This becomes the new zone 6.
- The inner boundary of zone 9 moves inwards, creating a larger zone 9 (in areas where it will exist which becomes the new zone 7.

Making these changes south of Hamilton is unproblematic due to the placement of townships, however making them on the northern side of the Waikato affects the potential placement of



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Thames and Pukekohe either side of the new zone 5 and 6 boundaries. It was considered important to retain Pukekohe within the same fare zone as Pokeno and Tuakau given its importance economically for the services it provides to those towns, hence the boundary between 5 and 6 cannot be shifted in significantly in that location. For Thames however, given that there is a reasonable distance to the nearest town south of Thames, Ngatea it was possible to align bringing the new zone 5 boundary to align with the changes proposed above. A case could be made for placement of Thames either side of the boundary however, and it is noted a new Thames to Ngatea service is planned for 2027.

A map showing the regional zonal structure with the proposed amalgamations and including the boundary changes discussed above is provided in Figure 3.



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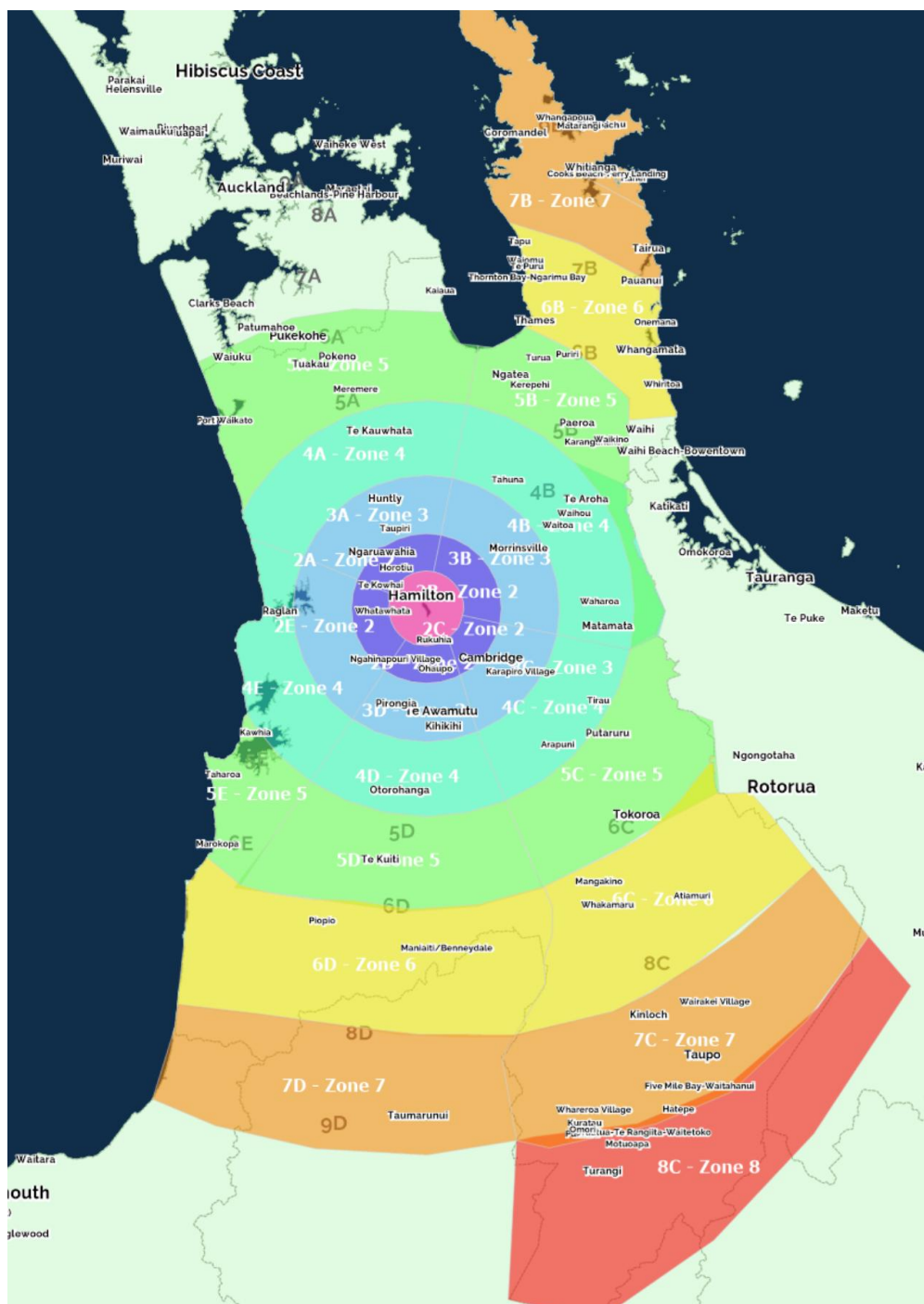


Figure 3 Map of Zonal Structure with Proposed Changes



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Appendix C: Consideration of Alternative Models for Hamilton Inner and Outer Zone Model

Introduction

At the RTC PT subcommittee workshop a larger inner zone was proposed as part of the preferred package (subject to confirmation of support from HCC). For the Issues and Options paper, this proposal has only been considered at a conceptual level. This appendix provides more detailed consideration of the Hamilton Inner Zone proposal including consideration of alternative boundary options to inform the preferred option.

Zonal Charging Models

There are two fundamentally different approaches to designing a Hamilton Inner Zone Option as far as charging is concerned. The key design consideration is whether to treat the 'inner zone' in the same manner as the existing CBD fare zone – known as a "contained zone" based model or a "zone barrier" based model where you are charged for crossing the boundary either side of the zone (much like the remainder of the existing Waikato zonal model outside of the CBD zone).

The pros and cons of each approach are considered in the following table. The Zone Barrier approach has very significant disadvantages particularly for cross-Hamilton travel, and few advantages which mean that it has been discounted and the 'contained zone model' where a discounted rate is only charged for travel within the zone, is the only potential model being considered to take forward.

	Advantages	Disadvantages
Contained Zone Model	Simple for passengers to understand - if the whole journey is within the zone the lower fare is paid Through-passengers on longer journeys aren't penalised for passing through (e.g., someone	Enlarging the zone means more journeys qualify for the lower fare – this means lower fare revenue or a reduced fare discount to compensate. Because there is no shift in revenue, any Hamilton residents



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	travelling Rotorua–Glenview via the CBD doesn't pay extra for the inner zone leg) It is less complex to communicate and technically implement Consistent with how the existing CBD zone already works — no new concept to explain	outside the Zone will pay as much, if not more than before, and there would be no cost advantage to local trips. Creates a sharp boundary effect: a passenger just outside the zone boundary pays full fare while one just inside pays the inner rate.
Zone Barrier Approach	Better cost recovery: every journey that crosses the inner zone boundary contributes revenue Creates a clear and consistent price signal — longer journeys cost more regardless of direction	Much harder for passengers to understand and predict their fare, especially for multi-stage journeys Through-passengers (e.g. Newton to Hamilton East) get penalised for moving through two zone boundaries even though the inner zone isn't the destination. Interacts badly with fare capping, making already complex capping calculations harder to follow and administer It would create perverse routing incentives (passengers choosing routes that avoid passing through the zone to reduce cost) It is inconsistent with how the network currently works — a new concept requiring public communication

Zone Design Principles

The Issues and Options report considered principles for good fare zone design. Further consideration of these principles with particular attention to a potential Hamilton Inner Zone is provided below:

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- For either charging approach boundaries should follow natural features like rivers, major roads, or city limits for clarity — splits through the middle of urban areas are more likely to be difficult to communicate and contentious with the public due to the different fares charged either side of the boundary.
- For Zones where barrier charging is employed zones should tend to be roughly equal in size based on the average travel distance within those zones - **or** -
- Where a *contained zone* is considered, the average travel distance within that zone should be sufficiently less than the zone it is contained within to justify a significant fare differential – otherwise additional complexity is added to the fare system with little benefit.
- Equitable access to destinations within each zone needs to be considered – this is more of an issue of who benefits for a contained zone. It would be a significant issue for a barrier zone given the volume of cross city travel, particularly for students.
- Passenger volumes travelling within, to, and from each zone should also be considered when designing the zone structure – more emphasis should be given to areas with the highest passenger volumes.

Inner Zone Options

Four alternative options for a larger Hamilton Inner Zone have been considered. These have been developed using the principles of aligning boundaries to geographical features such as major roads, city extents or rivers etc.

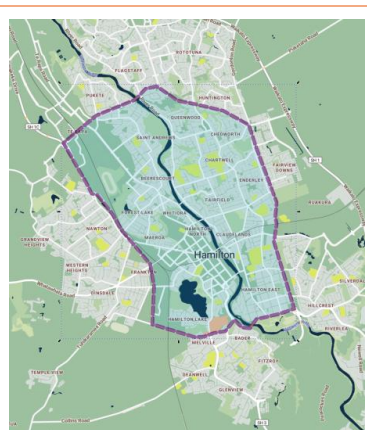
Option 1 – Inner Ring Road

North Boundary – Wairere Drive

East Boundary – Wairere Drive

South Boundary – SH1C

West Boundary – SH1C



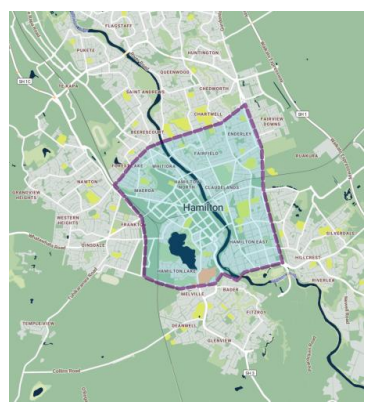
Option 2

North Boundary – Clarkin / Forest Lake

East Boundary – Wairere Drive

South Boundary – SH1C

West Boundary – SH1C





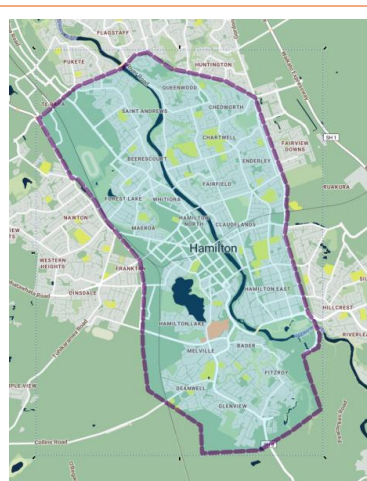
Option 3

North Boundary – Wairere Drive

East Boundary – Wairere Drive

South Boundary – City Extents

West Boundary – SH1C



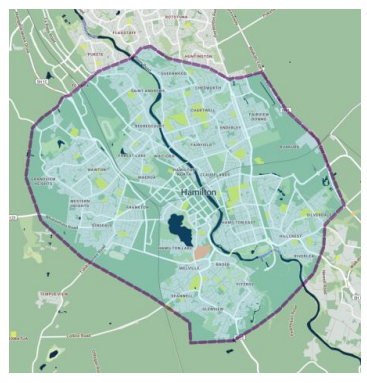
Option 4 – City South

North Boundary – Wairere Drive

East Boundary – City Extents

*South Boundary – City Extents
(excluding Temple View)*

West Boundary – City Extents



These alternative options have been considered against the principles for zone design set out above. Given that the feasible option is a contained zone, the considerations which determine a viable inner zone for Hamilton are:

- Equity – the extent to which different areas of the city are treated consistently in terms of fares compared to distance travelled.
- The number of boardings – a larger number of passenger boardings makes the zone more worthwhile as it has greater impact – this favours a zone which covers an increased area of population or activity. However, this needs to be balanced against abstracting too much demand from the outer zone, making it irrelevant. This can be assessed based on the existing bee card data for the number of passenger boardings within the potential inner zones.
- The Difference in Average Distance Travelled Compared to the Hamilton Zone Overall (contained zones work better as smaller more compact areas) – the larger the difference



the more significant and relevant the price differential. This measure favours a smaller zone. This can be modelled based on the Bee Card tag on tag off data looking at how many journeys would be captured within each of the proposed fare zones compared to the larger Hamilton zone expressed as a ratio.

- The alignment with Natural Boundaries to provide natural demarcation from the rest of the network. This is a subjective assessment of the extent to which there is a natural demarcation, and the number of properties which lie directly adjacent to the boundary.

The table overleaf provides a consideration of each of the options against these criteria. After considering each of the potential zone areas, all have been discounted for one or more reasons which are considered to be fatal flaws. It is therefore not recommended to progress a significantly larger Hamilton zone to replace the CBD zone.

Option	Equity	Total Volume of Trips within Zone	Differential in Average Distance per Trip	Alignment with Natural Boundaries	Overall
1	 Favours access to the north of the CBD at the expense of other areas.	 29% of trips within the inner zone represents a reasonable split.	 Internal zone average travel distance would be 66% of the current average distance within the Hamilton Zone.	 A section of the southern boundary around Lorne St and Kahikatea Drive along SH1C has residential properties either side. Wairere Drive has a strong boundary.	 The distance differential is not large enough. A weak southern boundary that would create inequity, and favouring of northern suburbs this option is discounted.
2	 Provides relatively equal access to areas of the same distance from the CBD.	 10% of trips within the inner zone is fairly low but, larger than the current CBD fare zone.	 Internal zone average travel distance would be 41% of the current average distance within the Hamilton Zone.	 The boundary along Clarkin Road and Forest Lake road is weak and likely to cause issues with communication and equity.	 Excluded because of the weak northern boundary.
3	 Favours access to the north of the CBD at the expense of east and west.	 37% of trips within the inner zone represents a reasonable split.	 Internal zone average travel distance would be 70% of the current average distance within the Hamilton Zone.	 Strong boundaries in each direction with Wairere Drive to the North and East, SH1C to the west and city extents to the south.	 Discounted because of inequitable access to the east and west and too little differentiation between the inner and outer zones in terms of average distance travelled.
4	 A large area with the boundary approximately the same distance in each direction from the CBD.	 Discounted on the basis that it creates an outer zone with just 13% of the patronage in Hamilton, capturing the vast majority of patronage within the inner zone	 Internal zone average travel distance is 91% of the current average distance within the Hamilton Zone. There is no potential for price differentiation.	 Wairere Drive to the north of the Zone presents a defensible zone boundary, with the remainder of the zone aligned with the City Limits apart from Temple View.	 Too large an inner zone creates no potential for price differentiation and occupies too much of the total patronage compared to the outer zone.

Appendix D: PT Subcommittee Preferred Package

PT Sub-committee Preferred Package

Optimisation of the Tariff Structure

- Simplifying the outer rural zone structure;
- Replacing the CBD zone with a larger Hamilton inner zone subject to Hamilton City Council confirmation;
- Creating a premium differential for Night Flex fares, initially increasing them by 25%.
- That the WRC council decision to increase Te Huia fares by 25% was noted as creating a de facto pricing distinction between bus and rail which could fit within the existing RPTP policy framework, and that the issue of having a separate RPTP policy to support modal pricing was a separate issue.

Concessions and Fare Capping

- Retaining the Accessibility Concession and Plus One at free travel;
- Aligning SuperGold with the national off-peak scheme;
- Replacing youth fare capping with a 25% flat rate discount (subject to modelling of financial aspects);
- Retaining adult capping at 9 journeys per week;

Appendix E: Modelling Scoping - Technical Note

Technical Note | Fares Review Demand and Revenue Forecasting Scoping Note

Waikato Regional Council Fares Review - 8 January 2024



Introduction

The purpose of this note is to set out the proposed approach for development of the fares model which is required to deliver the scope of WRC's fares review. The model will take the form of a spreadsheet (Excel) model which is typical for this type of forecasting.

The model is underpinned by a series of assumptions and the application of established forecasting practices using NZTA guidance where possible.

Model purpose

The purpose of the spreadsheet model is to inform Waikato Regional Council's fares review, in particular enabling the comparing and contrasting of revenue and patronage impacts of various (packages of) options. In particular the model will enable the financial comparison of the trade-offs of various packages of options presented in the Issues and Options report. As with any forecast model, the results are a 'educated guess' approximation of the likely impact of a combination of changes and cannot account for all eventualities.

Functional Requirements

Based on the requirement to test features of the packaged options in the issues and options report, the functional requirements for the model are to:

1. Test the impact of changes in fare zones (reclassifying stops between zones)
2. Test changes in both fare levels for individual concession types and overall fare levels.
3. Test changes in fare levels for different times of the day.
4. Test changes in fares between and within zones.
5. Test changes in fare capping

The required outputs from the model are for each scenario:

1. Patronage (journeys) by Concession Group (where the journey may include multiple trips on different services between a start and end point for the basis of charging a fare in the tariff)
2. Revenue by concession group
3. Private share revenue proportion

Forecast Years

The forecast years for the model shall be FY 2026/2027, FY 2027/2028, FY 2028/2029 using data from 2024/2025 as a baseline. Separate matrices shall not be produced for 2026/2027 or 2027/2028, instead 2028/2028 shall be modelled as the horizon year to derive the output statistics, and then back-cast to the prior years using the background growth assumptions set out below. This approach is possible because there are no changes to parameters in intermediate years.

The following functionality is not required from the model:

- Tracking the number of interchanges made for journey and / or individual trip legs.

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- Forecasting the impact of service level changes at a route level (i.e. implication of service level elasticities etc). It is assumed that service levels will be constant between the scenarios.
- No changes to peak time periods (times) to be tested. Time period matrices will be fixed.

Description of Proposed Model Functionality

Principles

The model will operate on the principle of primarily applying an elasticity-based analysis to determine the patronage response to changes in fare levels. It will rely on extrapolating WRCs aggregated historical ticketing transaction data, specifically from the period of July 2024 to June 2025 as recorded from the Bee Card ticketing system. This approach enables the model to forecast responses to changes in fares by applying elasticity assumptions to observed patterns within the provided historical dataset.

Exceptions to this approach are for changes to fare capping, the approach for which is set out below.

Model Scope and Complexity

As additional levels of disaggregation and data segmentation are introduced into spreadsheet models, the level of complexity increases exponentially. For this fares model, the complexity arises not only from the need to account for various geographical distinctions and time periods but also from the inclusion of different concession types and the number of distinct categories present within each group. Each additional layer of detail requires additional data segmentation and processing, which significantly expands both the model structure and the number of calculations needed within the model.

Whilst spreadsheet models are increasingly technically capable of handling considerable complexity due to improved hardware and software capabilities, in practice there are practical constraints to the complexity of models arising from:

- The development time required to set up multiple sets of matrices
- The maintenance overhead (should any changes to the functionality of the model be required in the future)
- Logic traceability - As complexity grows, end users may find it increasingly difficult to follow and understand the logic and calculations distributed across numerous worksheets, which can also potentially introduce errors and reduce transparency.
- The processing (calculation) time when making any changes to assumptions

Hence, achieving a manageable model demands striking an appropriate balance between incorporating sufficient segmentation to fulfil all functional requirements whilst also implementing targeted simplifications which must be chosen so that they do not materially impact results or constrain the ability to compare different scenarios. The goal is to ensure that the model remains fit for purpose and at the same time avoids any unnecessary intricacies that could complicate maintenance, development, and logic traceability.

To forecast the impact of the tariff change scenarios described in the issues and options report, several methods for simplifying the modelling process have been considered. In many cases these potential simplifications have been rejected because the functional requirements of the model necessitate modelling at a more granular level to provide meaningful comparisons.

The recommended approach for each potential area of disaggregation is outlined below, alongside where alternative approaches have been considered.

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Geographic / Stop Based Disaggregation

Origin Destination (OD) matrices of passenger journeys will be the fundamental basis for which patronage and revenue calculations are made. This is important given the need to spatially model tariff changes which incorporate fare changes on a zonal basis.

However, this gives rise to a fundamental issue with complexity given that there are large numbers of stops - 1,564 in total. This would result in a matrix of 2,446,096 ($1,564^2$) origin destination pairs. This is considered to be unmanageable within the context of a spreadsheet model.

Hence means under which complexity can be reduced have been considered, whilst still maintaining the required level of disaggregation to deliver on the functional requirements of the model. The model only needs to be granular enough to consider the proposed changes in zonal structure (which would affect relatively broad areas). Under this approach demand is aggregated into groups of stops, and fare zones are applied to the groups (clusters) rather than directly to the stops themselves.

It is proposed to use clustering to group bus stops into clusters to reduce the complexity of the model. In order to advance this, a GIS clustering algorithm was used to identify stop clusters initially, followed by manual adjustments to better reflect the geographical changes expected to be tested as a result of the options packages. This process resulted in 82 groups of bus stops being identified which is considered to provide an adequate level of disaggregation to test changes in fare zones.

In addition to these groups of bus stops, there will be an additional set of 6 groups to segment Te Huia demand, comprising separate rail stops at Frankton, Rotokauri, Huntly, Pukekohe, Puhinui and the Strand, giving 88 groups of stops in total.

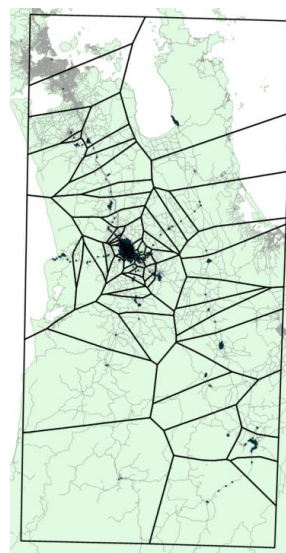


Figure 1 Segmentation of Bus Stops

Time Based Disaggregation

The following time periods shall be modelled:

- ◆ Weekday **Peak**: boardings between 06:30 – 09:00 and 15:30-18:30
- ◆ Weekday **Off-Peak**: All other times (not peak)
- ◆ Weekend & Public Holidays **Off-Peak**

The model will provide one set of worksheets per time period. Alternative approaches considered included using fixed proportions of passengers for each time period for each demand matrix, however this was rejected because it may distort the results.

Route Based Disaggregation

Route based disaggregation will not be included within the model, since the focus is on network wide applications of tariffs. Additionally, the modelling needs to consider the full journey used for fare calculation which may include trips on multiple routes.

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User Group Disaggregation

One demand matrix will be provided per passenger group / concession type (7 groups total) within each worksheet comprising:

- Adults
- Youth
- Community Connect
- Accessibility
- Supergold
- Partner Concessions
- Children

Using fixed proportions of concessions for origins / destinations has been rejected because different user groups are likely to have distinctly different travel patterns which would respond differently to changes in zonal fares.

Modal Disaggregation (Bus / Rail)

Disaggregation of demand by mode by separate (bus / rail) matrices is not proposed. However, as discussed above rail demand will be segmented by means of having separate stop groups designated for each Te Huia stop within the overall demand matrices. This will enable testing of Te Huia specific fares for specific OD pairs. This configuration is similar to how Te Huia is configured presently within the existing Bee Card fare zones.

Because rail trips may be recorded as part of a journey which includes bus and rail, any trips which include a rail component of the journey will be recorded as a rail journey.

Summary of Model Structure

Fares Model •							
Scenario (sets of below)	Baseline (2024/2025)	Future Horizon Year (2028/2029) (Do Minimum)	Future Horizon Year (2028/2029) Do Something (parameters configurable, each option results to be generated individually)				
Time Period (1 worksheet each)	Weekday Peak	Weekday Off-peak	Weekend				
User / Concession Type (matrices within worksheet)	Adult (full fare)	Youth	Community Connect	Accessibility	Supergold	Partner Concessions	Child
Demand Matrices	By Stop Cluster to Stop Cluster						

Fare Capping

The impact of changes to fare capping will be considered at an aggregate level, considering journey frequency per Bee Card. The results from the modelling shall be adjusted by the factors derived from these separate calculations into capped and uncapped values.

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Inputs

Data

The transactions dataset provided by WRC in July 2025 is the basis for building the forecasts in this model. WRC has provided a unique journey identifier across transactions which will be used to aggregate the data into matrices.

Model Parameters and Assumptions

Background growth will be set to be reflective of population growth in urban areas (agreed per email 30.07.2025). This is approximately 1.2% – 1.3% per annum per Table 1.

Table 1 Background Growth - Population Estimates

	Waikato Population Forecast Interpolated from Subnational population projections: 2023(base)- 2053 Stats NZ	Year on Year Growth Rate	Population Relative to Baseline Year
FY 2024/2025 (baseline)	350,880	1.26%	100.0%
FY 2025/2026	355,260	1.25%	101.2%
FY 2026/2027	359,640	1.23%	102.5%
FY 2027/2028	364,020	1.22%	103.7%
FY 2028/2029	368,400	1.20%	105.0%

It will be assumed that there will be no supply side changes (no changes in service KMs etc) for the patronage forecasts (agreed per email 30.07.2025).

Fare Elasticity of Demand

Short-run fare elasticity of demand values will be applied per the values in Table 2. These figures are derived from NZTAs Monetised Benefits And Costs Manual – Volume 1: Procedures | Version 1.7.4, August 2025/ (refer [Monetised Benefits and Costs manual – Volume 1: Procedures](#)) Note that the manual does not provide any specific values for different elasticities for bus and rail, but notes that bus elasticities are typically higher than rail but this may be due to the shorter trip lengths. Hence these values will be applied for bus and rail.

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Table 2 Fares Elasticity of Demand

Time Period	Ratio	Short Run Elasticity
All Week Average	1x	-0.35
Weekday Peak	0.75x	-0.26
Weekday Interpeak & Evening	1.1x	-0.39
Weekend	1.5x	-0.53

The generation rate for free fares products will be set at 50%. Values approximating 50% are commonly cited in studies. The value is indicative since the evidence regarding the effect of free fares on demand is fairly poor, and hence there is a reasonable level of uncertainty in forecasting transition from paid fares to free fares and vice versa compared to incremental fare changes.

Fares review policy - Statement of Proposal**What is the proposal?**

Waikato Regional Council is reviewing the region's public transport fare policies. This will involve looking at how fares are structured, including fare zones, concessions, fare products, transfers, and how fares apply to different services such as buses, rail (Te Huia), and on-demand transport. The aim is to create a fare system that is simpler, fairer, and more financially sustainable, while keeping public transport affordable and accessible.

As part of this review, WRC is seeking feedback on a recommended package of changes to the fare policies in the Waikato Regional Public Transport Plan (RPTP) 2022–2032. Following consultation, final recommendations could lead to the variation of the RPTP. The Waikato RPTP is a statutory document that sets out the public transport services, policies and rules that apply across the Waikato region.

We want to understand what people support, any concerns they may have, and how the proposed changes could affect passengers, households, communities and organisations.

No final decision has been made. Your feedback will help inform Council's final decision.

What is this proposal not?

This review does not aim to set individual fare prices. Rather, this is about reviewing the policy settings behind the fare system, including how fares are structured, how concessions apply, what fare products are available, and what rules should guide future fare decisions.

Fare prices are considered separately through Council's Annual Plan process. Council has recently confirmed fare price changes through that process. Information about those fare changes is available here: [\[insert link\]](#).

Some proposed policy changes may affect what certain passengers pay in the future. Council wants to understand these potential impacts before making a final decision.

Why is this review happening?

The public transport fare system in our region has become more complex over time. There are now different fare products, concessions and rules across the network. This review will look at how the system can be made simpler and easier for people to understand and use.

Public transport operating costs have increased significantly in recent years due to fuel, labour, maintenance and service expansion costs. At the same time, the Government expects a greater share of public transport operating costs to be paid through fares. Council needs to balance affordability and accessibility while ensuring services remain financially sustainable.

The introduction of the new National Ticketing Solution (Motu Move) also means this is the right time to review the region's fare structure to ensure that it is fit-for-purpose and better aligned with the national approach.

What is currently in place?

The current fare system includes a mix of national concessions and regional fare products and rules. This includes national schemes such as SuperGold and Community Connect, as well as region-specific fare products such as the Accessibility Concession, PlusOne, peak SuperGold travel on buses making SuperGold travel free all-day, youth discounts on Te Huia, and fare capping for adults and youth. The system also includes fare zones, free transfers, and concession arrangements with partner organisations.

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There are several strengths in the current system. The zonal structure provides a simple basis for fare identification. Concessions help reduce travel costs for some passengers while promotions and incentives encourage more people to use public transport. However, the system has become more complex over time. There are now opportunities to make it simpler, clearer and better suited to the future public transport network.

When will this be implemented?

If the Council decides to go ahead with proposed changes, this would be implemented when the National Ticketing System (Motu Move) is implemented in Waikato in 2027.

The Proposal

Council has developed a proposed package that aims to keep public transport affordable and accessible, while making the fare system simpler and more financially sustainable. The proposal would retain key parts of the current system, including the broad zonal structure of the fare system (with slight changes), the Accessibility Concession, the PlusOne companion concession, youth discounts on Te Huia, youth and adult fare capping, and discounted Hamilton Central City zone travel.

Some changes are proposed where current fare products may not be working as well as intended, or where there is an opportunity to better align with the national approach.

The key areas of the proposed hybrid package are summarised below.

Proposed Area	What this means
Bus fare zones	What is currently in place Bus fares are calculated based on the number of zones a passenger travels through. The current structure includes 9 fare zones, plus the discounted Central City zone. What we are proposing The proposal is to retain the bus fare zone structure but simplify it by reducing the overall number of fare zones. The maximum bus fare would also be capped at 6 zones. This means the fare map may still show more than 6 areas, but passengers would not pay more than the 6-zone fare. What this means for passengers Passengers would still pay based on the number of zones they travel through, but the maximum bus fare would be reached at 6 zones. Why we are proposing change This change would make the fare zone structure simpler and easier to understand. It would also better reflect current travel patterns and reduce the cost of some longer regional bus trips. Proposed bus fare zones are provided in Appendix B.
Te Huia fares	What is currently in place Council has already decided to set Te Huia fares separately from bus fares through Council Annual Plan. What we are proposing The proposal is to set Te Huia fares by station, rather than by bus fare zones. What this means for passengers

Proposed Area	What this means
	Passengers using Te Huia would continue to pay rail fares based on their trip between stations. There would be no free transfers between bus and Te Huia services because bus and Te Huia fares are proposed to be managed under separate fare structures. Currently, only around 0.05% of Te Huia journeys involve a bus-rail transfer. Why we are proposing this change Te Huia is an inter-regional rail service with a different customer market, service level and cost structure from standard bus services. Keeping Te Huia fares separate from bus fares reflects the different role and operating costs of the service.
On-demand services fares	What is currently in place The current RTP allows on-demand services to have different fare prices depending on the type of service and how it operates. What we are proposing The proposal is to keep on-demand fares the same as the equivalent bus fare. A higher fare may apply where an on-demand service has a specific purpose or provides a premium service. What this means for passengers On-demand fares would be the same as the equivalent bus fare. However, some specialised services, such as Hamilton Night Flex, may have a higher fare to reflect the different service they provide. Why we are proposing this change This would make fares more consistent across bus and on-demand services, while still allowing higher fares for services that provide additional benefits or a specialised service.
Accessibility Concession	What is currently in place Accessibility Concession cardholders currently travel free at all times on the public transport network. The concession also includes a PlusOne companion entitlement for cardholders who need travel assistance. What we are proposing The proposal is to retain the Accessibility Concession, including the PlusOne. What this means for passengers There would be no change to how Accessibility Concession cardholders currently travel. Why we are proposing this change Council recognises the importance of this concession for Accessibility Concession cardholders and places a high priority on retaining it.
SuperGold	What is currently in place SuperGold cardholders currently travel free at all times on Waikato bus services. On Te Huia, SuperGold free travel is already limited to off-peak times, weekends and public holidays, in line with the national SuperGold scheme. What we are proposing The proposal is to align SuperGold travel on buses with the national SuperGold scheme and with how SuperGold already applies on Te Huia. What this means for passengers SuperGold cardholders would continue to travel free during off-peak times and all day on weekends and public holidays. Free travel on

Proposed Area	What this means
	buses during weekday peak times, between 7.00am – 9.00am and 3.00pm – 6.30pm, would no longer continue. Why we are proposing this change Central government funds the national SuperGold scheme, which provides free off-peak travel. Free travel during weekday peak periods is an extra benefit funded locally through rates and fares. This change would help make public transport more financially sustainable.
Fare capping	What is currently in place Adult fares are currently capped at 9 journeys per week. What we are proposing The proposal is to retain the existing adult fare cap and apply the same weekly cap to youth passengers on both bus and rail services. What this means for passengers Adult and youth passengers would pay for a maximum of 9 eligible journeys per week. Any eligible journeys after that would be free for the rest of that week. Why we are proposing this change This would provide certainty for frequent passengers, limit how much regular users pay each week, and make the fare capping approach more consistent across adult and youth fares.
Youth (5-18 age band) Fares - Bus	What is currently in place Youth fares for passengers aged 5-18 are currently capped at 6.5 journeys per week. However, only around 12.6% of youth journeys currently receive a capped fare benefit because many young passengers do not travel often enough each week to reach the cap. What we are proposing The proposal is for every youth bus journey to receive a 20% discount in addition to fares being capped at 9 journeys per week. What this means for passengers More young passengers would receive a fare benefit, including those who only use public transport a few times a week. Youth passengers would pay discounted fares for up to 9 eligible journeys per week, and any eligible journeys after that would be free for the rest of that week. Why we are proposing this change This approach would make youth fares simpler, easier to understand and more consistent, while still supporting young people who use public transport regularly.
Youth (5-18 age band) fares - Rail	What is currently in place Youth rail fares currently apply to passengers aged 5-15, who receive a 50% discount on Te Huia fares. Youth fares are also currently capped at 6.5 journeys per week. Passengers aged 16-18 pay adult fares. What we are proposing The proposal is to keep the 50% youth discount on Te Huia, extend eligibility from ages 5-15 to 5-18, and cap fares at nine journeys per week. What this means for passengers More young passengers would be eligible for the 50% youth discount on Te Huia. Youth passengers would pay discounted fares for up to 9 eligible journeys per week, and any eligible journeys after that would be free for the rest of that week. Why we are proposing this change

Proposed Area	What this means
	This approach would make youth rail fares simpler, easier to understand and more consistent with the wider fare system. This will also support young people and families who use Te Huia.
Transfers	What is currently in place Free transfers are currently available between eligible bus services, subject to the current transfer window rules. Free transfers may also apply between bus and rail services. What we are proposing The proposal is to retain free transfers between eligible bus services. However, free transfers between bus and rail services would no longer apply under the proposed fare structure. What this means for passengers Passengers would still be able to transfer between eligible bus services, subject to the current transfer window rules¹. However, passengers transferring between bus and Te Huia would need to pay separate bus and rail fares. Why we are proposing this change Bus and Te Huia fares are proposed to be managed under separate fare structures. This creates significant technical and administrative challenges for providing free transfers between bus and rail.
Annual fare adjustments	What is currently in place Historically, fare increases in the region have often happened in large steps, with long periods of no change followed by sharper increases when fare revenue falls below sustainable levels. What we are proposing The proposal is to include a policy that would allow Council to review fares annually, taking inflation, operating costs and revenue requirements into account. What this means for passengers Fares may be changed annually but would be smaller and gradual changes that are easy to plan for. Why we are proposing this change Regular fare reviews would help keep fares in line with changing costs, support the long-term sustainability of public transport, and allow gradual fare adjustments that are easier for passengers to manage.

Additional recommendations of the proposal

The review also recommends several supporting updates to make the fare system easier to manage, understand and promote over time.

These include continuing externally funded concessions with partner organisations, rounding fares so they are easier to communicate, and clarifying the objectives of local concessions so they can be better implemented in the future.

How can you have your say?

Council is seeking feedback on the proposed fare policy changes. You can provide feedback by:

- completing the online survey;
- making a written submission by email, post or hand delivery; or
- asking to speak to your feedback or submission at a hearing.

Council is particularly interested in understanding:

- what you support;
- what concerns you;
- how the proposed changes may affect you, your household, your organisation or your community; and
- any suggestions you have before final decisions are made.

The online survey is available at **[insert link]**.

Written submissions can be made by:

- email to transport@waikatoregion.govt.nz;
- post to **[insert postal address]**; or
- hand delivery to a Council office at **[insert address]**.

Public consultation opens on Thursday, 3 September 2026 and closes at 5.00pm on Monday, 5 October 2026.

If you are making a written submission, please include:

- your name;
- your contact details;
- the name of any organisation you are representing, if applicable; and
- whether you would like to speak to your submission at a hearing.

If you need help providing feedback, making a submission, or attending the hearing, please contact Council at **[insert email / phone number]** or visit one of our offices.

Written submissions are public information under the Local Government Official Information and Meetings Act 1987 and may be made publicly available, including on Waikato Regional Council's website. Personal contact details will not be published.

Council intends to hold a hearing for submitters who wish to speak to their submission. The hearing dates will be confirmed later. If you indicate that you would like to be heard, Council staff will contact you to arrange a time. You can speak to councillors about your feedback in person or via video link (if you wish). Your feedback will be taken into account along with other submissions from across the region.

The Hearing committee will consider all feedback received, including written submissions, responses to the online survey, and feedback presented at the hearing. The Hearing committee will then make recommendations through the relevant committee process before Council makes a final decision.

Timetable for consultation

The dates below outline the timetable for the consultation process. Any changes to these dates will be publicly advised on Waikato Regional Council's website.

Indicative date	Activity
4 August 2026	Council receives the preferred package for public consultation.
11 August 2026	RTC PT meeting considers recommendation of the preferred package to the Council for public consultation.
27 August 2026	Council considers endorsement of the preferred package for public consultation.
3 September 2026	Consultation period begins (8.00 am).
5 October 2026	Consultation period ends (5.00pm).
Late October / early November 2026 (to be confirmed)	Oral submissions will be heard by the council hearing panel. Hearing dates will be confirmed at a later stage and provided to submitters who indicate they wish to speak to their submission.
December 2026	Council deliberations and adoption.

What happens next?

After the consultation period closes, all feedback received will be carefully reviewed. This includes online survey responses, written submissions and feedback presented at hearings.

Submissions and feedback will be analysed to identify key themes, areas of support, areas of concern, and any suggested changes to the proposal. This information will be reported to elected members to support their decision-making.

Council will consider the feedback before making final decisions. If the Council decides to go ahead with proposed changes, this would be implemented when the National Ticketing System (Motu Move) is implemented in Waikato in 2027.

The final outcome will be communicated publicly, including information on how consultation feedback was considered.

Appendix A- Proposed policy changes

The proposed amendments to the current RTPP fare policies are provided in Table 2 and Table 3 below.

Table 2- Proposed amendments to existing policies within the current Waikato RTPP

Relevant existing RTPP Policy	Proposed Changes
P34 - Public transport services will be delivered under an integrated zonal-fare structure that covers the Waikato region.	<i>P34 – Coordinated Fares Framework: The council will maintain a coordinated fares framework across the Waikato public transport network. Fare structures may differ between service types to reflect differences in market, service characteristics, operating costs, and customer outcomes.</i> <i>P34A – Bus Fares: Bus services will generally be delivered under an integrated zonal fare structure across the Waikato region. The council will seek to maintain a simple and consistent fare structure that supports network integration, customer understanding, and equitable access to public transport. Transfers between eligible bus services may be provided in accordance with council's published fare and ticketing rules.</i> <i>P34B – Passenger Rail Fares (Te Huia): The council will set fares and discounts for passenger rail services separately from bus services, recognising the distinct market, operating characteristics, and service offering of rail. Rail fares may be based on station-to-station travel, and the council may introduce additional rail-specific fare products and promotions to support patronage and revenue objectives.</i> <i>P34C – On-Demand Service Fares- The council will set fares for on-demand public transport services according to the role and characteristics of the service. Where on-demand services are closely integrated with the fixed-route bus network, fares should generally align with equivalent bus fares. The council may apply premium fares where an on-demand service provides a distinct or higher-value transport offering.</i>
P35 - The council will develop a Public Transport Revenue Plan to identify any anticipated changes in fare settings and revenue over the three-year period.	<i>P35 – The council will review public transport fare levels on an annual basis as part of the Annual Plan process. The review will consider changes in operating costs, consumer price inflation, the impact on passenger demand, and progressing towards any current cost recovery objectives as set out in the Government Policy Statement on Land Transport.</i>
P36 – Children under the age of 5 to travel for free on all services.	<i>No change.</i>
P37 - All SuperGold Card holders with their concession loaded onto a registered smartcard are	<i>P37 - All SuperGold Card holders with their concession loaded onto a registered smartcard are</i>

Doc # 37753049

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eligible for free travel on all services included within the SuperGold Card scheme at all times.	<i>eligible for free travel on all services included within the SuperGold Card scheme.</i>
P37 (numbering error in original document) - An accessibility concession will be available to eligible people with a transport disability to enable free travel on all contracted public transport services at all times. One additional support person may travel for free when accompanying an accessibility concession holder where the nature of the card holder's disability means they are unable to travel alone.	<i>No change to the policy wording. Change to the numbering to P38.</i>
P39 - The council may work with any entity to introduce additional fare concessions for specific user groups provided the concession is funded directly by a third party to offset any public subsidy costs.	<i>No change.</i>
P40 - The council will seek to implement a common integrated ticketing system on all contracted public transport services within the region.	<i>P40 - The council will implement the National Ticketing Solution and provide a common, integrated ticketing system across contracted public transport services in the Waikato region.</i>
P41 - The council will minimise the use of cash on public transport services by setting cash fares higher than equivalent smartcard fares.	<i>No change.</i>
P42 - The council will implement weekly fare capping for smartcard users to encourage frequent public transport travel.	<i>No change.</i>
P43 - The council may implement temporary promotional fare and ticketing products to encourage uptake of public transport from time to time.	<i>No change.</i>
P44 - Free transfers will be available on all public transport services (including passenger rail) for smartcard users only for travel within a prescribed transfer time and/or trip limit as published by Waikato Regional Council. To encourage the use of smartcards and improve safety by reducing the amount of cash on buses, free transfers will not be available in association with cash fares.	<i>P44 - Free transfers may be provided between eligible public transport services within prescribed transfer windows and conditions published by Waikato Regional Council. Transfer arrangements may vary between service types and fare structures.</i>
P45 - The council will participate in and transition to a national ticketing system.	<i>Removed as integrated into P40.</i>
P46 - The council will remove the use of cash on public transport services as part of implementing a national ticketing system and will investigate the viability of doing so earlier.	<i>P46 - The council will take a phased approach to removing cash from contracted public transport services as part of the implementation of the National Ticketing Solution.</i>

Table 3- Additional Recommended Policies

Proposed Recommendation	Policy number	Suggested Policy wordings
Relative Zonal Bus Fares	PXX	<i>The council will set relative zonal fares to reflect distance travelled, shared or fixed costs, and relevant equity and access considerations</i>
Rounding of fares	PXX	<i>The council will set individual smartcard fares in increments of 10 cents to support simplicity,</i>

		<i>consistency, and ease of communication, while achieving the revenue outcomes determined through the annual fares review.</i> <i>While cash fares continue to be offered, cash fares will be rounded to the nearest 50 cents to support efficient fare collection and administration.</i>
Youth fare discounts	<i>PXX</i>	<i>The council will provide a discount on every bus and rail trip for youth smartcard users.</i>

Appendix B- Proposed Bus fare zone

The current and proposed new bus fare zone diagrams are provided below.

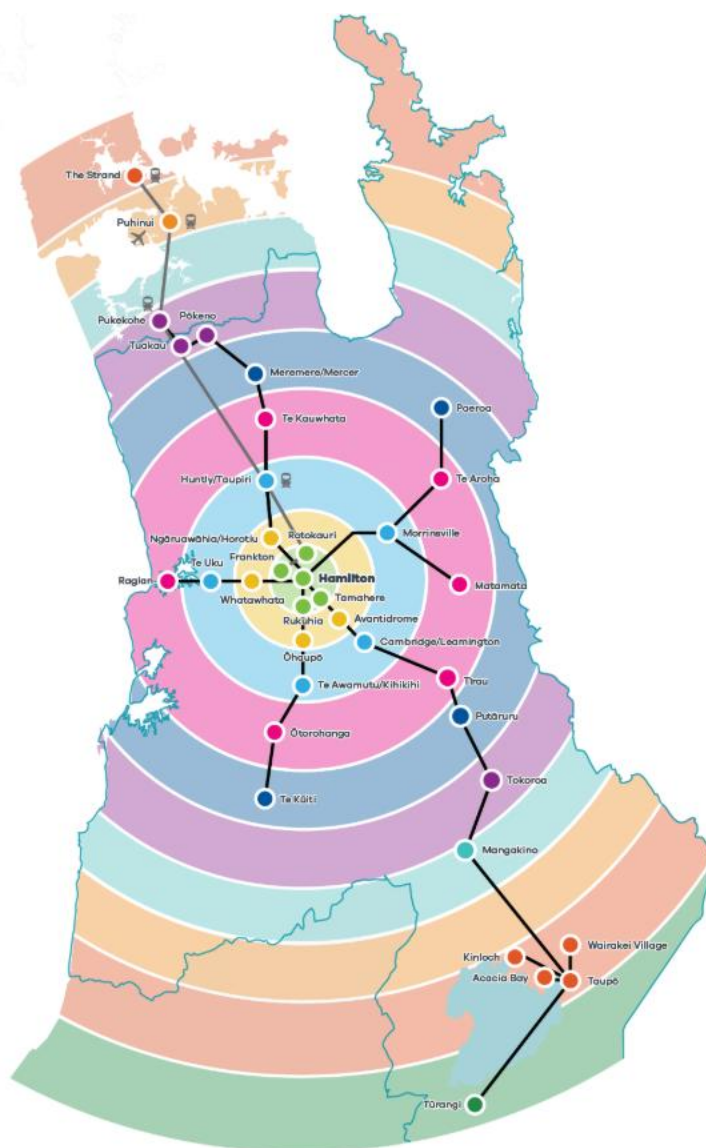


Figure 1- Current Fare Zone Diagram

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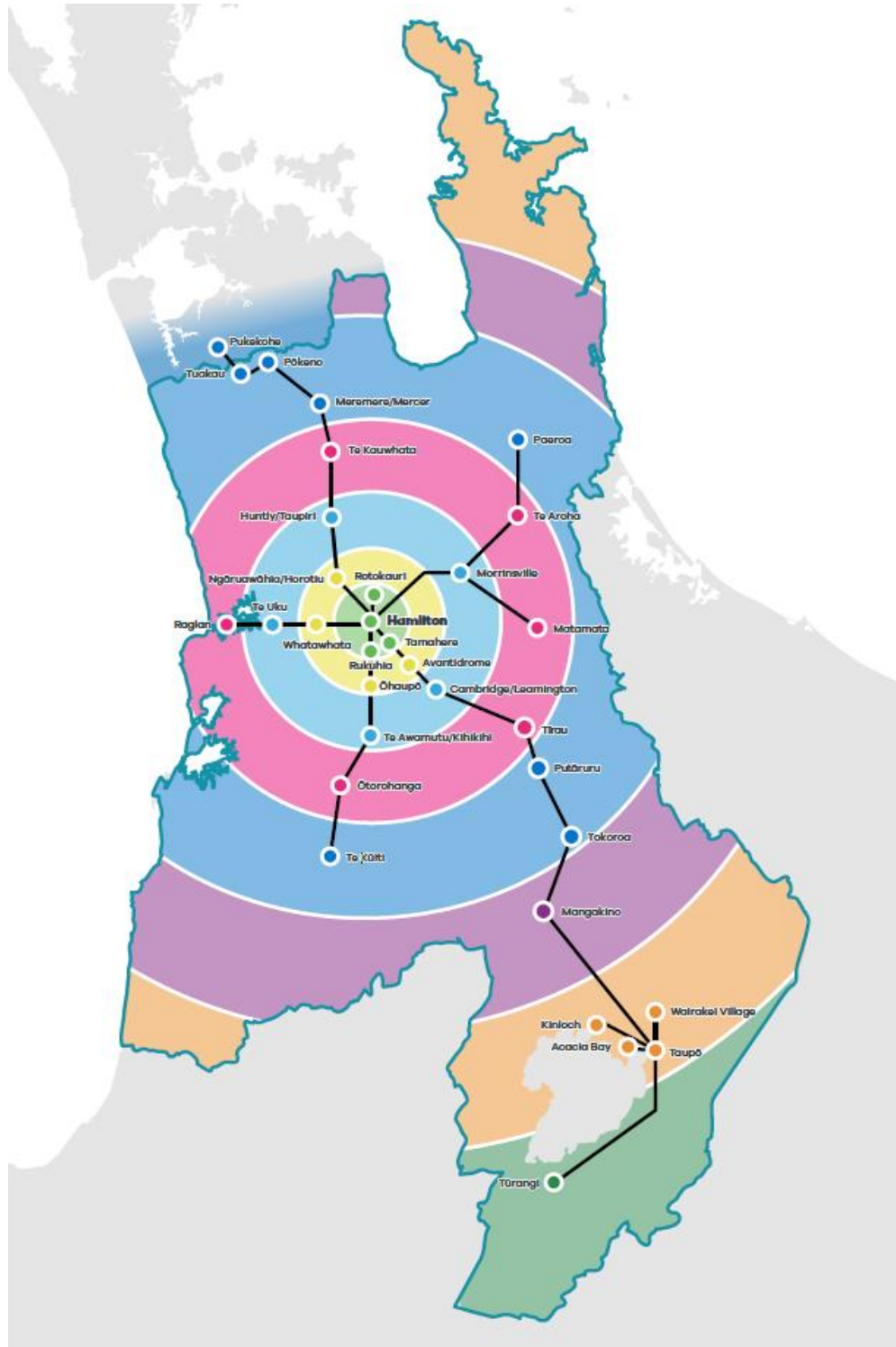


Figure 2- Proposed Fare Zone Diagram

RPTP Fare Policy Review consultation questions

This survey focuses on the proposed changes that are expected to have the most direct impact on passengers. You can provide feedback on any other part of the recommended package at the end of the survey.

Please choose which questions you would like to provide feedback on:

- Youth fares
- SuperGold

Youth bus fare proposed changes:

Under the proposal, every youth bus journey (5-18 years) would receive a 20% discount in addition to fares being capped at 9 journeys per week. This would provide discounts to a greater range of young passengers, especially those who only use public transport a few times a week.

1. Do you support this change?
 - Yes
 - No
 - Not sure
2. What impact would the **proposed increase to the bus fare cap** have on you/your loved ones?
 - No impact
 - Minor impact
 - Moderate impact
 - Significant impact
 - Not sure
3. What impact would the **20% discount** have on you/your loved ones?
 - No impact
 - Minor impact
 - Moderate impact
 - Significant impact
 - Not sure
4. If you have any comments on this change, please include here

Youth rail fare proposed changes:

Under the proposal, every youth rail journey (5-18 years) would receive a 50% discount in addition to fares being capped at 9 journeys per week.

5. Do you support this change?
 - Yes
 - No
 - Not sure

6. What impact would the **proposed increase to the rail fare cap** have on you/your loved ones?

- No impact
- Minor impact
- Moderate impact
- Significant impact
- Not sure

7. If you have any comments on this change, please include here

SuperGold proposed changes:

Under this proposal, Council is proposing to remove free Super Gold travel during peak periods. SuperGold travel would be continue to be free during off-peak times, weekends and public holidays, in line with the national SuperGold scheme.

The national SuperGold scheme is funded by central government. Free weekday peak travel is an additional local extension funded through rates and fares.

8. Do you support this change?

- Yes
- No
- Not sure

9. If you have any comments on this change, please include here.

10. What impact would removing free SuperGold travel during peak period have on you/your loved ones?

- No impact
- Minor impact
- Moderate impact
- Significant impact
- Not sure

11. If you have any comments on this change, please include here

12. Do you have any further feedback on the proposed fare policy changes?

Please use the space below to tell us anything else you would like Council to consider before final decisions are made.

Hearings and decision making

You can speak to councillors about your feedback in person or via video link (if you wish).

Details will be available online at waikatoregion.govt.nz/council-meetings.

Councillors will make decisions.

Your feedback will be taken into account along with other submissions from across the region. All meetings are open to the public.

|

13. Would you like to speak to your feedback or submission at a hearing?

- Yes
- No

14. If yes, please provide your details to arrange hearings.

- First name
- Surname
- Organisation/ group submitting (if applicable)
- Email:
- Phone/Mobile no:

DRAFT

Waikato Regional Council Fares Review 2025

Issues and Options Paper

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Issues and Options Report
Waikato Regional Council Fares Review 2025

Document History

Date	Version	Description
11/10/2025	0.8	First Draft
23/10/2025	0.9	Draft Issued to Client
30/06/2026	1.0	Final Draft incorporating WRC Staff feedback and write up of elected member workshops.



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1 | Introduction

Introduction

Waikato Regional Council has commissioned Better Bus Planning to deliver a review of its public transport fares and tariff structures.

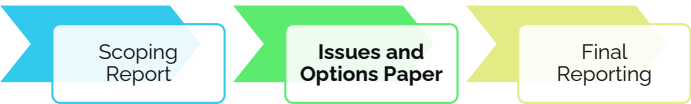
Purpose and Key Drivers

The aim of the fares review as defined at scoping stage is:

"To provide Waikato Regional Council with a comprehensive, data-driven assessment of its public transport fares, with recommendations designed to balance revenue generation, sustainable patronage growth, and equitable access."

The two major external drivers for this review are the future implementation of the Motu Move / National Ticketing System (NTS) and the expectation to work towards increasing the share of private revenue for public transport, towards the targets which have been agreed between NZTA and WRC.

Study Process



This report, the Issues and Options paper is a technical report designed for a staff audience. It provides the background, evidence base, analysis and options for a potential new fare structure.

The concepts in this report will form the basis for a workshop with Elected Members to gain feedback on a preferred direction, following which a Final Report will be produced.



Structure of this Report

Whilst this study is not a business case, it follows the typical format of problem and objective definition, evidence gathering and analysis and longlisting to shortlisting process.

The report is set out in sections as follows:

- ◆ Section 2 - Existing Situation
- ◆ Section 3 – Financial Requirements
- ◆ Section 4 - Principles of Fare and Tariff Setting
- ◆ Section 5 - Analysis
- ◆ Section 6 – Issues and Themes Identified
- ◆ Section 7 – Option Development Process
- ◆ Section 8 – Developing Options to Respond to the Issues
- ◆ Section 9 - Short Listing
- ◆ Section 10 – Packaging of Options
- ◆ Section 11 – Elected Member Engagement
- ◆ Section 12 – Conclusions and Next Steps

Scope of the Review

The scope of this review is centred on the development and evaluation of the tariff structure for fares including ensuring that the proposed tariff structure will be compatible with NTS as the future ticketing platform. This study is focussed on the setting of the tariff structure rather than means of collection.

While the review considers operational aspects such as fare evasion or misuse, it does so only to the extent that these issues can be addressed through tariff design.

Additionally, the review operates on the assumption that the current cash fare policy will be phased out in accordance with the existing Regional Public Transport Plan (RPTP) policy and introduction of NTS.

Although this study focuses on fares and tariffs, it should be acknowledged that fares exist as part of a much broader context of public transport policy settings (including that of competing modes) that impacts on private share revenue and costs.



Objectives

During the scoping stage for this study, it was identified that the staff objectives for the review were:

- ◆ To assist WRC in developing a fare structure with an improved proportion of private share revenue in line with Government objectives.
- ◆ To model and compare different potential tariff options and their impact on passenger demand, financials and equity for various passenger groups (e.g., students, seniors, low-income).
- ◆ To identify opportunities to:
 - ◆ Simplify the current tariff structure and make it easier to communicate to passengers.
 - ◆ Lower the overall administrative burden of the ticketing system for WRC.
- ◆ To test compatibility of potential tariff options with the National Ticketing Solution.
- ◆ To provide specific, actionable recommendations for fare and tariff adjustments, including potential revenue targets and implementation strategies and possible amendments to RPTP policy.



2 | Existing and Planned Situation

Introduction

This section of the report covers:

- ◆ Existing Fares Policy as defined in the RTP
- ◆ Ticketing Systems including a discussion of the NTS / Motu Move ticketing system (including constraints or opportunities arising).
- ◆ The nature of the implementation of the existing Bee Card system / Current Tariff in the Waikato
- ◆ Historical Patronage and Fare Changes

Existing RTP Objectives

The objectives, as set out in the 2022-2032 RTP contains the following overall objectives with respect to public transport. Some of these objectives are of greater relevance to fares policy, but all are provided here for context.

- ◆ 1 - Deliver public transport services in a way that results in at least net neutral carbon emissions for the period 2025 to 2050.
- ◆ 2 - Deliver an integrated network of public transport services that enhances accessibility and wellbeing.

- ◆ 3 - Provide a fares and ticketing system that is simple, affordable and attracts and retains customers.
- ◆ 4 - Provide high quality and intuitive public information.
- ◆ 5 - Provide the infrastructure and services necessary for an accessible, effective, efficient and enjoyable public transport experience.
- ◆ 6 - Provide public transport services that are affordable for passengers and funders.
- ◆ 7 - Develop and maintain partnerships that obtain best value for money in the delivery of transport solutions

Existing Policy

The RTP is the statutory document which guides how fares and tariffs are set. The 2022-2032 RTP contains the following policies with respect to fares. Given the scope of this review set out in section 1, it also indicates if this fares review will inform the review of each policy for the next iteration of the RTP.

P#	Policy	In scope?
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P34	Public transport services will be delivered under an integrated zonal-fare structure that covers the Waikato region.	A zonal fare structure will be retained.
P35	The council will develop a Public Transport Revenue Plan to identify any anticipated changes in fare settings and revenue over the three-year period.	n/a
P36	Children under the age of 5 to travel for free on all services.	No change.
P37	All SuperGold Card holders with their concession loaded onto a registered smartcard are eligible for free travel on all services included within the SuperGold Card scheme at all times.	For review.
P38	An accessibility concession will be available to eligible people with a transport disability to enable free travel on all contracted public transport services at all times. One additional support person may travel for free when accompanying an accessibility concession holder where the nature of the card holder's disability means they are unable to travel alone	For review.

P39	The council may work with any entity to introduce additional fare concessions for specific user groups provided the concession is funded directly by a third party to offset any public subsidy costs	No change proposed to policy.
P40	The council will seek to implement a common integrated ticketing system on all contracted public transport services within the region.	This review supports the transition to NTS.
P41	The council will minimise the use of cash on public transport services by setting cash fares higher than equivalent smartcard fares	No change proposed to policy.
P42	The council will implement weekly fare capping for smartcard users to encourage frequent public transport travel.	For review.
P43	The council may implement temporary promotional fare and ticketing products to encourage uptake of public transport from time to time.	Out of scope.
P44	Free transfers will be available on all public transport services (including passenger rail) for smartcard users only for travel within a prescribed transfer time and/or trip limit as published by	No change proposed to policy.



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	Waikato Regional Council. To encourage the use of smartcards and improve safety by reducing the amount of cash on buses, free transfers will not be available in association with cash fares.	
P45	The council will participate in and transition to a national ticketing system.	Review supports NTS transition.
P46	The council will remove the use of cash on public transport services as part of implementing a national ticketing system and will investigate the viability of doing so earlier.	No change proposed to policy at this stage.



Issues and Options Report
Waikato Regional Council Fares Review 2025

Background on Ticketing Systems

Bee Card



The Bee Card ticketing system was introduced to the Waikato in 2020. The card system is used by all New Zealand PTAs except Auckland, Greater Wellington and Environment Canterbury.

It is a stored value card system, meaning that users have to purchase a smart card and top the card up to the required value. The system is also used for managing concession eligibility (tied to the card) and Bus Driver Console (BDC) devices can also handle cash payments.

Motu Move



Motu Move is the new National Ticketing System (NTS) which will replace the 4 separate ticketing systems which are currently in use nationally. Current timescales are that the Motu Move card will be deployed to the Waikato towards the end of 2027 and the Waikato is likely to be one of the last Councils to adopt the card.

The system is an 'Open loop' system which means that any 'token' or payment card can be used to make payment and track travel. For example a user can tag on and off with their debit card rather than having a special payment card.



Current Tarriff Implementation

Zonal system

Figure 1 below shows the existing schematic map of the Waikato Zonal fares system. The existing fare zone boundaries have been designed around a series of concentric rings originating from Hamilton.

There is an important distinction to be made here, between the zone in which a journey starts and the number of zones travelled which is the determinant of the fare charged. For example a journey which starts and ends in Zone 2 is charged a 1 Zone fare because the person only travels within a single zone.

Another noteworthy point is that the schematic map implies that each zone follows a perfect radial boundary, however the more detailed and less schematic version of the zonal fares map in Figure 1 can be found in Appendix D. That map shows that some boundaries have been tweaked from the radial on the periphery to include or exclude certain settlements (and hence are not perfectly concentric circles).

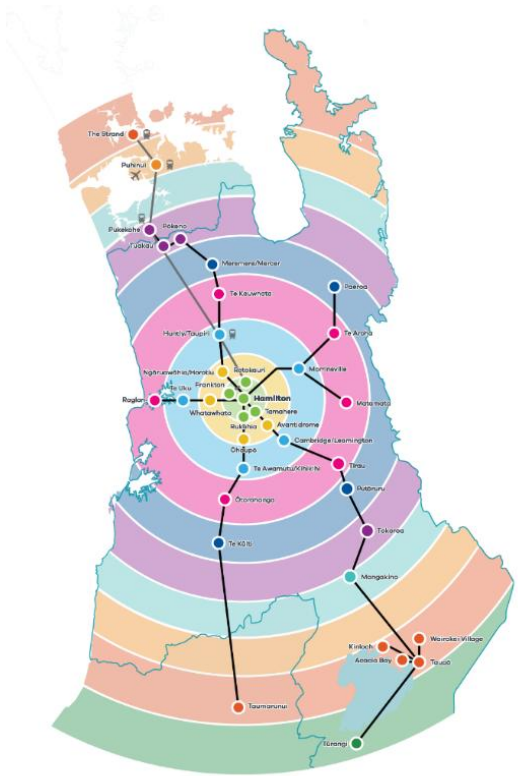


Figure 1 Existing Waikato Zonal Fare Boundary Map



Table 1 below lists the settlements which are currently included in each boundary.

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Table 1 Settlements within each fare zone

Zone	
Zone 1	Hamilton, Tamahere, Rukuhia Frankton & Rotokauri (rail)
Zone 2	Ngaruawahia, Whatawhata, Ohaupo, Avantidrome
Zone 3	Huntly (Rail + Bus), Morrinsville, Cambridge, Te Awamutu
Zone 4	Raglan, Te Kauwhata, Te Aroha, Matamata, Tirau, Otorohanga
Zone 5	Te Kuiti, Meremere, Mercer, Paeroa, Putaruru, Te Kuiti
Zone 6	Pukekohe (Rail + Bus), Tuakau, Pokeno, Tokoroa
Zone 7	Mangakino
Zone 8	Auckland - Puhinui (Rail Only)
Zone 9	Auckland - The Strand (Rail Only), Taumaranui, Kinloch, Acacia Bay, Wairakei Village, Taupo

Particulars of Zonal System as Implemented within the Bee Card tariff

The following particulars are of note with the implementation of the zonal system within the Bee Card system. These nuances of the system



are generally not visible to customers and are not marketed as described above. They do however create additional complexity within the tariff itself and hence the amount of staff time required to maintain them.

Rail Zones

Special zones have been created for Rail stations to allow for rail specific tariffs for Te Huia. Rail stations are associated with these zones which follow similar numbering but have a rail specific suffix ("_R").

Zone Subdivision

Each of the concentric zones is subdivided into four segments. This both allows for charging between the start and end point of a journey when that journey passes east – west or north south through Hamilton for example, and whilst not currently implemented, could in the future allow for charging between adjacent settlements within the same band, e.g. Cambridge and Te Awamutu. This division can also be seen in the more detailed map contained within Appendix D.

¹ The other component being the introduction of the Comet route along Anglesea Street.

Central City Zone

The CBD Fare Zone was originally conceived as a partial replacement for the CBD shuttle¹ which was a free service which used to operate on a loop around Anglesea Street and Victoria Street.

The CBD fare zone allows for discounted fares for short bus journeys within the CBD. The Zone extends as far south as the Waikato Hospital campus on Pembroke Street and a short distance north of Mill Street to include part of Ulster and Victoria Street (areas south of Edgumbe Park and Beetham Park). The extent of the CBD fare zone is shown in Figure 2. It aligns only partially with the Central City Boundary defined by Hamilton City Councils' Central City Transformation Plan shown in Figure 3.

There is not currently an RPTP policy regarding the CBD fare zone.

It is a 'special zone' in that only travel *within* the CBD is charged at the discounted rate, and for all other purposes it functions as an extension of the Hamilton Zone 1.



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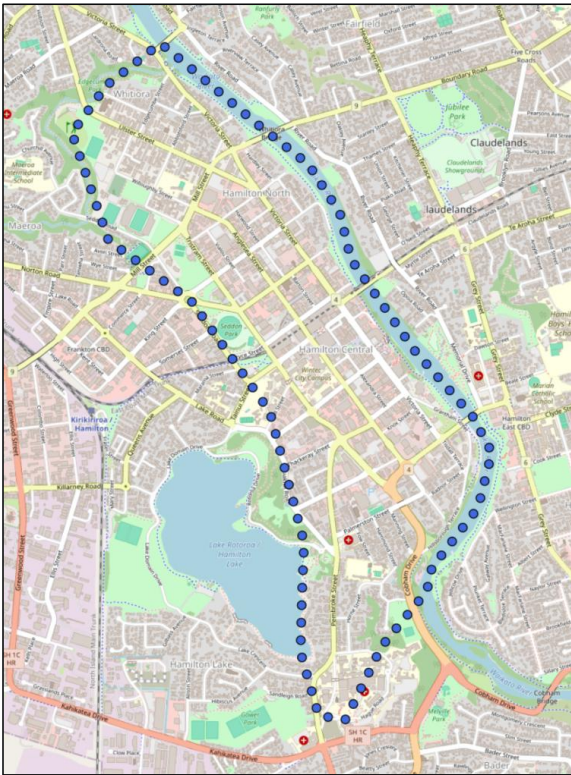


Figure 2 CBD Fare Zone (as interpreted from GTFS File)

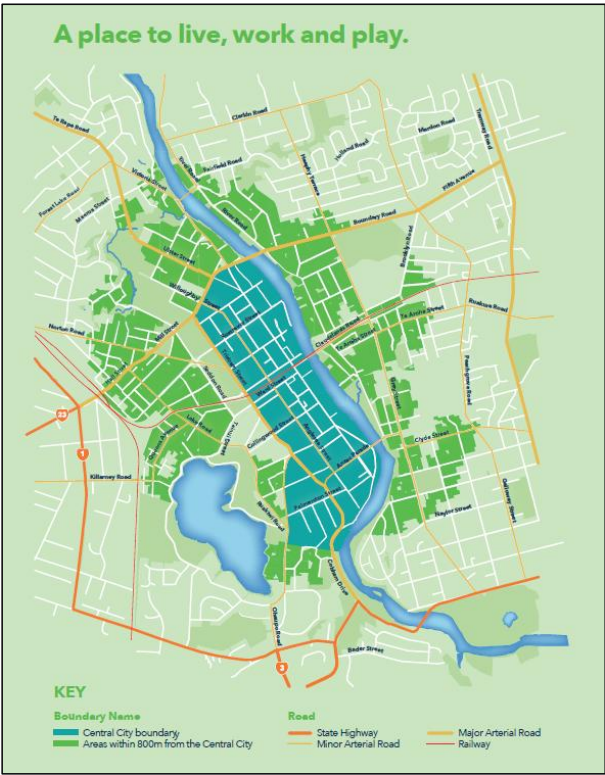


Figure 3 City Centre Transformation Plan Boundary and 800m extent



Fares and Tariff Schedule

The existing and future fares (as defined in the do-minimum) are shown in Table 2 and Table 3 below.

Existing Fares

Table 2 Existing Fares Table

Bee Card				
Zones Travelled	Under 5 and SuperGold	Community Connect	Full Adult Fare	Cash
Central City	FREE	\$0.67	\$1.34	\$5.00
1	FREE	\$1.34	\$2.67	\$6.00
2	FREE	\$2.01	\$4.01	\$7.00
3	FREE	\$2.68	\$5.35	\$8.50
4	FREE	\$3.34	\$6.68	\$9.50
5	FREE	\$5.35	\$10.69	\$16.00
6	FREE	\$6.69	\$13.37	\$20.00
7	FREE	\$8.02	\$16.04	\$26.00
8	FREE	\$10.03	\$20.05	\$33.00
9	FREE	\$12.03	\$24.06	\$40.00

Previous and Future Fare Levels

The Bee Card ticketing system was introduced in July 2020, alongside a new Zonal Fare Structure and fares.

Proposed fare levels are set to increase over time as a result of a February 2025 Council resolution. Table 3 shows that between 2025 and 2027 based on the current Council resolution a 1 zone fare will increase to \$3.23.

Table 3 Previous and Future Full Zonal Bee Card Fares for Adults

Zones Travelled	July 2020 – June 2024	July 2024	July 2025	July 2026*	July 2027*
Central City	\$1.00	\$1.20	\$1.34	\$1.47	\$1.62
1	\$2.00	\$2.40	\$2.67	\$2.94	\$3.23
2	\$3.00	\$3.60	\$4.01	\$4.41	\$4.85
3	\$4.00	\$4.80	\$5.35	\$5.89	\$6.47
4	\$5.00	\$6.00	\$6.68	\$7.35	\$8.08
5	\$8.00	\$9.60	\$10.69	\$11.76	\$12.93
6	\$10.00	\$12.00	\$13.37	\$14.71	\$16.18
7	\$12.00	\$14.40	\$16.04	\$17.64	\$19.41
8	\$15.00	\$18.00	\$20.05	\$22.06	\$24.26
9	\$18.00	\$21.60	\$24.06	\$26.47	\$29.11

*Forecast based on current Council resolution



In July 2024 fares increased by 20%. Prior to that, whilst there had been some adjustments to the tariff, overall fare levels had not increased since the introduction of Bee Card. This was partly due to disruption caused by COVID-19, including the prevailing economic circumstances. The large fare increase was required in 2024 due to significant increases in operating costs over the period, but no increases in fare revenue.

A further 11% fares increase was implemented in July 2025, as a result of the Council resolution, and as it stands under that same resolution, two further 10% fares increases would occur in 2026 and 2027. Both of these fare increases are likely to be above the level of inflation (CPI), resulting in a real-terms increase in fares.

Modal fares

Waikato's public transport network is substantially bus based - 98.4% of all trips were on fixed route bus services in the 2024/2025 financial year.

At conception of the Bee Card implementation the tariff structure and fares were largely orientated around the fixed route bus network. This fares review provides the opportunity to review the system at a network

² Whilst this is the passenger facing experience, the current Tariff system as configured in the Bee Card / INIT system has a separate distinct zonal system for Te Huia stations which was introduced to provide flexibility to provide different tariff rules.

level to ensure that the tariff rules and fares are set appropriately across all modes (and harmonize these where appropriate).

Te Huia

Te Huia fares are currently set in line with the regional zonal fares system², aside from special tariff rules which apply specifically to Te Huia.

Since the introduction of Te Huia, numerous adjustments and special rules have been introduced (and some withdrawn) specifically for rail. The current rules which differ from the wider network include that SuperGold Cardholders can only travel free during off peak trips and full adult fares are charged during peak times. This differs from the bus network in that Waikato offers free peak travel to SuperGold card holders on the bus network.

There is also a wider transfer window for rail trips (2-hours instead of 30-minutes) and a 50% concession for Children 5-12 and Youth 13-15.

All other rules are the same, including the Accessibility concession.



Flex

Fares for the 'Flex' on-demand services are also currently set at \$2.67 per person per ride which is the equivalent adult fare for a 1 zone trip. There is no booking fee. Flex does not currently operate with the Bee Card payment system.

As of as of May 2025, WRC has started charging for cancellations and no shows for bookings on the Flex service.

Fare Types and Rules

Concession Type Eligibility and Reimbursement

Table 4 below shows a summary of the concession and fare capping products offered by WRC including the funding arrangements – be they funded through national schemes or entirely by WRC.

Table 4 Concessions and Fare Capping Arrangements Offered By WRC

Concession Type	Eligibility	Offer	Reimbursement Arrangements
Adult	Default profile which is applied to new Bee Cards.	No percentage discount but	Standard funding arrangement

		capping at 9x journeys per week.	
Under 5s	Under 5s / Infants	100% Discount on fares	Standard funding arrangement
Child	Ages 5-12	No percentage discount but capping at 6.5x journeys per week	Standard funding arrangement
Youth	Ages 12-18	No percentage discount but capping at 6.5x journeys per week	Standard funding arrangement
Supergold Offpeak		100% Discount on fares	Crown funding via formula. Partial reimbursement of revenue foregone.
Supergold Peak		100% Discount on fares	Funded 100% by WRC
Community Connect	CCS card holder. (Based on income or receiving certain Work and Income benefits)	50% Fares	Crown funding



Partner Organisation Concession	Member, employee or student of a partner organization.	Varies	Funded by Partner Institutions
Accessibility	Waikato resident, have an impairment which means unable to drive.	100% Discount on fares	Funded by WRC

Where a concession is funded by the "standard funding arrangement" this means that NZTA funds the cost of the service net of the revenue generated by the trips made with this concession type at the standard funding arrangement (51% financial assistance rate for the Waikato) from the National Land Transport Fund.

Crown funding is government funding which is not from the National Land Transport Fund but is administered by NZTA.

Estimates for standard FAR funding of fare revenue and crown funding are made as part of WRC's continuous programme submissions to NZTA (and any improvement activities for new services). Since these submissions are only forecasts, there is an element of financial risk which is shared between NZTA and WRC at the relevant FAR rate, with each party taking roughly equal funding risk on fares.

³ [Fares – BUSIT](#)

Peak / Off Peak Periods

Waikato Regional Council Has the Following Designations for Peak and Off Peak travel which are:

- ◆ Weekday **Peak**: 06:30 – 09:00 and 15:30-18:30
- ◆ Weekday **Off-Peak**: All other times (not peak)
- ◆ Weekend & Public Holidays **Off-Peak**

Transfer Rules

The user is eligible for free transfers for half an hour after tagging off before 7pm weekdays or an hour after tagging off after 7pm weekdays and on weekends and public holidays. There is a wider transfer window for transfers between bus and rail services (2-hours instead of 30-minutes).

Free transfers between buses apply for two hours from the first tag on to the final tag off.

There can only be a maximum of five free transfers per journey³.

Default Tag Off Fares

The default fare which is charged if a user fails to tag-off correctly was set equivalent (FY24/25) to the equivalent two zone fare (which was



\$3.60 for an Adult without concession). Those users who are entitled to free travel through a concession are not charged any default fare.

Whilst the vast majority of users do tag-off correctly, a significant minority do not. For longer distance routes which traverse multiple zones the default fare can be considerably less than the actual distance travelled if the user fails to tag-off correctly.

Fare Capping

Fare capping is designed to provide users with certainty over their ongoing regular public transport costs by ensuring that users will never pay more than a certain amount no matter how many journeys they undertake in a given period.

At a basic level the fare cap is set as a multiple of the zonal fare. For example for youth, the cap is set at 6.5x journeys per week, and for one zone travel the maximum fare charged is 6.5 times the single fare: $6.5 \times \$2.67 = \17.36 maximum per week.

The single zone fare capping logic is relatively simple to convey to passengers.

Multi Zone Fare Capping

Most users make the same journeys routinely and so do not have to be concerned with where travel across a different number of zones affects the amount they are charged. However, it is reasonable for a user to

expect that if they make, say 10 journeys per week in Hamilton and 2 journeys from Hamilton to Cambridge that there will be some interaction between the charging of the travel between the Hamilton trips and the Cambridge trips in relation to capping, in particular that the longer Cambridge trips should 'count' towards the fare capping in Hamilton.

In this scenario, once the user has reached their Hamilton cap, they are responsible only for the additional cost incurred for the longer, more expensive journeys beyond what would have been paid had the 11th and 12th trips occurred within Hamilton rather than to Cambridge.

The logic for fare capping is implemented through what is termed capping 'buckets' – travel between fare zones fill certain buckets up until they reach a threshold. The ticketing system fills up buckets hierarchically so that all of the smaller buckets receive a top up equivalent to a single trip within each zone each time until they are full.

In the example, if the user were to continue to make more journeys between Hamilton and Cambridge over the same period, then they would eventually hit a separate capping threshold to Cambridge travel, as the capping bucket fills up and they would then be capped for those journeys also.



It is noted that the multi zone logic is somewhat complex to convey and only relevant to a small number of users, hence it is not something that is generally communicated to passengers.

Historical Patronage

Figure 4 shows the historical patronage in the Waikato since 2021.

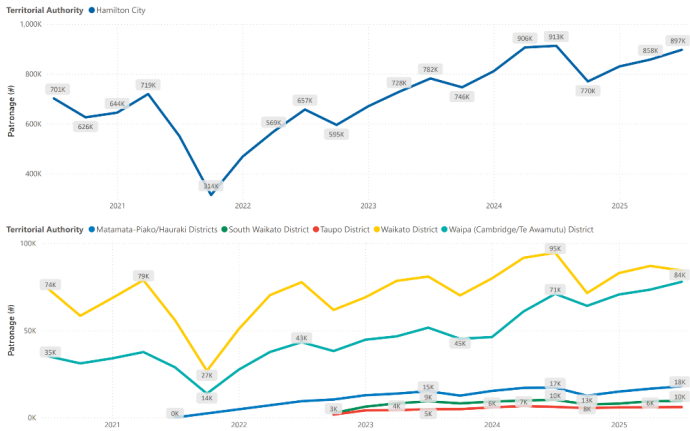


Figure 4 Historical Regional Bus Patronage – Source Public Transport Operations Update to RTC Public Transport Subcommittee March 2026.

After recovering from the impacts of COVID-19 bus patronage has trended towards recovering to pre-Covid levels, but seems to have plateaued over the previous year.



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According to the most recent Regional Transport Connections December 2026 Operational Monitoring report there was a 1.38% increase in patronage for Q4 2026 compared to the same period in 2025.

There is some reason to believe that higher fares may be having a dampening effect on demand. Because demand response to fares increases tends to lag significantly, the full impacts of previous fare increases may not yet have been felt.



3 | Financial Requirements

Introduction

This section of the report sets out the financial requirements and constraints for the fares review.

Public Transport is funded by a mixture of Waikato Regional Council rates, NLTF funding administered by Waka Kotahi and third party revenue (including fares). Fares comprise a relatively small proportion of the funds required to operate services.

Private Share Targets

The Government Policy Statement on Land Transport (GPS) 2024 set an expectation for this shift to reduce the financial burden on taxpayers and ratepayers who may not directly use public transport. It is a policy objective to support increased public transport expenditure by ensuring a greater contribution from users.

The policy aims to reduce the proportion of costs funded by ratepayers and taxpayers by focusing on increasing "Private Share" revenue including passenger fares, commercial revenue (like advertising), and enforcement fees. It specifically excludes revenue from taxes and rates

levied by local councils and the central government, which make up the "Public Share".

NZTA has given effect to the GPS by agreeing private share revenue targets with each of the PTAs. The private share revenue targets for the Waikato are provided in Table 5 below.

The percentage targets which were agreed were not intended be purely revenue / fares focussed and can be met by a combination of measures which increase the proportion of costs which are covered by private share (i.e. this can be achieved through reducing costs, efficiency or revenue raising measures).

Table 5 Agreed Private Share Revenue Targets and OPEX Forecast

	OPEX (\$m)	Original Private Share Target	Revised Target (June 2025)	Original Target Revenue (\$m)	New Target Revenue (\$m)	Third Party revenue (\$m)	Fare Revenue Req. (\$m)
24/25	49.1	16.0%	13.3%	7.9	6.5	0.4	6.2
25/26	50.4	20.0%	15.6%	10.1	7.9	0.5	7.4
26/27	50.8	27.0%	18.4%	13.7	9.4	0.5	8.9
27/28	52.4	27.0%	18.4%	14.1	9.6	0.5	9.1
28/29	53.9	27.0%	18.4%	14.6	9.9	0.6	9.4
29/30	55.6	27.0%	18.4%	15.0	10.2	0.6	9.6

Note: cost assumptions were taken from the approved NLTP/LTP budgets, as opposed to the 'indicative budget' from the retender/proposed future network. FY2027 – 2030 have been extrapolated assuming 3% yearly cost escalation.



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For FY2024/25, WRC achieved a 15.2% private share ratio, exceeding the NZTA private share target of 13.3%⁴

The private share revenue target in the Waikato increases from 13.3% to 18.4% by 2026/27 after which there are no further proposed increases. The agreed private share revenue targets have put upward pressure on fares nationally. The Ministerial and NZTA requirement is that PTAs actively work towards increasing private share — it is not a requirement that targets are achieved so long as WRC is actively doing so. Fare increases have been the default response to private share targets; however, there are broader options to explore to address the costs and revenue balance which this review partly addresses.

Te Huia Revenue Targets

The five-year trial of Te Huia is now due to complete in June 2027. Until June 2024, NZTA funded Te Huia at an enhanced rate of 75.5%, but decreased to 70% in 2024/25, 60% in 2025/26. Moving forward beyond the trial the FAR rate is expected to further drop to 51%. This reduction shifts more funding responsibility to Waikato Regional Council, increasing its share from originally 24.5% in 2024 to 49%.

⁴ RTC Public Transport Operations Update 21 August 2025.

Future proposals including renewal of rolling stock and possible future service enhancements (and associated costs), are outlined in WRC's 2024–2034 Long Term Plan. WRC's Targeted Rate Reserve will temporarily cover the gap between targeted rates revenue and their rising contribution through the end of the trial.

Service Cost and Farebox Recovery Review

Because WRC will need to fund a higher proportion of costs for the service into the future, and the identified need to fund service and rolling stock improvement, there will be additional financial pressure on WRC going forward. This need precipitated a 'Service Cost and Farebox Recovery Review' undertaken by Heriot Edievale in 2024.

The report concludes that *"it may be possible to get Te Huia's farebox recovery to 40% by 2027 as shown in optimistic case - speed need to improve slightly with targeted initiatives without major changes to infrastructure."* This farebox recovery rate is higher than the expected average across bus and rail but indicates WRC's aspiration for a cost recovery rate for rail which might be higher for rail than bus.

With respect to fares policy the report includes the following recommendations:



- ◆ Increase fares for all categories of 20% on 1 July 2024 (**approved by council and implemented for all bus and rail fares**)
- ◆ Change fare policy on Super Gold Card Holders and put on same bases as national public transport guidelines with free in Off Peak only and full fare in Peak – not free (**has been implemented**)
- ◆ Examine more child / family friendly (ages 5 -15) fare policy – have run 50% fare scenario for children (**has been implemented**)
- ◆ Consider fare increase to \$35 as per Capital Connection over time – conduct further sensitivity analysis as to how demand might react across user categories
- ◆ Consider doing exploratory deals with corporate customers e.g. Fonterra to encourage their employees to use Te Huia – e.g. Offer staff 50% discount – similar arrangement to that used for Waikato University where these firms pay an annual subscription for this Te Huia discount for their employees

May 2026 Council Paper

A staff report presented to the 28 May 2026 Council meeting assessed fare change options for the final year of the Te Huia trial. It was noted that the financial position of the service has strengthened with the farebox recovery ratio for the service between July 2025 to February 2026 reaching 20.1%.

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Three options were presented: a status quo freeze at 2025–26 fare levels; a 10% increase aligned with the wider regional bus network (the staff recommendation); and a 25% increase to enhance revenue. Staff recommended the 10% option as the most deliverable and equitable approach, noting that large fare increases in the absence of service improvements are unlikely to significantly improve farebox recovery, and risk reducing patronage at a time when passenger growth is a key NZTA performance metric.

Council resolved by 12 votes to 2 (Resolution WRC26/65) to approve a 25% fare increase for Te Huia from 1 July 2026, departing from the staff recommendation of 10%. A 25% increase is notably higher than the 10% bus fare increase approved for 2026–27 and, as noted in the staff report, a fare increase above 10% requires Te Huia to be taken out of the current regional zonal fare system, creating a separate tariff structure for rail.

Baseline or Do-minimum Future

The reference position (or do-minimum) for this study are the current fares and the Council annual plan resolution of February 2025 to increase fares as follows:

1. *That Council increases public transport fares by 6.4 per cent from 1st July 2025 to reflect inflationary increases in public transport*



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- operating costs. This is broadly in line with the NZTA indexation forecasts included within the 2024/34 Long Term Plan.*
2. *That in addition, Council supports Option 3 detailed within this report and increases fares by an additional 5 per cent in 2025/26 with subsequent increases of 10 per cent per annum for the next five years to make progress with achievement of NZTA private share targets by 2030.*

The interpretation of this resolution has been that because July 2025 coincides with the 2025/26 financial year, that fares increased by 6.4% plus 5% to equal a fares increase of 11.4%. The Council resolution signals a 10% year on year increase for the following 5 years.

Assuming an average CPI 3%, over the course of the 5 year fares will increase in real terms by 45% (over and above the level of CPI inflation.)



4 | Principles of Fare and Tariff Setting

Introduction

This section of the report explores the principles of fare and tariff setting for public transport generally. For clarity this document adopts a distinction between tariff and fares:

- ◆ The **tariff** refers to the system, rules, or structure that determines how fares are calculated.
- ◆ **Fares** are the amount of money passengers pay which are calculated based on the tariff rules.

Objectives

The high-level objectives that any transit agency generally faces in setting its tariffs are primarily a combination of the following:

- ◆ Trying to attract the maximum number of passengers
- ◆ Generating the maximum revenue (or the smallest subsidy)
- ◆ Achieving various equity related goals such as:
 - ◆ Labour force mobility

- ◆ Aiding students or children
- ◆ Aiding seniors
- ◆ Improving access among certain geographical areas

There is an **inevitable trade-off between these goals**, the extent of which is determined by various constraints. Excessive emphasis on one objective tends to be of detriment to achieving the others.

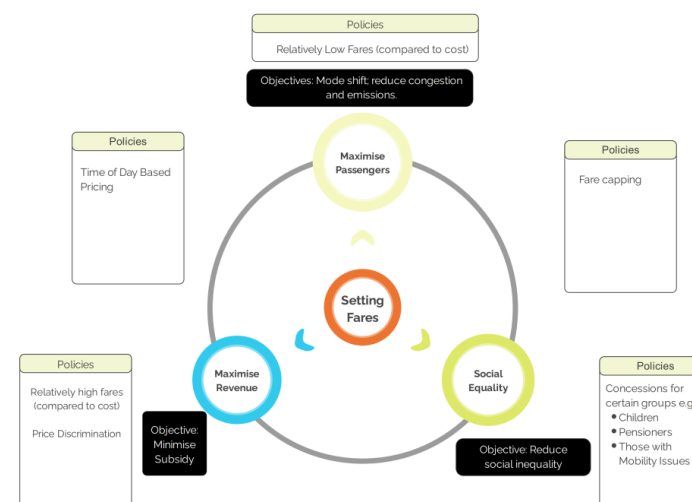


Figure 5 Public Transport Fare Setting Trade-offs



Constraints

There are various constraints which must be considered when considering the level of fare to set for example:

- ◆ Fare elasticity of demand.
- ◆ Network, route or vehicle capacity
- ◆ Simplicity / marketability
- ◆ Extent of cross subsidy
- ◆ Funding availability

Each of these constraints is explored in more detail below.

Non-Price and External Factors Affecting Public Transport Demand

It is important to recognize that fares are part of a broader public transport 'product' offering which comprises many other factors apart from price including: the speed (or time) of the journey, frequency, reliability, quality of the vehicle, customer service components including driver interactions, branding and other factors.

The majority of consumers will have the ability to choose between public transport and other modes of transport to get to their chosen destination including driving, walking, cycling / micromobility etc.

Over longer journeys public transport tends to compete more with private vehicles, and over shorter journeys with walking, cycling (and micromobility).

When making decisions regarding how to travel will consider both the price and quality components of public transport, but also the price and quality of the alternatives.

In the case of public transport, measures to improve quality might include bus priority (to improve speed and reliability), and transitioning to faster, frequent more direct services.

In the case of driving (a competing mode), this includes parking costs and availability, fuel costs, and travel time and reliability. External policy levers such as parking charges alter the differential when considering the consumer choice between driving and public transport.

Hence it is acknowledged that there are many other levers apart from fares which can be used to improve public transport demand and hence deliver on improved revenue outcomes.

The scope of this project is focused on optimising fares and tariff outcomes however this should be considered as part of a broader approach to improving revenue and cost outcomes as this may deliver better patronage outcomes than a focus on fare setting in isolation.



Fares Elasticity of Demand

Price elasticity of demand is a measure of the responsiveness of demand for a product to changes in its price. Elasticity of demand with respect to fares is the rate at which demand is estimated to change in relation to changes in fares.

In the case of public transport fares, price elasticity of demand can be used to estimate the impact of changes in fares on demand and revenue.

For forecasting 'short run' elasticities are typically used. The time period over which short run elasticities generally apply is around 1 year to 10 years. Note that 1 year is the minimum time period; typically the full impact on demand of any fare change is not seen for 12 months or more.

Fare elasticity of demand is negative, since an increase in fares will result in a reduction in demand. The NZTA monetized costs and benefits manual sets out a short run elasticity estimate of *-0.35 on average*. This suggests that with every increase in fares of 10% that demand will decrease by 3.5%.

Any attempt to maximise revenue through increasing fares is subject to the constraint that it will reduce patronage, however in the short run

this usually leads to an increase in revenue. From a revenue perspective this results in a positive revenue change since:

- ♦ Previous Revenue = Previous Fare x Previous Demand
- ♦ New Revenue = (Previous Fare x 1.1) x (Previous Demand * 0.965)
= 1.06.

In this example, a 10% fares increase results in a 6% increase in revenue.

Long Run Impacts and Elasticities

It should be noted that short run demand elasticity estimates are typically much lower compared to estimates of long-term elasticities. There is evidence that in the long run (10+ years) that long run elasticities tend further towards -1. That is for every 10% increase in fares, there is a 10% reduction in demand. The reason for this is because there is a lag for the full effects (shown in Figure 6 in the following section) of the change in price to take effect.

In the long run therefore, attempting to generate additional revenue through a strategy of raising fares above the level of inflation will tend to not increase revenue much beyond what would otherwise have been achieved. It also compromises on other objectives such as maintaining or growing patronage.



Elasticities by Time Period

There is evidence that demand is affected differently at different times of the day / week. Table 6 derived from the NZTA monetized costs and benefits manual shows how fare elasticities can differ by time of day and day of week.

Table 6 Short-Run Fare Elasticities by Different Times of Day – Fare Paying Passengers Only

Time Period	Ratio	Short Run Elasticity	Example Demand Response to a 10% Fare Increase	Example Revenue Response to a 10% Fare Increase
All Week Average	1x	-0.35	-3.5%	+6.2%
Weekday Peak	0.75x	-0.26	-2.6%	+7.1%
Weekday Interpeak & Evening	1.1x	-0.39	-3.9%	+5.7%
Weekend	1.5x	-0.53	-5.3%	+4.2%

Source: Derived from Table 83 NZTA Monetised Benefits and Costs Manual – Volume 1: Procedures / Version 1.7.3, May 2025

The implication of this is that there is a significant difference between how demand responds at different times of day to changes in fare level. For example, a 10% fares increase will only reduce demand by 2.6% in

the peaks, but will reduce weekend demand by 5.3%. The difference between peak and off-peak elasticities is primarily because **people have greater choice over their journeys during off-peak periods** – whether to make the journey at all, and also *how* to make it.

It is therefore true that by raising fares in periods where the elasticity of demand is low, and / or reducing them in periods where the elasticity is relatively high will lead to outcomes which comparatively prioritise **both** patronage and revenue growth.

Simplicity and Marketability

Having a product for which it is easy to remember and calculate their fare is an important part of a tariff system. Fare structures that are simpler to understand can ease access to public transport for more people (Popović et al., 2018). The tariff system should be as straightforward as possible whilst still delivering on objectives.

Considerations include:

- ◆ Rounding fares to sensible and easily remembered / handled amounts – e.g. 10 or 50 cents.
- ◆ Limiting the complexity of fare stages or zones.



- ◆ Avoiding multiple products which are difficult to interpret or calculate e.g. combining fare capping and time-of-day based pricing.
- ◆ Avoiding special rules for example around certain stops, services, groups or transfers wherever possible.

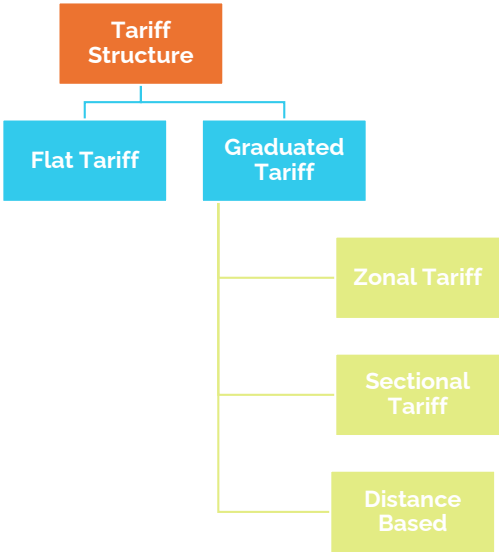
Types of Tariffs

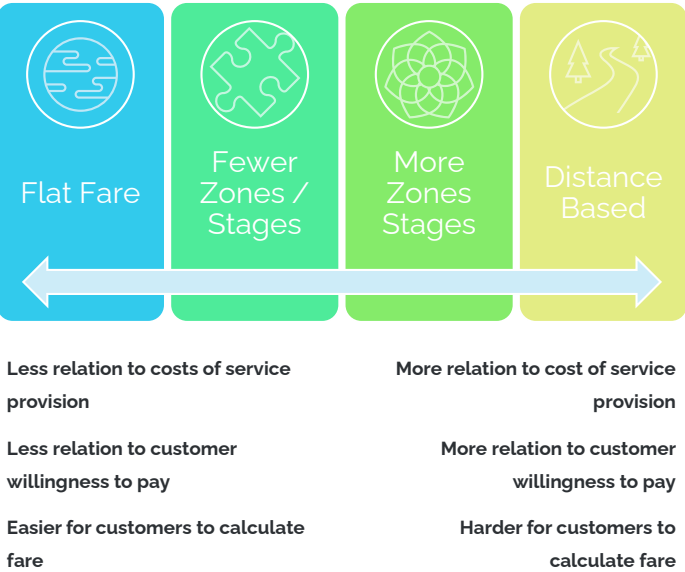
At scoping stage staff expressed a strong preference for retaining a zonal fare system (albeit one where changes to zonal boundaries and rates may be considered). For completeness however it is worth briefly considering the main tariff structures which are broadly divided into distance (graduated) and non-distance (flat) types in order to explain why they have been discounted.

At a high-level tariff systems exist on a spectrum which trades off complexity against more accurately reflecting the cost of providing the service. Fare Zones can be seen as a simplification of a much more complex fare structure that for each journey would accurately reflect objectives of on or more of:

- ◆ Corresponding to costs of providing the service
- ◆ The amount that passengers would be willing to pay
- ◆ Other objectives such as improving access

The aim is to strike a balance between something that is easy to interpret and communicate, and administer, and something that reflects Council's objectives at a journey level.





Flat Fares

A flat fare is the same no matter the distance travelled. Although this is the simplest form of tariff and has some benefits in terms of being able to easily communicate, the major disadvantage of this tariff system is

that the amount collected from passengers bears little relationship with the cost of service provision.

In the Waikato where there is a wide variance in distances travelled, this is seen as a fatal flaw with this system and is one of the reasons why consideration of a flat fare has been excluded from the review.

Free Fares

Free Fares are a type of flat fare. Free fares (rather than affordable fares) are generally not good policy for several reasons.

Firstly, they completely eliminate a critical revenue stream (which could be reinvested in services or used to cut fares for everyone) when some beneficiaries would have been prepared to pay *something* towards the cost of travel. If eligibility for schemes is not means-tested then they may be poor at targeting only those most financially in need, potentially benefiting those who are better off.

There are diminishing returns as you move towards 'free' – there is less and less additional patronage uplift the closer to free you get. Lower fares are better than free fares in respect to patronage because they provide some revenue whilst delivering most of the patronage benefits.

If applied at peak times they can crowd out other journeys and may encourage trips that have lower strategic value (e.g. sightseeing, passing the time).



There is some evidence that free fares may encourage anti-social behaviour (although not necessarily across all groups).

Lastly there is a data quality issue, in that financially incentivising people to tag-on and tag-off provides better data to plan and monitor services. Without a tag-off penalty, people are less likely to tag off. Implementing such penalties is also harder when users aren't accustomed to paying fares.

For the reasons noted above, lower fares are generally better than free fares to achieve most policy objectives; even a nominal fare is often better than no-fare at all.

Graduated Tariffs

Graduated tariffs, where the fare may correspond to some degree to distance travelled can be divided into Zonal Tariffs and Sectional Tariffs.

Sectional Tariffs

Sectional Tariffs are set on a route basis and are based on the length (or number of stops) travelled along the route travelled. The route may be divided into 'sections' from which the fare is derived.

An advantage of sectional tariffs is that they are more flexible and can reflect route based factors such as the quality of service as a sectional tariff allows for differentiation from other routes over the same geography (e.g. rail and bus).

A major disadvantage of sectional tariffs is that they can be more confusing for passengers to interpret, and to market to users. Sectional tariffs are also much less straightforward with respect to systems where transfers between services are expected.

Waikato's tariff structure was based on sectional tariffs set on a route basis before the introduction of the Bee Card. There are elements of the Te Huia tariff which could be considered a sectional tariff since they apply to only a single route.

Zonal Tariffs

A zonal tariff (which is the system currently operated by WRC and the vast majority of New Zealand PTAs) simply divides the area across which the public transport network operates into zones, and the user pays a fare based on the number of zones they travel across or within.

The zonal system balances simplicity against collecting fares which are representative of the costs of service. It is a system which is readily communicated to passengers and has the greatest flexibility when dealing with multi-leg journeys where a user travels on multiple lines as part of their journey.

The zonal system is the preferred system for the typology of the majority of the Waikato public transport network, however staff have noted that the Zonal system may provide reduced flexibility when applying the same zonal system to both bus and rail, particular with



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reference to the need to develop specific fare products to promote the use of interregional rail which may not apply equally to bus and rail markets. Additionally there was some concern that a zonal system might not be reflective of particular cost drivers for rail e.g. track access charges.

Setting of Zonal Boundaries Principles

There are some principles and trade-offs to consider when designing a zonal system.

Roughly equally sized zones can be a good starting point (in terms of expected average distance travelled within them) but the urban form and the spacing between zones for intra zonal fares also needs to be considered. From an equity perspective another factor for consideration is how far people within fare zones will need to travel to access what they need.

Fare zones should tend to follow natural boundaries where possible to make them easy to communicate – rivers, major roads, city boundaries etc makes them easy to interpret. Fare zones which dissect the middle of a city or town should be avoided unless there are compelling reasons to do this.

Another consideration is the volume of passengers who are likely to be travelling within, to, and from each zone.

It is best to focus most attention where the majority of passengers will be travelling as this is where the majority of the revenue base will be located. Rural areas which have only a small number of passengers, may travel further but the benefits of having additional fare zones in these areas have diminishing returns.

Fares and Capacity

Peak Capacity Problem

One of the recurring themes in public transport planning is that it costs significantly more to supply the necessary capacity to carry passenger demand during the peak periods because demand is significantly higher.

For bus services costs are typically comprised roughly equally as follows:

- ◆ Leasing/purchase and maintenance of vehicles
- ◆ Driver costs
- ◆ Fuel, oil, tyres and other distance-based costs.

Bus contracts are structured to reflect cost components to the council for any service level variations.



Because the peak vehicle requirement is needed to meet demand during busy times, the marginal cost of providing service during peak periods is substantially more than providing additional services during the off-peak.

From a user-pays perspective, charging differential fares between the peak and off-peak periods better reflects fares to the cost-of-service provision. However, this only holds if the level of capacity in the peak is reflective of the demand.

The other side to the peak capacity problem is that because running off-peak services are proportionately cheaper, PTAs often choose to run services at reasonable frequencies during off-peak times despite lower demand. Whilst this aspect of public transport planning is frequently the source of "empty buses" complaints, providing all day-services at reasonable frequencies is actually good practice to drive usage of the bus network, particularly in urban areas as it provides choice, flexibility and convenience to users.

Loadings and Crowding

Loadings

Buses or trains with empty seats represent an under-utilized resource. For the reasons set out above this often happens particularly in off-peak periods.

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Charging lower fares during off-peak periods in order to balance demand and create higher utilisation of off-peak services is another justification for peak/off-peak pricing.

Crowding

Another aspect of charging higher fares at busy times is that it can help to manage demand and reduce the impacts of crowding leading to a more optimal revenue per passenger outcome.

For the Waikato, we have assessed the level to which crowding is a factor on existing services. It is known that crowding currently is or will be a factor in the future on certain services to an extent.

Typically, vehicles have both seated and standing capacity. Passengers prefer to be seated generally, but standing capacity can be useful to manage short periods of high demand. If vehicles are very busy it can deter passengers from travelling. It is worth noting that passenger expectations regarding crowding do vary considerably. In many instances a passenger will consider a service to be crowded if the vehicle is near to seated capacity, however in major cities it is widely expected that loadings on services will exceed seating capacity, well into the standing capacity for the vehicle.



Modal Fares

The Te Huia train service and the Flex on-demand system offer different value propositions compared to fixed route bus services. It could be argued that these differences should form the basis for charging differential fares for travel over the same number of zones compared to bus. This is because both rail and on-demand modes typically provide a higher quality experience over the same distance / time compared to fixed route bus services.

Passengers’ willingness to pay for services which are higher quality or offer additional features is generally higher than bus services, and on that basis, there is potentially justification for charging differential fares across modes. However, the main trade-off with this approach is the simplicity / marketability of this approach as discussed above.

Table 7 Mode Specific value-added features compared to bus

On -	Corner-to-corner transport
Demand	Bookable times
(Flex)	Operates in time periods which would otherwise not be serviced by public transport.

⁵ Note that the fact that Te Huia travels longer distances alone is not necessarily a point of difference in respect to the tariff system since this is and can continue to be captured by the zonal system.

Rail	More comfortable ride
	Higher speeds ⁵
	Catering facilities
	Toilet facilities

Deriving a suitable differential for Te Huia and Flex on a mode basis which reflects willingness to pay is challenging since evidence is from elsewhere and derived using statistical survey techniques such as stated or revealed preference surveys undertaken for a particular City or region, and the results are not necessarily transferable to the Waikato context⁶.

The NZTA monetized benefits manual does not currently provide any specific guidance with regards to parameters for the valuation of differential bus/rail attributes, hence it is necessary to look elsewhere for valuations.

Evidence from elsewhere suggests that a in a like – for – like situation where bus and rail services provided the same timetable and speed,

⁶ For an exploration of bus / rail specific factors from the literature see NZTA research report 565 Pricing strategies for public transport Part 2: Literature review and NZTA research report 184-Valuation-of-public-transport-attributes. The Pricing Strategies report does note however that "None of the studies reviewed had the explicit purpose of developing pricing strategies."



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passenger might value the rail service in the region of 10-30% higher than bus.

Evidence referred to in reports is typically derived from comparison of bus and rail services which operate in a given urban context, whereas it is unclear to what extent the same differentials would apply to Te Huia which is a longer distance interregional service compared to bus services operating largely in an urban context in Hamilton.



5 | Analysis

Introduction

The purpose of this section is to set out a range of analysis pertinent to fares setting and the principles discussed in Chapter 4. The section is set out as follows:

- ◆ Benchmarking – a comparative analysis of Waikato region's fares to other PTAs in New Zealand.
- ◆ Journeys – An exploration of how various user groups use the network and are affected by the tariff system,
- ◆ Zoning and Geographies – a consideration of the efficacy of the existing zonal system.
- ◆ Crowding and Capacity – analysis around to what extent services are affected by crowding and capacity issues and consideration over what this might mean for tariffs and fare setting.
- ◆ Fare capping and concessions – an analysis of Waikato's extensions to the statutory minimum – including the Accessibility and pre gam Supergold concessions. Fare capping is also considered in this section.
- ◆ Application of Elasticity Analysis – Exploring approaches to setting fares by user group and time period to inform option analysis.

Implications of the Do-minimum

Fare increases that exceed inflation adversely affect patronage, particularly for bus services, with the impacts increasing over the longer term.

For bus services, higher fares may initiate a self-reinforcing cycle of reduced ridership, diminishing service quality, and escalating costs. This cycle is shown diagrammatically in Figure 6. It is empirically demonstrated that fare increases result in greater changes to public transport demand over the longer term compared to the shorter term, as discussed in Section 4.

One of the drivers for this study is to examine whether WRCs fares can be adjusted in an alternative way to the 'reference case', to deliver better outcomes but still meet revenue targets.

Data sources

The data on which the analysis in this section has primarily been based is sourced from Bee Card transaction data provided by WRC for the 2024 / 2025 financial year. Other data sources have been referenced as noted in the text.



in section 3.

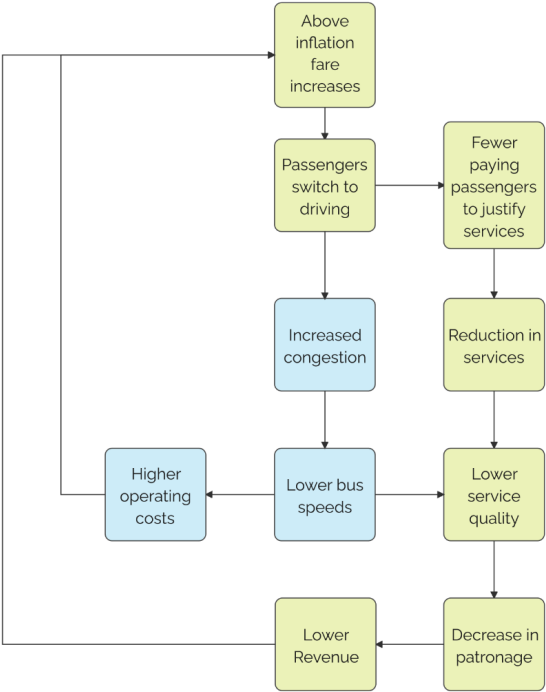


Figure 6 Illustration of The Public Transport Fares 'Negative Spiral'

Benchmarking

Introduction

This section presents a comparative analysis of Waikato region's fares to other PTAs in New Zealand. For context, it is useful to compare the existing tariff offer in the Waikato with other Councils nationally.

Comparing tariffs across Councils is inherently challenging due to the complexity of tariffs. Councils vary considerably in terms of the fare products, and concessions that they offer.

Councils also vary in terms of their zonal structures – the number of zones and the distance between them varies considerably between councils. As does the actual average journey length within those zones due to urban density and form. Comparing a one zone fare compared to another is not an exact comparison.

Notes on Urban Context of Fare Setting

The urban context of regions needs to be considered when interpreting the results of this comparison. The larger metropolitan areas tend to have more scope in terms of setting higher fares, since they arguably offer a higher quality product (i.e. higher frequency services, better



infrastructure), and have less competition in terms of driving due to higher levels of congestion and reduced parking availability.

Hence these factors are another reason why a like-for-like comparison for each council is very difficult.

To offer a perspective over the urban context, we have presented results for each PTA across the following broad bands:

- ◆ Small (less than 100,000 population);
- ◆ Medium (100,000 – 500,000 population); and
- ◆ Large (over 500,000 population).

Hamilton sits within the “Medium” band.

Methodology

For the reasons set out above, like-for-like comparisons between regions are rarely possible. For the purposes of this study, we have made some significant simplifications and assumptions as set out below.

We have assessed PTAs existing fare policy positions over three broad metrics which reflect the trade-offs which Councils operate when setting tariffs as discussed in Section 3.

- ◆ The degree of over revenue maximisation (through higher fares);
- ◆ The degree to which the council emphasises patronage through lower fares for all users; and
- ◆ The degree to which social objectives are being met through discounted fare products to certain groups.

Data Collection

To source fares information, PTA websites and committee papers have been consulted as of December 2026. Due to the introduction of national private share targets, fares amongst PTAs have generally been undergoing significant change recently. Where available the most up-to date fares for each PTA have been used which are currently in use or otherwise will be adopted in the current fiscal year.⁷ Data sources used for the benchmarking are contained in Appendix A.

⁷ A notable exception to this is Bay of Plenty who have opted to defer the introduction of their changes until the introduction of the NTS system. Since BoPs current free travel

child concession diverges so significantly from the national position, the future tariff structure has been adopted.



Revenue Maximisation

We have assessed revenue maximisation through identifying the absolute level of the full adult fare^a by identifying the price for a standard urban adult fare for each council (which is often a single zone) or equivalent route-based fare. In practice a very high proportion of fares sold are a single zone urban fare so these are largely comparable between PTAs.

For the Waikato where fare capping is active, we have deducted the proportion of fare revenue which is negated by fare capping based on usage data and applied this pro-rata to give the average adult fare.

Social Equality

To gauge the extent to which PTAs have a social equality outcome we have looked the degree to which discounted or free products are available to certain groups of passengers (outside of the statutory schemes – CCS, Supergold and Under 5s). The three mainstream concessionary products nationally fall into the following main categories:

- ◆ Standard Child / Youth (U18)
- ◆ Tertiary Fares

^a Initially we also looked at the degree to which operating costs are actually recovered by PTAs from fare revenue however this proved problematic given the substantial changes

◆ Accessibility / Disability Orientated fares

It was then necessary to apply some form of weighting to represent to what extent those fares are benefiting the population. For example, a concession may be very generous in terms of discount but only benefit a small proportion of the population, whereas another may benefit a large proportion of the population but only offer a small benefit.

Several methods can be used to derive weightings; however, basing the weighting on the number of trips of each type made in the Waikato region provided a balance between simplicity and representativeness. This is possible because Waikato has ticket type classes for each of the user groups. The number of journeys in each class made in the Waikato for the 2024 / 2025 fiscal year has been assessed and rounded to the nearest 5% for each category. The weightings are as follows.

- ◆ Standard Child / Youth (U18) – 65%
- ◆ Tertiary Fares – 15%
- ◆ Accessibility / Disability Orientated fares – 20%

This methodology employs actual usage and avoids any value judgements around need.

in fares proposed and ambiguity over how any changes would directly result in future revenue for each council.



Results and Analysis

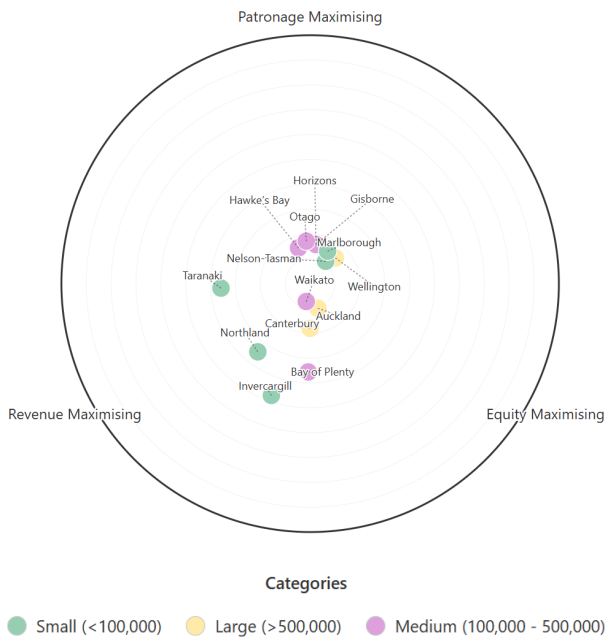


Figure 7 – Comparative Positions of NZ PTAs with Respect to Fare Setting

Figure 7 shows the relative positions of the PTAs in New Zealand across the three axis of patronage maximising, revenue maximising and equity maximising. Based on the criteria, the overall distributions of councils is close. This is perhaps unsurprising given the extent to which national policy drives fare setting amongst the PTAs but also the practical constraints between adopting extreme policy positions.

Overall, however, the Waikato has adopted a neutral position amongst the PTAs, trading off fare revenue, patronage and equity to largely equal extents.

Implications

In terms of overall fares policy position, The Waikato appears centrally positioned compared to other regions and there does not seem to be any stand out need for better alignment with other regions based on the analysis.



User Group Journey Analysis

Introduction

This section of the report sets out a range of analysis around the how different user groups (including the various concession types) are using the network. This analysis is intended to inform the approach and provides some context around quantifying the impact of any fare changes on particular group.

Methodology

The analysis in this section is solely based on journeys with a tag on and tag off event from WRC ticketing data for rail and bus for the financial year 2024/25⁹.

⁹ It does not include cash journeys or where a tag-off event has not been recorded.

Analysis and Results

Summary Statistics by User Group

	Unique Cards	Journeys	Journeys Per Active Card	Average Time per Journey (minutes)	Average Distance Per Journey (km)
Adult	49,910	1,228,254	24.6	26	8.3
Youth	14,823	783,926	52.9	31	8.8
Supergold OffPeak	12,718	420,684	33.1	21	8.2
Supergold Peak	6,868	86,736	12.6	33	11.8
Community Connect	5,041	220,482	43.7	28	8.3
Partner	4,259	255,977	60.1	25	7.4
Child	3,836	139,597	36.4	24	5.9
Accessibility	2,616	300,654	114.9	28	5.3

Figure 8 Concession/ User Type Usage Summary July 2025 – June 2026

Figure 8 shows summary statistics for the various concession types comprising:

- ◆ Number of unique Bee Card numbers which were used at least once during the period.
- ◆ Number of journeys undertaken (including multi-trip journeys where more than one service was used to reach a destination.
- ◆ Number of journeys made per unique Bee Card indicating frequency of use by user.



- ◆ The average time and distance travelled per Journey for each user group or concession type.

Users by Time Period

The graphs below show the number of journeys made by user group / concession type in three time periods, both by proportions (Figure 9) and absolute numbers (Figure 10).

- ◆ Weekday Peaks (0600 – 0900 and 1500 – 1630)
- ◆ Weekday Off Peaks
- ◆ Weekends and Public Holidays

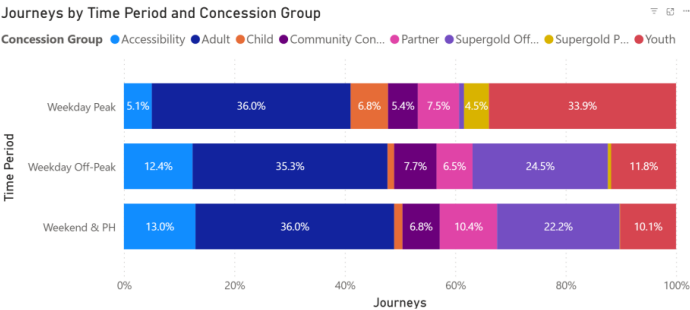


Figure 9 Proportions of Users by Time Period

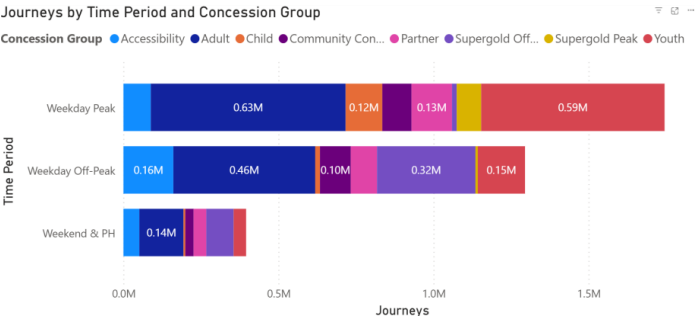


Figure 10 Annual (2024/2025 FY) Absolute Numbers of Users by Time Period

It can be seen that the **largest numbers of public transport users overall travel inside the peak periods**. Inside of the peaks, there are roughly equal (thirds) proportions of adults, youths, and all other concession types. The analysis shows that the composition of passengers varies significantly across different time periods.

General observations about travel demand are made as follows:

- ◆ **Youth / Under 18s** - In the peaks, around a third of trips are made by youth / under-18s. In the weekday off-peak and weekends this is only around 1 in 10.
- ◆ The proportion of **adult passengers** is very consistent across the time periods.



- ◆ **Supergold** - During the peaks about 4.5% of journeys are made by Supergold Card holders, increasing to 24.5% in the off peak and 22.2% at weekends.
- ◆ **Accessibility Concession** – 5.1% of journeys in the peaks are made by accessibility concession holders. In the off-peaks and weekdays this increases to over 1 in 10. The lower *proportion* of Accessibility concession users during the weekday peak is reflective of both a lower usage by that group during the peak period, and a much higher usage by commuters and students during the period as can be seen by graph in Figure 10.
- ◆ **Community Connect** – 5.4 – 7.7% of journeys are made with Community Connect concession which is similar across time periods.

Term time travel affects travel patterns in Waikato and other areas due to school, university, and parental routines. However, its relevance to fare setting is mostly limited to fare capping, which depends on trip frequency within specific periods.

Implications

From the analysis the following observations are made which are relevant to the fares review:

- ◆ Low use rates of use by Youth at weekends indicates that the current capping regime may not be particularly effective at incentivising weekend travel amongst this group.
- ◆ Taken as individual groups, the Accessibility and Supergold card holders demonstrate relatively low usage rates during peak periods. While this suggests that these concessions individually may not significantly affect demand during peak times—acknowledging variability across different services—the combined effect of these concessions results in nearly ten percent of journeys during peak periods being provided free of charge (outside of national concession schemes).

During peak periods, there are *both* a higher proportion of fare-paying passengers compared to concession users and a higher number of passengers overall. This higher number of fare-paying customers at peak times means that this period is particularly important in terms of fare revenue generation. The overall revenue base is more strongly impacted by fare-paying passenger travel during peak periods.

It is important to recognise that not all users contribute to the same extent to fare revenue - only a portion of passengers actually pay the full adult fare for their journeys.



Concessions and Equity Products

Introduction

In this section we assess the non-statutory concessions which are offered by WRC over and above the national schemes.

It should be noted that mid 2025 the minister for transport indicated a preference towards seeking better alignment of public transport concessions across all PTAs. A discussion document was circulated by NZTA in relation to the National Ticketing Solution (NTS) programme (provided in Appendix F), which has been tasked with exploring opportunities to simplify and standardize concession arrangements across the country. The document highlighted the widely different approaches nationally and set out potential pathways for harmonization. No further update on this work has been provided at the time of writing.

Methodology

Quantifying Uptake and Cost

When considering uptake of concessions, it is useful to make a distinction between three groups:

1. Generated Demand Comprising:

- a. Those who would not have made the journey at all had the concession not been available
 - b. Those who would have made the journey by another mode of travel e.g. getting a lift from a friend or relative, driving, walking etc.
2. Those who would have made the journey by public transport regardless of the concession and would have paid for their travel.

Quantifying Concession Costs

In terms of quantifying the cost of any concession there are two parts:

1. The revenue foregone from passengers who would have previously paid.
2. The additional operating costs of accommodating the additional passengers who did not previously travel.

The calculation of both of these items is not entirely straightforward.



Calculation of Revenue Foregone

It is difficult to calculate revenue foregone since we do not know precisely how many passengers would have previously made each journey¹⁰.

International studies¹¹ have indicated that a "generation factor" of roughly 50% may be appropriate; that is 50% of passengers eligible for a free concession would previously either not have travelled or travelled by a different mode, and the other 50% would have previously paid.

Calculation of additional Operating Costs

Additional operating costs may, or may not be significant depending on the circumstances. If additional demand creates capacity costs – i.e. an additional vehicle is required to avoid crowding or over capacity, then that is a significant cost. This is a particular risk in the peak periods where services are typically nearing capacity. Capacity considerations considered later in this section show this is not typically an issue on the services in the Waikato.

¹⁰ Waikato's longitudinal dataset for Bee Card is skewed significantly by COVID 19. In addition other factors such as service changes makes a like for like comparison impossible.

Other incidental costs may include additional stopping, boarding, and alighting time. These expenses are typically negligible and do not warrant quantification.

Revenue Loss due to Card Sharing

Concessions are linked to cards or accounts (as with NTS). Sharing of cards poses revenue protection challenges, as passengers may benefit from favourable payment terms. With limited driver-passenger interaction in tag-on/tag-off systems, verifying the individual passenger's eligibility is difficult without additional physical checks. The scale of this issue in Waikato is therefore not currently known.

Concession Social Benefits

A relatively high level view of the social benefits of each of the concession schemes is provided in this section. We focus on the evidence for schemes which are not nationally funded since those are the schemes which have the potential to change as a result of the fares review process.

Health and Social Benefits

In terms of the social benefits of the schemes the main benefits are to the group of passengers who would *not have previously travelled*. It can

¹¹ [Concessionary fares - guidance and calculator](#)



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be said that the concession has *enabled* those journeys. The social benefits of enabling journeys might include:

- ◆ Enabling journeys to essential appointments, services, and grocery shopping.
- ◆ Facilitating social and community interaction
- ◆ Encouraging activity which has health benefits, such as moderate exercise as part of public transport journeys.

There is international evidence that where implemented, free fares can support well-being, and in particular health objectives.

Income Benefits

There might otherwise said to be some income benefit (through reduced expenditure) to those who previously would have travelled, however providing a concession is not necessarily the most cost effective way to achieve an objective of wealth transfer.

Reduced fares are sometimes thought to help employment access for certain groups, but evidence for this is weak, especially compared to policies like improving service levels and connectivity. International studies show that free fare schemes generally do not improve income or employment outcomes.

Broader Benefits

There are also broader benefits of lower fares, such as reducing traffic emissions and congestion, however these benefits are those which are broadly applicable to lower fares overall.



Analysis

Supergold Extension

Frequency of Usage

Frequency of usage (based on the ticketing data) (summarised in Figure 11) shows that of those who used the pre gam Supergold concession at least once a week, that the vast majority made only a small number of journeys each week. Of those Supergold card holders who did make at least one trip a week in peak periods, the vast majority do so only occasionally- 54.9% making only a single trip per week in peak periods.

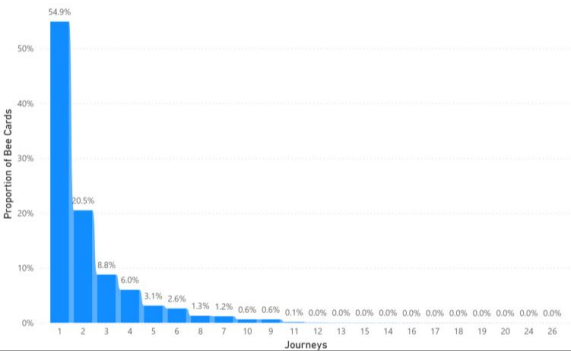


Figure 11 Frequency of Peak Period Supergold usage per week for those who made at least one journey per week

Geographical Usage

Figure 12 shows the destinations of pre-gam SuperGold extension journeys within Hamilton. From what can be discerned from the data, these travel patterns do seem to correspond to what would be expected from this type of concession in that travel to areas with local centres and health facilities tend to predominate rather than workplaces (industrial areas) or schools.

It should be noted however that there is a considerable amount of 'noise' in the data in that it is not possible to segregate out origins from destinations – so residential areas also have some high weightings.

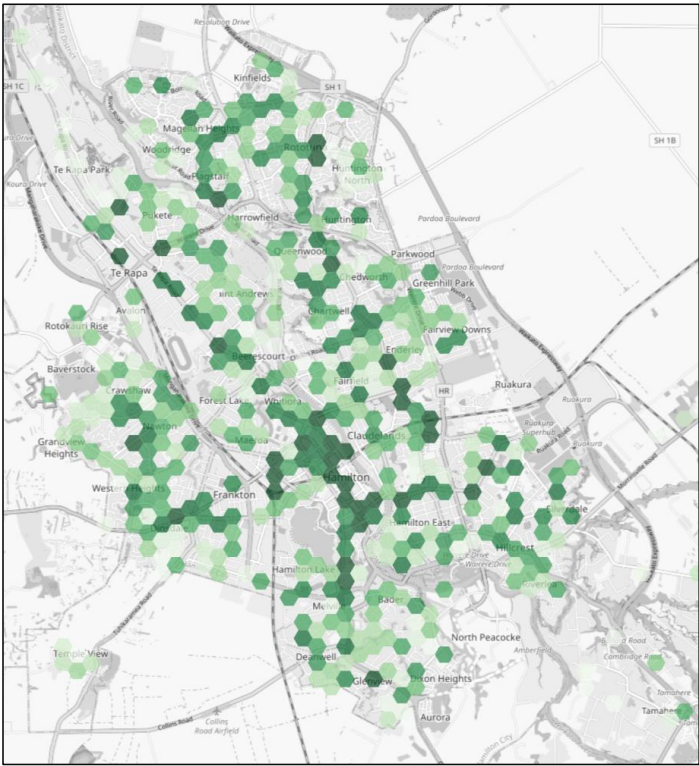


Figure 12 Supergold Pre gam Journey Destinations within Hamilton (Darker Hexagons Indicate more Journey Destinations)

Cost

The high level estimated cost of revenue foregone for the peak period Supergold concession is estimated to be around \$155,000 per annum. Calculations are provided in **Appendix E Concession Revenue Foregone Calculations.**



Accessibility Concession

Introduction

The Accessibility concession is available to those who are Waikato residents and have "an impairment which means they are unable to drive." It offers free travel on the Waikato public transport network. Disabled people have the option of a 'Plus One' concession which allows a companion to accompany them for free if they need assistance to travel by public transport.

The Accessibility concession was introduced in mid-2019, and is now included as Policy (P38) of the RPTP. The objectives of the Accessibility concession are not clearly defined in RPTP policy.

A study by MR Cagney undertook a review of the scheme in 2023, including a survey of users to understand the benefits of the scheme and made recommendations for the scheme going forward.

The Disabled Persons Assembly has recently submitted in favour of its retention as part of recent network consultations¹².

Application and Eligibility

Eligible residents can apply for the concession through making an appointment with an approved assessor agency, who then makes an

¹² Letter from Chris Ford, July 2025.

application on behalf of the customer. When the scheme was introduced, it was possible to make an application with the support of a GP referral however this is no longer possible.

Uptake

In the 2024-2025 financial year there were around 2,600 in-use Accessibility Concession enabled Bee Cards, which is around 3% of the total Bee Cards in use. Despite being only 3% of the total card holders, Accessibility concession holders make 8.5% of all public transport journeys in the Waikato.

Journey Purpose

The MR Cagney study identified that the self-reported trip purposes of those who had access to the concession, made trips using the concession for the following purposes:

- ◆ 35% to go shopping
- ◆ 16% for recreation
- ◆ 15% to visit friends
- ◆ 14% for medical appointments
- ◆ 13% to get to work.

The mapping in Figure 14 shows that the majority of destinations seem to be similar to journey patterns for all users and that there are not any



particular differences. This indicates that the concession is being used to access a broad range of destinations, potentially with a broad range of journey purposes.

MR Cagney also undertook interviews with users who reported that in general “many shopping and recreational trips would not have been possible, or would have been more difficult without the concession.” In particular, for recreational trips, “survey and interview participants described using the bus to access free or low cost activities and were clear that these would have been unaffordable if they had to pay the bus fare.”

Accessibility Concession card users are frequent users of the public transport system, making more journeys on average than other users, but as is highlighted in Figure 8, the average journey length of accessibility concession users tends to be very short.

Frequency of Usage

Figure 13 below shows the frequency of Journeys made by Accessibility concession holders who make at least one journey per week.

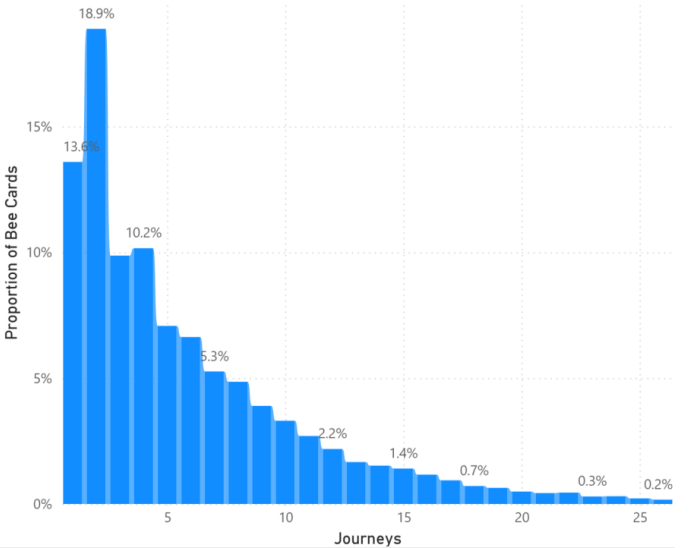


Figure 13 Frequency of Journeys per Week made by Accessibility Concession Card Holders.

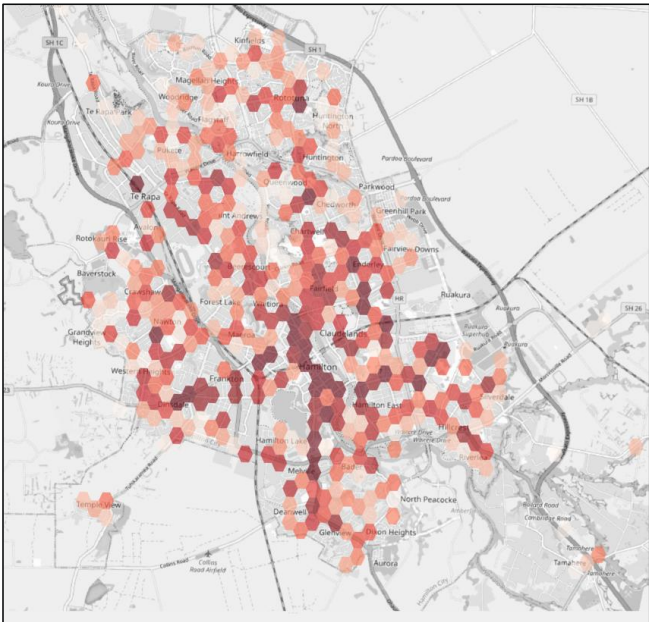


Figure 14 Accessibility Card Holders – Journey Destinations in Hamilton (darker segments are more frequent destinations)

Cost

The estimated revenue foregone for the Accessibility concession is estimated at \$360,000 and broken down by time period below. While the accessibility concession product itself does not change according to time period, figures are presented by period to reflect the cost of usage in those periods and support analysis of future options.

- ◆ Weekday Off Peaks - \$191,000 per annum
- ◆ Weekday Peaks - \$110,000 per annum
- ◆ Weekend and Public Holidays - \$59,000 per annum
- ◆ Total - \$360,000 per annum

Calculations are provided in **Appendix E**
Concession Revenue Foregone Calculations.



Youth Fare Capping

Youth Fare Capping applies for passengers between the ages of 5 and 18. The Youth Fare cap is set at 6.5x journeys per week. In the Waikato youth capping is effectively used as a concession product for frequent users instead of the percentage discount. WRC is the only region in New Zealand to do this.

As well as youth capping, Waikato also offers a capping product for Adults considered separately below.

Usage Frequency and Capping Thresholds

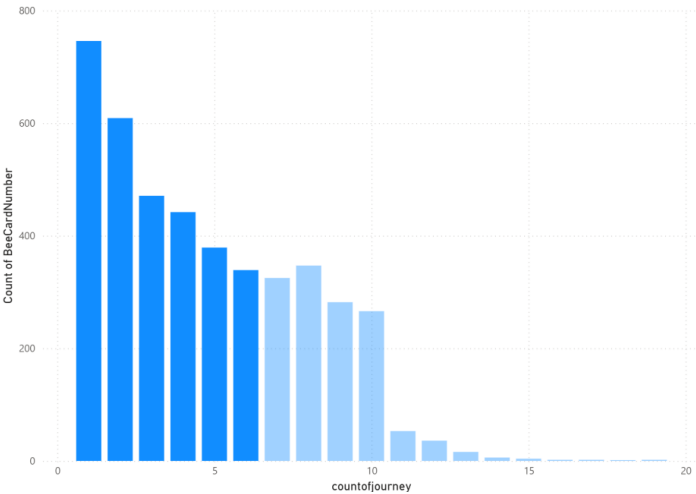


Figure 15 Youth Fare Cap - Frequency of Use in Term Time

A large proportion of youth concession card holders that travel at least once a week are benefitting from fare capping, with 31% reaching the capping threshold **during a typical term time** (week 8), receiving a half price 7th journey and free travel thereafter for the week.

It is notable however that 69% do not reach the capping threshold and thus do not receive any form of discount at all. It is not clear why the proportion of youth users reaching the capping threshold is so low



however it is likely to be a combination of some choosing alternative modes on some days of the week (e.g. walking or cycling, or getting a lift from a friend or relative) and part time study or work for 17-18 year olds.

Cost

Assuming no demand generation, in terms of the revenue impact of the policy, compared to a flat concession, an estimated 86% of the equivalent adult revenue is collected through this policy. This is compared with typical 50% youth concession nationally.

The estimated cost of revenue foregone for Fare Capping for Youth is \$290,000. This cost is very affordable compared to a percentage rate discount for youth.

Adult Fare Capping

The adult fare cap covers up to nine journeys per week. Only about 7.8% of adults, who make at least ten trips weekly, benefit financially from this cap.

For Adults, only around 4% of journeys annually meet the 9 trips per week threshold for capping. This translates to the council retaining about 96% of revenue of the revenue were fare capping not in place.

Increased working from home is expected to have reduced the frequency with which people travel. In addition many people have part

time jobs or study commitments which mean that they would never benefit from a high capping threshold.

Cost

The estimated revenue foregone cost of Fare Capping for Adults is \$150,000 per annum.

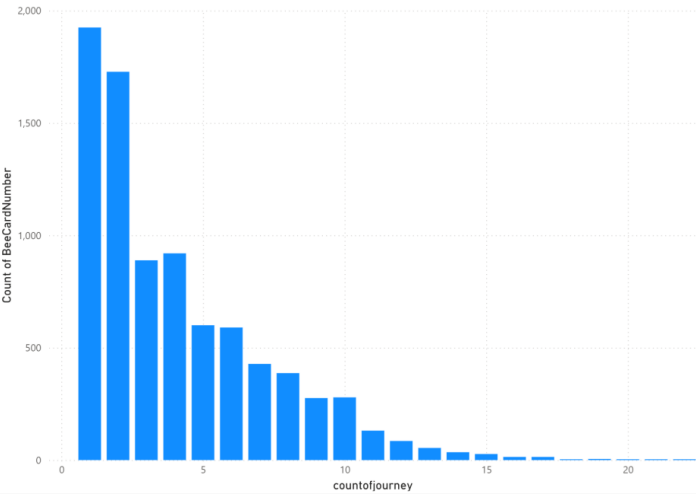


Figure 16 Adult Fare Cap - Frequency of Use in Term Time



Summary of Concessions and Indicative Costs

Table 8 Non-Nationally Funded Concession Products and their High Level Estimated Costs

Product	Eligibility	Period	Discount	Indicative Revenue Foregone (\$1,000) per annum
Peak Period Supergold Concession	Supergold Card Holders. Buses only.	Peak Periods (in addition to off-peak concession)	100%	155
Accessibility Concession	Those who have "an impairment which means they are unable to drive."	All time periods.	100%	360
Fare Capping Adults	All users not free or youth.	All time periods.	Fares capped after 9 journeys per week	150

Fare Capping Youth	5-18 year olds with registered Bee Card.	All time periods.	Fares capped after 6.5 journeys per week	290
Total				955

Implications

Based on the Analysis the following implications for this fares study are considered for each concession and fare capping product:

Peak Period Supergold Extension

There is no direct evidence from users regarding the social benefits of the Supergold extension however the limited journey pattern analysis undertaken in this section suggests that the concession is generally being used as intended. Journey frequency in the peaks is very low amongst those Supergold users who do use this concession extension.

As with the Accessibility concession the costs need to be weighed against the benefits of the concession however there the lack of evidence to support the benefits of this concession compared to the Accessibility concession needs to be considered as a limitation.



Accessibility Concession

The implications for the fares review are the balancing the cost of the concession at approximately \$360,000 per annum against the benefits of the scheme which have been highlighted as supporting better access to a broad range of journey purposes, and hence improving well being. Evidence from the MR Cagney review shows that many of these trips would not have occurred, or would have been significantly more difficult for users, if fares were charged.

A trade-off to be considered is whether offering substantially discounted fares (rather than free) could deliver most of the advantages associated with the concession, while reducing the overall cost to the Council.

Fare Capping Adults

The adult fare cap covers up to nine journeys per week. Only about 7.8% of adults, who make at least ten trips weekly, benefit financially from this cap. It is likely that the current 9x cap may not be particularly effective at the current level given that it affects so few passengers.

Fare capping may have become less relevant due to the increase in flexible working post-covid. There also equity implications for those in part time work or study as they do not benefit compared to those who travel 5 days a week.

The main trade-off for this study is whether to remove any capping for adults (and reduce fares slightly accordingly), reduce the cap level to affect more passengers or to replace the cap with or peak / off peak pricing which has related benefits.

Fare Capping Youth

Unlike the Adult fare capping product, the youth fare cap is benefiting a significant proportion of passengers, however a significant proportion do not receive any benefit due to their infrequent weekly PT travel. It is not clear to what extent users who hold a 'Youth' card are travelling by alternative modes some days or do not travel for 4 or more days a week at all.

The cost of the youth fare capping product is however very cost effective for council compared to a flat rate concession discount of say 25-50%, but its impact more limited in scope to the most frequent users.

The implications for the fares review are whether it would be better to replace the youth fare capping produce with a concession product which would provide wider benefits to users but likely come at increased cost to Council unless set at a smaller amount (<20%) compared to discounts at other Councils.

Another possible consideration is removing any Youth benefit and lower overall fares accordingly with the revenue saved.



Zonal System and Geography

Introduction

This section of the report looks at the nature of travel in relation to the existing zonal fares system. This section should be read in conjunction with the considerations of design of a zonal system as set out in section 3.

Methodology

As per the analysis in previous sections, actual Bee Card transaction data has been used to determine the characteristics of travel between and within fare zones. Unless otherwise stated, figures relate to both rail and bus journeys across the network.

The premise of this section is to relate actual observed travel characteristics to the existing Waikato fare table to determine if the existing fare table needs realignment.

Analysis

Zonal Travel

Travel Between Zones

Figure 17 shows the proportion of journeys which cross a certain number of zones which is the main determinant of the fare paid for each journey. The most striking thing about Figure 17 is the very high proportion (81.2%) of journeys in the Waikato which are only a single zone fare.

This is not surprising when considering that the vast majority of all trips are only for relatively short distances. Most of these short 1 zone trips will be within Hamilton, however some will also be within other urban centres for example Cambridge or Huntly.



Proportion of Journeys by Zones Travelled

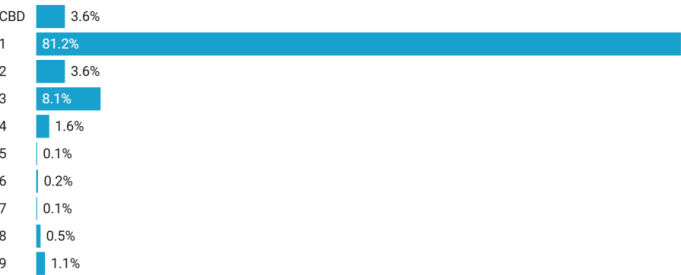


Figure 17 Proportion of Journeys by Zones Travelled

The high proportion of 1 zone fares is important to consider when setting fares across zones because this means that zone 1 fares have a disproportionately high impact on overall revenue.

The proportion of trips over 3 zones is quite high at 8.1% compared to two zone travel. This reflects the geographic position of the major towns of Te Awamutu, Cambridge, Morrinsville and Huntly in relation to Hamilton, with Zone 2 lying between those towns and Hamilton.

The number of journeys across 8 and 9 zones is higher due to the Te Huia service covering the long distance market towards Auckland.

Travel over 5,6 and 7 zones is very minimal (0.2% of journeys or less), which suggests that the level of disaggregation for some zones may be

too complex in the current system (particularly those zones covering rural areas).

Zones Travelled Compared to Observed Time and Distance Travelled

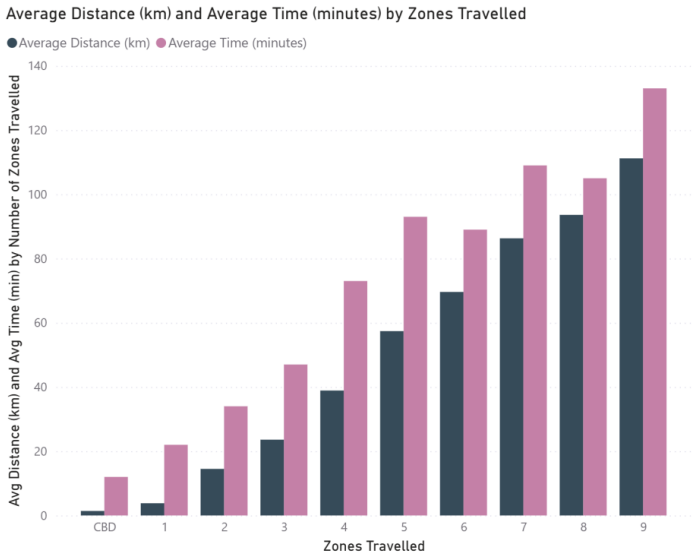


Figure 18 Actual Travel Times and Distances by Number of Bee Card Zones Travelled

Figure 18 shows the average times and distances taken for journeys across the given number of fare zones. For example, for the average



journey across 4 fare zones, in the current fare system takes 73 minutes, and is 38.9km in distance between the first and last stops.

The analysis shows that there is a strong positive correlation between the number of zones travelled and the time and distance taken. This is a strength of the current Zonal system.

The main exception to this is when looking at average time travelled for travel over 6 - 9 zones where there is some variation compared to the trend. A low volume of journeys (giving a lower confidence interval) and some skewing by rail as a faster mode over these longer distances may be a factor here.

Travel Within a Single Zone

Travel distance and time travelled for travel within a single zone varies very significantly between each zone. Table 9 shows that 96% of single zone journeys occur within the Hamilton Zone, with other zones only having a very minor proportion of single zone journeys.

Table 9 – Single Zone Journey Proportions and Metrics

Zone	Sub Zone	Settlements	Average Distance	Average Time	Proportion of Single Zone Journeys
1	1	Hamilton	3.9	23	95.8%
2	2A	Horitiu, Ngaruawahia	3.1	10	0.1%
2	2E	Whatawhata	3.6	9	0.0%

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2	2D	Ohaupo	1.0	20	0.0%
3	3A	Huntly	4.4	14	0.5%
3	3D	Te Awamutu	2.1	19	0.2%
3	3C	Cambridge	1.7	12	0.4%
4	4E	Raglan	2.3	14	0.0%
4	4B	Te Aroha, Waitoa, Matamata	8.8	28	0.0%
4	4A	Te Kauwhata	3.0	18	0.0%
5	5C	Putaruru	4.5	35	0.0%
6	6A	Pukekohe, Tuakau, Pokeno	7.6	20	1.4%
6	6C	Tokoroa	1.4	30	0.5%
7	7C	Mangakino	2.5	94	0.0%
9	9C	Taupo	3.0	19	0.9%
10	10C	Turangi	4.4	48	0.0%

Residents of less urbanized areas generally tend to need to travel further. There is an equity consideration to consider when setting the size of zones - That average travel distances tend to be longer in rural areas to access the same level of services, education and employment.

Whilst this is generally the case, Table 9 shows that there are some areas where residents tend to travel less distance (albeit much less frequently) than in Hamilton within their origin fare zone. This tends to



the be the case where there is a relatively compact urban area for example Cambridge or Huntly.

Hamilton

Hamilton requires special consideration as the largest urban area where the vast majority of journeys occur.

Figure 19 shows that there are large differences *within* Hamilton for distance travelled within a single zone. The map shows that generally the, further from the CBD the greater distance travelled, with the longest journeys on average being from stops in the areas of Temple View, Rototuna, Flagstaff, Pukete, Rotokauri. The differences in distance travelled from nearest to the CBD compared to the outer area of the city are around a factor of four. Because Hamilton is currently a single zone residents on the periphery of the city are paying the same fare as those nearest to the CBD, despite their journeys being much longer (and therefore higher cost of service provision)

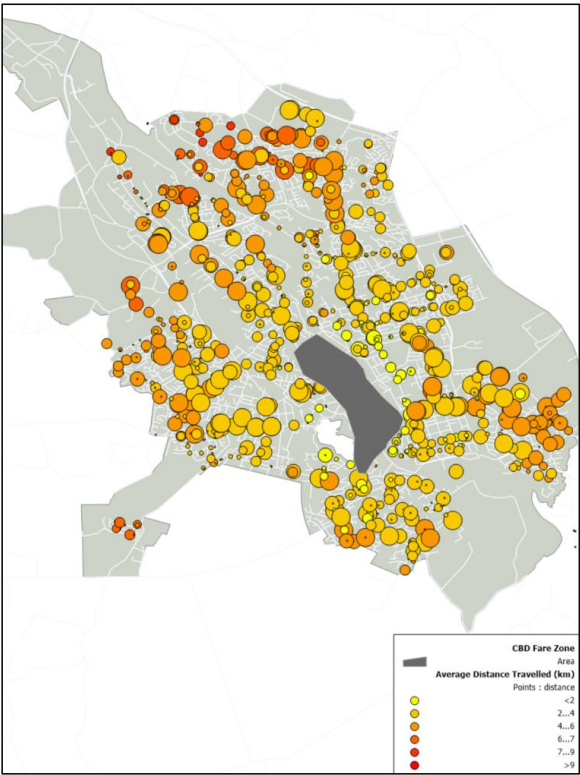


Figure 19 – Average Journey Distance Travelled for a Single Zone within Hamilton



Fare Setting Across Zones Travelled

Generally, fares should scale proportional to the cost of provision, or people's willingness to pay.

For the cost of provision, the actual cost per trip is complicated to calculate (i.e. as need to apportion individual contract costs and relate that back to the number of zones travelled across the network.)

Proxies of time and distance can be used to look at the relative price of travel across zones. Figure 20 shows the existing average adult fare charged by the number of zones travelled compared to the time and distance which are actually travelled.

It appears that mid-range fares (i.e. zones 4 & 5) are, to varying degrees, priced below the corresponding rates for both shorter and longer distance fares.

A significant consideration in this context is speed, as shorter urban trips incur substantially higher costs per kilometre travelled compared to longer distance journeys. Rail also should have faster comparative journey times than bus.

This may be of particular interest because of the generally higher loadings identified on the services into Hamilton discussed later.

Modal Differences

Average Adult Fare by number of zones travelled and distance and time travelled

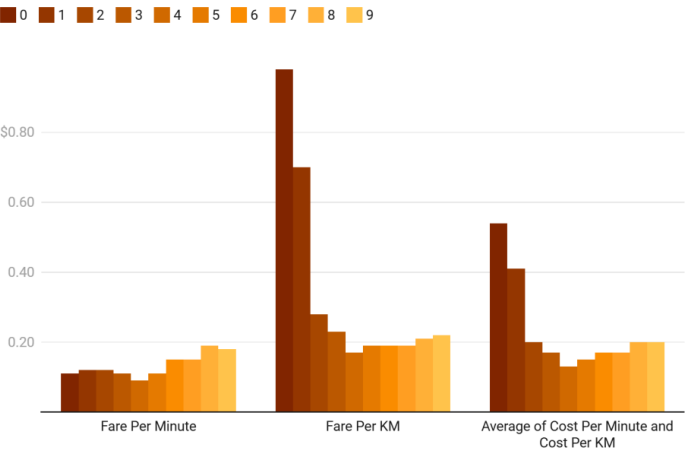


Figure 20 Average Adult Fare Charged by Number of Zones Travelled Compared to Time and Distance Travelled.



Modal Fares (Rail and On – Demand)

Both bus and rail fares are currently part of the same integrated fare table which provides for free transfers between bus and rail.

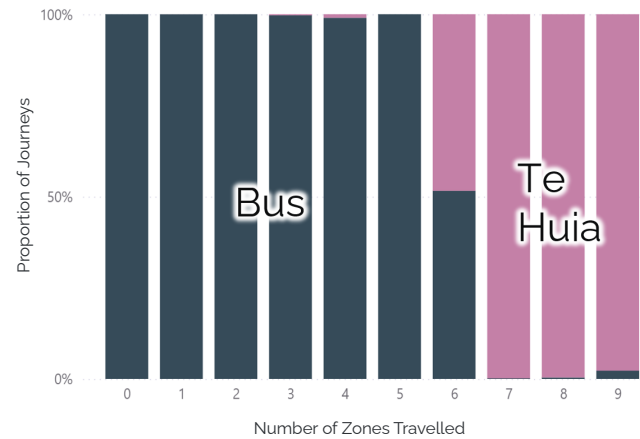


Figure 21 Proportion of Rail vs Bus Travel by Number of Zones Travelled.

However, despite this integrated fare structure, Figure 21 shows that in practice there is very little overlap in terms of the fare table for Te Huia journeys and Bus Journeys. Figure 22 shows that over 90% of Te Huia trips are across 7, 8, and 9 zone fares. Te Huia fares are almost entirely separate in the existing fare table from bus.

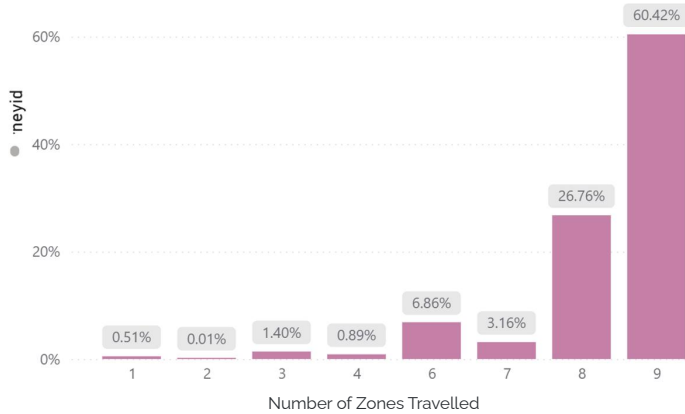


Figure 22 Proportion of Te Huia Fares by Fare Zones Travelled



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Implications for the Fares Review

The existing concentric zonal system, centred on Hamilton seems to deliver a fare pricing structure that is overall well correlated with the time and distance travelled on the network. It is also easy to communicate this system visually to passengers. This is a strength of the current system and should be retained with some potential simplification.

There is evidence that the current fare table for travel over 9 zones, plus a CBD zone may be overly complex as very few journeys actually occur over some of the fare table. This is driven by the number of zones (concentric rings) some of which have very low density of trip making activity.

Conversely the zoning system in Hamilton does not provide much differentiation in terms of charging between those living nearest the CBD and those on the outskirts. There is justification for amending the CBD fare zone to be a larger Hamilton 'inner' zone (which would be a fairer allocation of costs and is also likely to improve revenue). However, there is also justification for removing the CBD fare zone entirely in the name of a simpler fares structure.

Although there is currently little overlap between bus and rail fares, staff have indicated a preference for the development of a separate fare structure for Te Huia. If this is brought forward, then there may be

further opportunities to reduce the complexity of the bus fare table over longer distances.

There is evidence that mid-range journeys across 4 zones are underpriced on both a distance and time travelled metric. Fares by zones travelled can be set without a change in policy but would need approval by Council.



Crowding and Capacity

This section sets out an assessment of the level of crowding and passenger loadings on services across the network. As discussed in the previous chapter crowding can be a factor in consideration in setting overall fares, or fares which only apply specifically to peak periods.

Methodology

Boarding and alighting data has been analysed for the 2024/2025 financial year. In order to calculate crowding metrics, firstly a stop – by – stop assessment of each boarding and alighting¹³ event for each trip has been taken to derive a cumulative occupancy on each trip, for every day of the year.

We have taken the most crowded trip in each peak period for each date and then derived the average for weekdays for the whole year excluding public holidays.

Te Huia data has also been analysed using a similar methodology looking at boarding and alighting data for the 2024 / 2025 financial year.

¹³ Cash fares and those transactions where a tag-off event was not recorded have been assumed to stay on the vehicle until the end of the route.

Analysis and Results

The figures in Table 10 and Table 11 are averages representative of the whole year and term times only. In common with other regions, Waikato's services are much more heavily loaded during term times.

Here we have defined crowded as having greater than 90% seated occupancy. Services in excess of 80% demand to seated capacity are also highlighted.

It should be noted that total vehicle capacity can be much higher than seated capacity due to standing room – under NZTAs Requirements for Urban Buses, typical vehicle types can have total capacity which is over double the seated capacity. Passengers do however tend to value being able to sit, particularly over longer distances, and there is a disbenefit to perceived 'crowding' which tends to negatively affect demand once all seats, or nearly all seats are occupied. Hence seated capacity has been used as the comparator for analysis here.



Table 10 – Max loadings (passengers/seat) full-year weekday averages

	AM Peak		PM Peak	
	Inbound	Outbound	Inbound	Outbound
	Anti-Clockwise	Clockwise	Anti-Clockwise	Clockwise
	Northbound	Southbound	Northbound	Southbound
	Eastbound	Westbound	Eastbound	Westbound
1-Pukete	62%	17%	14%	72%
3-Dinsdale	63%	7%	12%	68%
4-Flagstaff	64%	27%	75%	95%
4N-Flagstaff North	119%			89%
5-Chartwell	39%	9%	13%	48%
9-Nawton	62%	24%	42%	59%
10-Hillcrest	56%	28%	27%	39%
11-Fairfield	56%	24%	32%	51%
12-Fitzroy	47%	14%	12%	49%
13-University	37%	11%	17%	28%
14-Claudlands	70%	21%	24%	74%
16-Rototuna	65%	80%	73%	58%
17-Hamilton Gardens Uni	31%	22%	31%	21%
18-Te Rapa	60%	18%	25%	60%
19-Bremworth / Templeview	41%	11%	8%	44%
RC-Rototuna Circular	58%	62%	61%	75%
Hamilton Frequent Services				
C-Comet	76%	44%	60%	82%
M-Meteor	103%	63%	58%	92%
O-Orbiter	94%	99%	97%	112%
Services Travelling into Hamilton				
20-Cambridge	93%	50%	43%	85%
21-Northern Connector	38%	153%	73%	41%
22-Eastern Connector	90%	14%	12%	81%
23-Raglan	86%	19%	13%	83%
24-Te Awamutu	88%	27%	30%	104%
26-Te Kuiti Connector	62%			
Services Outside of Metro Area				
31-Tokoroa District	20%	3%	6%	12%
32-Tokoroa Connector	52%			42%
33-Taupo Connector	38%			39%
44-Pokeno - Pukekohe	23%	28%	39%	23%

Table 11 – Max Loadings (passengers/seat) Term time averages

	AM Peak		PM Peak	
	Inbound	Outbound	Inbound	Outbound
	Anti-Clockwise	Clockwise	Anti-Clockwise	Clockwise
	Northbound	Southbound	Northbound	Southbound
	Eastbound	Westbound	Eastbound	Westbound
1-Pukete	70%	18%	15%	81%
3-Dinsdale	71%	7%	11%	78%
4-Flagstaff	71%	32%	89%	108%
4N-Flagstaff North	119%			89%
5-Chartwell	45%	9%	13%	55%
9-Nawton	72%	27%	50%	68%
10-Hillcrest	61%	32%	31%	42%
11-Fairfield	64%	27%	35%	56%
12-Fitzroy	52%	15%	13%	53%
13-University	42%	13%	18%	31%
14-Claudlands	77%	24%	26%	82%
16-Rototuna	72%	95%	86%	64%
17-Hamilton Gardens Uni	34%	24%	35%	22%
18-Te Rapa	69%	20%	26%	68%
19-Bremworth / Templeview	45%	12%	8%	50%
RC-Rototuna Circular	67%	70%	70%	88%
C-Comet	83%	48%	64%	88%
M-Meteor	117%	68%	60%	103%
O-Orbiter	106%	109%	107%	127%
20-Cambridge	103%	56%	48%	94%
21-Northern Connector	44%	181%	82%	46%
22-Eastern Connector	103%	15%	12%	91%
23-Raglan	101%	17%	12%	95%
24-Te Awamutu	93%	29%	32%	112%
26-Te Kuiti Connector	67%			27%
31-Tokoroa District	25%	3%	7%	15%
32-Tokoroa Connector	56%			43%
33-Taupo Connector	38%			39%
44-Pokeno - Pukekohe	25%	33%	46%	26%



Hamilton Urban Services

Most urban routes in Hamilton are well below seated capacity during peak times. However, the Meteor, Comet, and Orbiter routes handle about two-thirds of passengers and impact average crowding levels more significantly. The Meteor sometimes exceeds seating eastbound in the morning; the Orbiter approaches or surpasses seated capacity in both directions at peak periods; and the Comet sees its highest loadings southbound in the afternoon. Flagstaff and Rototuna services also experience relatively high demand.

Overall, the current loading ratios observed in Hamilton do not appear to indicate that charging higher fares during peak periods would be particularly beneficial in alleviating crowding¹⁴.

Hamilton Metro Satellite Services

Loadings on some regional service trips entering Hamilton are reasonably high during the peaks particularly during term times. Because these services are travelling long distances at relatively high speeds, it is particularly undesirable that there are standing passengers on these services. Targeted fare increases for these longer distance

¹⁴ The differential between the most crowded and least crowded services in the Hamilton urban area may indicate a case for additional capacity on heavily

regional services may assist in managing demand, however service improvements are also planned for some regional services which may provide additional capacity to meet demand. Adjustment of service timings may also be considered.

Services operating outside of Hamilton

Loadings on services which operate entirely outside of Hamilton are generally low, and therefore there are unlikely to be any crowding benefits of increasing fares in those areas.

Te Huia

There was no evidence during this period that the cumulative occupancy on Te Huia was approaching a level that would indicate that demand is being adversely affected by crowding. This assuming that a four-carriage set is operational on each trip offering 155 seated capacity. Crowding is therefore not a consideration for increasing fares on Te Huia beyond the overall planned fare increases. There may however be other justifications for increasing fares, or for peak / off peak pricing as set out in this section.

loaded routes or reallocating resources between services to provide additional capacity on the most crowded routes.



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Implications for the Fares Review

Overall crowding is not considered to be a significant issue which needs to be addressed through this fares study. Hamilton's urban bus routes generally operate below seating capacity during peak periods. However, regional satellite services into Hamilton experience higher peak loadings, especially during school terms, and fare adjustments for these longer-distance routes may help manage demand alongside planned service improvements. Services running entirely outside Hamilton typically have low occupancy and Te Huia services also did not show indications of crowding.

Capacity issues on particular trips are likely to be resolved by future network and service level changes which will better align capacity with demand.



6 | Issues and Themes Identified

This section of the report summarises the analysis of the previous chapters before the next chapter of the report sets out the option development process which responds to the issues identified.

Opportunities

The roll out of the Motu Move card presents the key opportunity to revise tariff structures in line with roll out of the new system, and for a recalibration of 'user data' in line with any new tariff rules.

Strengths of the Current Fare System

Strengths of the current fare system are considered to be

- ◆ The existing zonal concept map indicating concentric circles around Hamilton is simple and easily communicated.
- ◆ The size and relation between of the individual zonal bands in terms of cost and distance travelled for actually journeys appears to be well correlated.
- ◆ The current capping system for youth leads to minimal revenue loss for council (compared to the introduction of a flat rate concession).

Weaknesses of the Current Fare System

Weakness of the current system are considered to be:

- ◆ A high proportion of journeys are made with a concession product which entitles the user to free or significantly discounted fares during both peak and off-peak periods which significantly erodes the revenue base and is not reflective of available capacity.
- ◆ The *fares* associated with the existing fare zone bands are not well correlated to costs (in terms of time and distance) travelled and there are no clear principles for setting relative fares.
- ◆ There are many fare zones, some of which only represent a very small portion of revenue potentially indicating that the existing system could be further simplified.
- ◆ The current non-rounded fares are difficult to remember for passengers. It may also be difficult for passengers to run down their account balances creating liabilities for WRC/passengers.
- ◆ Adult capping is a poorly used product and may no longer be relevant with regards to current travel patterns.

Private Share Revenue and Fare Increases

- ◆ Private share revenue targets set by NZTA and central government have put pressure on WRC **to raise fares far above the level of cost inflation**. 2025 Council resolutions mean that **full fare paying**



- adult and youth passengers will be the group of passengers most impacted.**
- ◆ Maintaining the rate of fare level higher than general inflation is expected to have the most significant impacts on public transport patronage from fare paying customers in the Waikato over the longer term - reducing the sustainability and viability of the future revenue base.
 - ◆ A degree of recovery from pre-covid patronage was apparent for the 2024/2025 current financial year. which will make achieving the first-year private share target easier. However, there is no guarantee that patronage will continue to grow at this rate and assist to such a degree with future year targets.

Overarching issues

The main themes of the issues identified in this paper are as follows:

Theme	Issues
Meeting Private Share Revenue Targets	Private share targets are putting pressure on WRC to increase fares above the level of inflation which will lead to long term patronage loss. WRC fared better than the target for 2024/2025 financial year, however

	performance against future targets is not secured.
Optimization of The Tariff Structure	There is some evidence that the existing fare structure is not optimally aligned to the cost of provision / and or peoples willingness to pay. Changes could lead to better revenue outcomes. This might include: ◆ Aligning Interzonal Fares better to the cost of provision or willingness to pay. ◆ Ensuring Zonal Boundaries are optimal ◆ Peak / Off-peak pricing
Zonal Structure Complexity	There is evidence to suggest the current zonal system is too complex, with Waikato potential having too many fares zones for the volume of patronage and the nature of the journeys undertaken. There is scope for the zonal system to be simplified with minimal impacts on revenue, however impacts on specific communities would need to be considered.



Concessions - Type, Complexity	Waikato is unique in having a Youth fare capping product instead of flat rate discount, although this policy appears to be cost effective. The Adult fare capping concession is poorly used, and only a small proportion of users benefit. Because of the different types of concessionary and capping schemes which are offered above the statutory minimum the fare table (including capping thresholds) is complex to communicate. Peak Supergold discount is currently available on buses but not rail which is inconsistent and confusing to market.
Concessions – Overall Cost	Waikato offers a number of concessionary products over and above the nationally funded schemes. The estimated revenue foregone for these schemes (including fare capping) is estimated to be nearly \$1m, the

	revenue for which would be equivalent to over 10% fare reduction across all fares.
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7 | Option Development Process

Introduction

Whilst this fares review is not a business case, it does follow the same general process including a standard long list to short list process. This section of the report sets out the general process by which options are developed, refined and packaged.

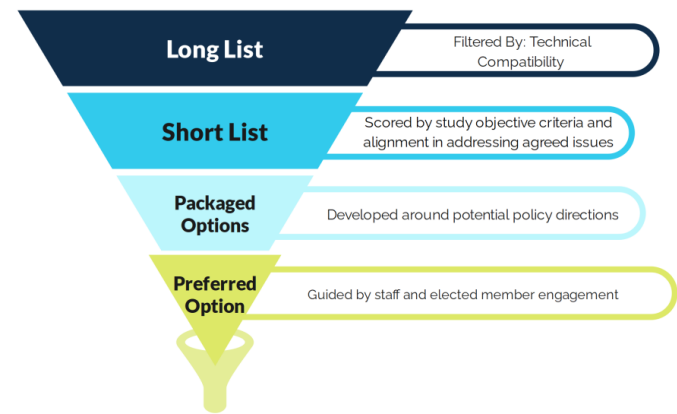
Assumptions for Option Development

A key assumption is that any shortlisted package of options is that each will meet the basic overall revenue requirements set out in section 3 of this report. Meeting revenue requirements is a key objective for this study.

The implication of this constraint is that if any single option decreases revenue in one particular area, then overall fares will need to be higher in order to meet the total revenue requirements.

Conversely if any option increases revenue in a particular area, overall fares may reduce accordingly.

Process



Description of Each Stage

Long List

This initial list of options represents a wide range of potential interventions which might individually (or together with other options) address the study objectives and the issues identified above.



A criteria for the long list is that the option must be able to address either on its own or in combination with other options either the study objectives and / or the issues identified in Section 6.

Short List

The longlist is narrowed down to a shortlist of the most viable options. Items will be rejected from the long list based on identifying fatal flaws. Many items have already been excluded at scoping stage due to perceived fatal flaws, so this list is relatively short. At this stage the fatal flaws are considered to be:

- ◆ Could not increase private share revenue either (alone or in combination with other options) in line with Government objectives.
- ◆ A more complex tariff structure than the existing system which makes it more difficult to communicate to passengers.
- ◆ Significantly increases the administrative burden of the ticketing system for WRC.
- ◆ Incompatibility with the National Ticketing Solution.

Packaging

The shortlist is further refined by amalgamation of the best performing shortlist options into 'packages'. The packages have quantified (relative) fares and patronage. The scope calls for the assessment of 3 shortlisted options for testing, with up to two sub options. There will

therefore be 3 'packages' which consist of the best individual options aligned with the emphasis of each package.

The benefit of comparing packages as opposed to individual options are that the packages allow for:

- ◆ Exploring the total complexity of implementation
- ◆ The trade-off against overall fare levels
- ◆ Patronage estimates

The shortlisted packages include the do-minimum for comparison which is the position which has current council endorsement.

Each package can have one or more option against each theme. The 3 packages each have two sub options which are similar functionally but explore a trade-off in absolute amounts. E.g 25% or 50% concession.

An important point to note for the packaging is that the packages are **all revenue neutral compared to each other and the do-minimum**. I.e. the costs of any particular element of the package are offset by higher or lower fares overall. In the final report once the modelling is complete, the elements of each package will determine the average adult fare (+/- %) so that the overall fare revenue meets the revenue target. This will be useful to present the trade-offs to council.



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Preferred Option

The shortlisted packages will be workshopped with elected members to arrive at a preferred and recommended option.



8 | Developing Options to Respond to the Issues Identified

Introduction

This section provides further analysis which has been developed against the "themes" which have been drawn from the issues identified.

Patronage and financial forecasts of the impacts of particular options is too complex to undertake for the long list / shortlist stage but will be modelled for the Final Report.

The themes identified from the previous section are:

- ◆ Concessions and Fare Capping
- ◆ Zonal
 - Changes to Zonal Boundaries
 - Changes to relative Zonal Fares
- ◆ Modal Fares
- ◆ Time of Travel Based Optimization
- ◆ Other Simplification

Analysis

Concessions and Fare Capping

Various potential options for amending the current concession and fare capping products exist. These would have a range of potentially significant impacts on revenue, equity, patronage, and demand management.

Accessibility Concession

The primary trade-off of reducing the scope of the Accessibility concession is reduced equity for the beneficiaries against increased revenue (hence lower overall fares).

Noting the estimated costs of revenue foregone set out in on in section 5, options *could* include:

- ◆ **Reducing the rate of the concession from 100% to 25-75%.** This may reduce travel affordability for those affected, however would not introduce additional complexity to the tariff.
- ◆ **Restrict the concession to off-peak times only or provide only a limited discount during the peaks** - This would encourage travel during off-peak periods (however the analysis indicates that crowding is not currently a major concern). However, it limits travel



options for those who need to travel during peak times and also introduces complexity to the system.

- ◆ **Restrict peak period accessibility concession to 1 zone fares only (thereby avoiding the busiest regional services)** - It may disadvantage a proportion of those users (particularly outside of Hamilton) who need to travel longer distances. It introduces complexity to the tariff.
- ◆ **Remove accessibility concession entirely** - This would inevitably result in considerably reduced public transport use among those with accessibility needs, likely increasing social exclusion.
- ◆ **Tighten Accessibility concession eligibility** to better target those in greatest need, possibly through measures like bi-annual reapplications, means testing, or GP re-evaluation. Implementation details are outside this study's scope. The effect on eligible user numbers, travel patterns, and revenue is unclear, and there may be some added administrative costs.

Supergold Peak Period

Options for Supergold include either removing the additional peak Supergold concession entirely or providing a percentage discount in the peaks. Another option would be restricting peak period Supergold concession to single zone fares only. This would limit discounted peak

¹⁵ Refer Appendix E for calculations.

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travel to shorter journeys for seniors, potentially reducing demand on longer routes but also disadvantaging those in rural areas. It is also considered to be harder to communicate these rules.

Youth Fare Products

Switching from a cap to a flat concession simplifies fare structure but could result in higher or lower costs for youth, depending on their travel patterns.

The current cost of revenue foregone to WRC is fairly low – about 14% revenue foregone¹⁵.

A 20% flat rate concession for youth is expected to cost roughly the same amount of revenue foregone as the current youth fare capping product.

Adult Fare Products

The existing Adult Fare Capping product is very poorly used. Options for Adult fare cap are primarily either to remove the cap or to reduce the cap to a level where there would be benefits for a greater number of people.

Eliminating the cap may decrease cost predictability for frequent adult travellers. Conversely, lowering the adult cap would benefit those



making a moderate number of weekly journeys; however, this approach would result in significant revenue loss due to the high volume of customers in this category who currently pay full fares. Eliminating the cap could help fund slightly lower overall fares.

Zonal Issues

Setting of Zonal Boundaries

Regional Boundaries

It has already been identified in Section 5 that the existing Zone Boundaries are set broadly proportionately to time and distance travelled. The number of zones strike a reasonable balance between representing time and distance travelled and simplicity. Another strength of the existing zonal boundaries map is that the concentric zones are easy to communicate visually.

The starting point for the analysis in this section is that the concentric structure of the existing zonal system is broadly sound, however there may be opportunities for optimization, and simplification (in line with the study objectives).

- ◆ There are elements of the zonal tariff structure over which a particularly low proportion of the overall trips are travelled. There are opportunities for simplification of zones which are either an

origin or destination for those journeys. These are shown in Figure 17.

- ◆ There are zones where this a particularly low proportion of trips which are travelled within those zones (and hence these zones could be considered for amalgamation with neighbours)
- ◆ Specific urban areas which are outliers to for particular zones and which may be considered for reallocation (or redrawing of the zones).

Taking into account the above points, the zones which could be considered for amalgamation are Zones 2 + 3, Zone 5 and 6, and Zones 7 and 8 per Table 12. The geographies of these amalgamated zones are shown indicatively in Figure 23 below.

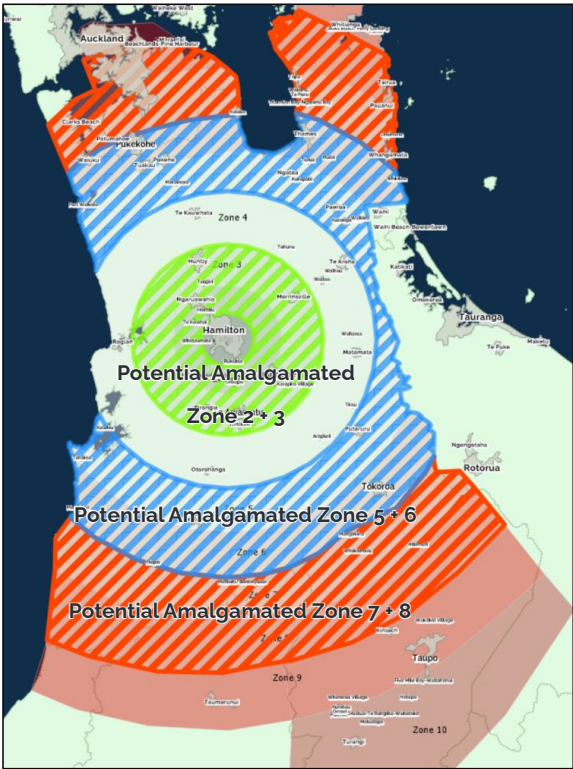


Figure 23 – Indicative Zonal Boundary Bands for Possible Zone Amalgamation

If the numbers of zones were reduced, then as a consequence, the step in fare level between zones in the fare table would need to be increased, however the lowest and highest fares would remain. A fare table to reflect these changes would be developed at the next stage of the project.

It should be noted at this stage in the process, that these options are still relatively high level and will need to be refined further in the context of the preferred option. This will include a more detailed consideration of the placement of the boundary lines. Further considerations will include the interaction over regional boundary lines, in particular for Te Huia services to Auckland.



Table 12 Suggested Potential Zone Amalgamations

Zone	Settlements	Potential Zones to Combine		
		A	B	C
Zone 1	Hamilton, Tamahere, Rukuhia Frankton & Rotokauri (rail)			
Zone 2	Ngaruawahia, Whatawhata, Ohaupo, Avantirome			
Zone 3	Huntly, Morrinsville, Cambridge, Te Awamutu			
Zone 4	Raglan, Te Kauwhata, Te Aroha, Matamata, Tirau, Otorohanga			
Zone 5	Te Kuiti, Meremere, Mercer, Paeroa, Putaruru, Te Kuiti			
Zone 6	Pukekohe, Tuakau, Pokeno, Tokoroa			
Zone 7	Mangakino			
Zone 8	Auckland, Puhinui (Rail)			
Zone 9	Auckland, The Strand (Rail), Taumaranui, Kinloch, Acacia Bay, Wairakei Village, Taupo			

Hamilton Zonal Boundaries

Hamilton has two fare zones; the 1 zone centre of the fare structure which covers the entire city, and a CBD fare zone which is very small (covering only 3 sqkm).

The CBD fare zone has an average trip distance of only 1.4km and supports a relatively small percentage (3.6%) of journeys.

The analysis has shown that in Hamilton there is a wide variation in average bus journey distances across the city. On average, areas on the periphery of the city have a bus journey which is up to four times longer than for those closer to the CBD. There is hence potential for better differentiation of fares to reflect costs of service provision and willingness to pay across areas of the city by introducing an inner and outer zone to Hamilton.

Given the objective of this study to simplify fares, it is not recommended to introduce additional fare zones in the city on top of the existing CBD zone. But were this to be considered as part of a package such a zone would *replace* the existing CBD fare zone.

Options could include aligning an inner zone to the Hamilton Ring Road as a distinct boundary or against the river or major roads. Examples of a potential Hamilton inner zone are shown in Figure 24. At this stage these alternatives are being treated as a single option, with the exact



boundary to be further explored for the final report.

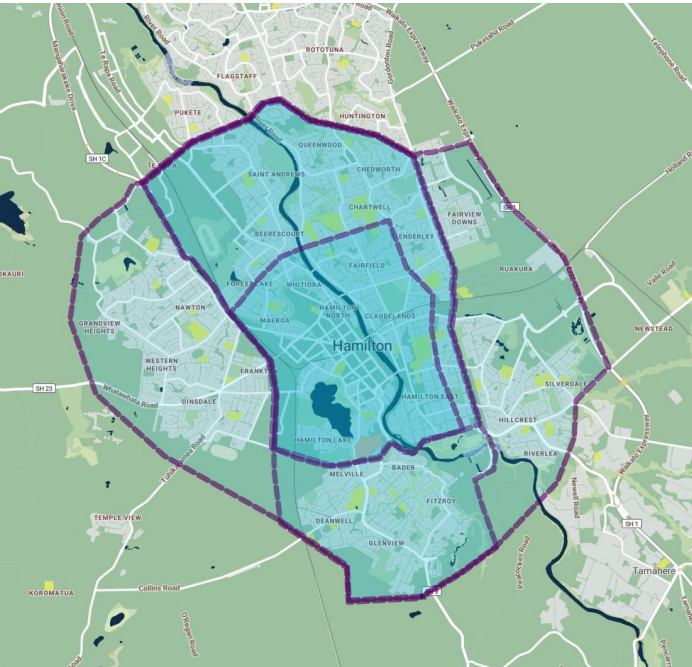


Figure 24 Examples of potential 'Hamilton Inner Zone' boundaries as an alternative the CBD fare zone.

Changes to relative Zonal Fares

The focus of changes to relative Zonal fares, is setting fares broadly proportional to cost or willingness to pay. In this analysis fares are set relative to the Zone 1 parameters, using the values derived in Figure 18.

It should be noted that the values in this section are applicable to the Zonal system as it exists now. If options for changes to the Zonal system are taken into account then these figures would need to be recalculated using times and distances based on the new Zonal system. Various alternative approaches to identifying a consistent approach for inter zonal fare setting have been explored.

Time / Distance Weighting

The first approach uses a combination of time and distance values. Whilst far from a perfect representation of costs, these two components are both drivers of the cost-of-service provision.

Table 14 shows the multiples of a single zone fare which would be charged using this basis.

So for example using the information which we showed in Figure 18 regarding the observed time and distances that passengers travel on average between across a certain number of zones, we then apply this



using a combination of weighting time and distance to find the relative fare compared to what people would travel within a single zone.

As an example, on average people spend 22 minutes, and travel 3.8 kilometres when travelling within a single zone. For two zones people spend 34 minutes and travel 14.5 kilometres on average. Table 13 shows the calculation for the relative fare for travel over two zones if we adopt a 50/50 distance time weighting.

Table 13 Example of Relative Zonal Fare Calculation

	Average Time	Average Distance	50 / 50 Weighted
1 Zone	22	3.8	
2 Zones	34	14.5	
Ratio (2 Zones / 1 Zone)	1.55	3.82	$0.5 \times 1.55 + 0.5 \times 3.82 = 2.7x$

Table 14 – Relative Interzonal Fares – Relative to a Single Zone Travel – Different Weightings of Time / Distance

	100% time	15% distance, 85% time	25% distance, 75% time	50% distance, 50% time	75% distance, 25% time	100% distance
CBD	0.5x	0.5x	0.5x	0.5x	0.4x	0.4x
1	1.0x	1.0x	1.0x	1.0x	1.0x	1.0x

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2	1.6x	1.9x	2.1x	2.7x	3.2x	3.8x
3	2.1x	2.7x	3.2x	4.2x	5.2x	6.2x
4	3.3x	4.3x	5.0x	6.7x	8.5x	10.2x
5	4.2x	5.8x	6.9x	9.6x	12.3x	15.0x
6	4.0x	6.1x	7.6x	11.1x	14.7x	18.2x
7	4.9x	7.6x	9.3x	13.7x	18.2x	22.6x
8	4.8x	7.7x	9.7x	14.6x	19.6x	24.5x
9	6.0x	9.5x	11.8x	17.6x	23.3x	29.1x

Table 15 shows the absolute indicative fares which would be charged on this schedule based on current fare levels. The fares in the table have also then been rebased so that each option is revenue neutral overall using elasticity analysis (i.e. there is some optimization of price and demand involved for each).

Table 15 Absolute Interzonal Fares – Different Weightings of Time / Distance

	100% time	15% distance, 85% time	25% distance, 75% time	50% distance, 50% time	75% distance, 25% time	100% distance
CBD	\$1.45	\$1.35	\$1.30	\$1.20	\$1.05	\$1.00
1	\$2.65	\$2.65	\$2.60	\$2.60	\$2.65	\$2.80
2	\$4.15	\$4.95	\$5.50	\$6.95	\$8.55	\$10.55
3	\$5.70	\$7.20	\$8.20	\$10.85	\$13.70	\$17.20
4	\$8.80	\$11.35	\$13.10	\$17.55	\$22.35	\$28.25
5	\$11.20	\$15.30	\$18.05	\$25.05	\$32.60	\$41.70



6	\$10.70	\$16.15	\$19.75	\$28.95	\$38.80	\$50.60
7	\$13.05	\$19.85	\$24.35	\$35.75	\$48.05	\$62.75
8	\$12.65	\$20.25	\$25.30	\$38.05	\$51.70	\$68.00
9	\$16.00	\$24.90	\$30.80	\$45.70	\$61.75	\$80.85

Damped Distance Approach

As travel *distance* increases, both the cost of provision and individuals' willingness to pay typically rise. However, travellers consider both journey time and distance in their decision-making processes. As mentioned above, time and distance are also two major factors in the cost of provision, with longer journeys incurring higher operational costs, such as increased driver hours.

Unlike distance however, individuals are less inclined to pay proportionally more for slower journeys (increased time), as these trips would become slower and less attractive compared to driving and may not be an optimal use of time.

It is therefore important to achieve an appropriate balance when considering journey time in the fare structure.

Since time usually correlates with distance, a large proportion is implicitly included in the distance component. An approach which only

considers distance (rather than distance plus time) is hence a logical approach. It also simplifies the calculation.

It can be seen Table 15 shows the absolute indicative fares which would charged on this schedule based on current fare levels. The fares in the table have also then been rebased so that each option is revenue neutral overall using elasticity analysis (i.e. there is some optimization of price and demand involved for each).

Table 15 however that an approach that relies entirely on distance would result in very high fares over longer distances. Focus entirely on distance ignores that travel speeds are typically higher over longer distances (rail speeds, bus speeds which are much higher outside urban areas), and that there are some fixed costs in provision. Hence, a practical methodology to address this issue is to incorporate a constant within the approach which dampens the effect of distance over longer distances.

Table 16 Relative Fares Proportional to Different Distance / Constant Weightings

	50% distance 50% constant,	30% distance, 70% constant	20% distance 80% constant
CBD	0.7	0.8	0.9
1	1.0	1.0	1.0
2	2.4	1.8	1.6



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3	3.6	2.6	2.0
4	5.6	3.8	2.8
5	8.0	5.2	3.8
6	9.6	6.2	4.4
7	11.8	7.5	5.3
8	12.7	8.0	5.7
9	15.1	9.4	6.6

Table 17 Absolute Fares Proportional to Different Distance / Constant Weightings

	50% constant, 50% distance	70% constant, 30% distance	80% constant, 20% distance
CBD	\$1.75	\$2.10	\$2.30
1	\$2.60	\$2.60	\$2.65
2	\$6.20	\$4.80	\$4.15
3	\$9.30	\$6.70	\$5.40
4	\$14.45	\$9.85	\$7.50
5	\$20.70	\$13.65	\$10.10
6	\$24.85	\$16.15	\$11.80
7	\$30.50	\$19.60	\$14.10
8	\$32.95	\$21.05	\$15.10
9	\$38.95	\$24.70	\$17.55



Modal Fares

When considering modal fares, there is an inherent trade-off between creating a simpler fare structure and reflecting customers' willingness to pay for premium services.

Te Huia

While current fare tables show limited overlap between bus and rail journeys (see Figure 21 and Figure 22), WRC staff discussed the importance of maintaining flexibility in setting Te Huia fares during a workshop held on 12 December. This flexibility is necessary to enable timely responses to changing policy and funding environments and to support the pragmatic development of promotional fares and products that optimize farebox recovery for the Te Huia service.

In line with this approach—and acknowledging that higher fares could be implemented through a unified fare table—it was noted that Te Huia fares should generally be set higher than bus fares to account for increased operating costs and passenger willingness to pay. For the purpose of options testing, it was recommended that rail fares reflect those outlined in the Te Huia Service Cost and Farebox Recovery Review. The \$35 fare, for instance, corresponds to the Capital Connect fare from Palmerston North to Wellington, which covers a comparable distance.

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To maintain fare differentials and stay ahead of scheduled fare increases across the public transport network over time, the Capital Connect fare should be adjusted for inflation (which would otherwise reach \$35 by 2028/29.) Assuming 2.6% cpi from 2024 to 2028 this would put the fare in 2028 at \$38.75.

Table 18 Recommended Te Huia Fares from Te Huia Service Cost and Farebox Recovery Review

Full Fares						
Te Huia Bee Card Alternative Fare Structure Used in Model for \$35 Base Fare from 1 July 2024						
	Hamilton Frankton	Hamilton Rotokauri	Huntly	Papakura	Puhinui	Strand Auckland
Hamilton Frankton	\$0.00	\$4.00	\$8.00	\$23.00	\$29.00	\$35.00
Rotokauri	\$2.00	\$0.00	\$8.00	\$23.00	\$29.00	\$35.00
Huntly	\$4.00	\$4.00	\$0.00	\$16.00	\$19.00	\$23.00
Papakura	\$23.00	\$11.50	\$8.00	\$0.00	NA	NA
Puhinui	\$14.50	\$14.50	\$9.50	NA	\$0.00	NA
Strand Auckland	\$17.50	\$17.50	\$11.50	NA	NA	\$0.00

Flex Pricing Considerations

The Flex service, while it shares some overlap with urban bus services, is a distinct product with unique characteristics. Key factors such as booking procedures, payment options, and transfer policies must be carefully considered to ensure the fare model aligns with its operational framework.

On Demand Services integrating with the Urban Bus Network

Staff have confirmed that is expected that fares for on-demand services in Hamilton are likely to be aligned with zonal fares which would allow for seamless transfers with on-demand services as feeders.



Specific Use Case On-Demand Services

Night flex operates Friday and Saturday night from 6pm to 4am.

Services which do not significantly interact / overlap with fixed route services have the potential to be marketed and priced differently from those which form part of the urban network. These services can be treated as more of a special case with respect to pricing.

Night flex is currently the only such service, however pricing for any other future specific use case on – demand services may need to be undertaken on a case by case basis.

For the Night Flex when considering pricing changes the original objectives of the service should be considered - particularly the goal of providing a safe and accessible means of public transport late at night. Whilst fares can be set higher than regular services, they should be still positioned such that they are affordable (both in absolute terms and compared to the alternatives).

Unlike taxis or Uber, Flex doesn't offer door-to-door service and may not be as direct, justifying a lower price. However, Flex is more premium than traditional buses with corner-to-corner transport and expanded hours of operation, so it is reasonable that pricing should fall somewhere between that of a taxi and a bus.

As an example a Flex from Hamilton CBD to the University of Waikato currently costs \$2.67 – the same as an urban bus, whereas the equivalent taxi or uber journey in the early hours of the morning may cost up to \$40 (but would accommodate more than one passenger).

There is significant scope for pricing increases on this service, however it is recommended to adopt a relatively cautious approach initially, monitoring the demand response after each increase (and potentially adjusting capacity), and remain an affordable option.

Two fare increases of 25% on the service moving towards a 50% increase or \$4 per passenger would not seem unwarranted given the above factors.

Time of Travel Based Optimization

Time-of-travel based optimization relates to peak / off peak pricing.

Higher fares during peaks times can help to increase revenue, with a proportionately lower loss in passengers compared to blanket fare increases. More passengers also pay fares during peak periods, which increases the revenue capture.

Differing elasticities mean that lower fares during off-peak times (weekends, public holidays) can attract proportionately more new users in those periods at a lower cost.



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Time-based pricing therefore helps maximize revenue regardless of crowding.

Peak / off-peak pricing adds complexity to the fare system so this is not recommended to implement alongside fare capping, however there is some overlap with these products since the journeys which tend to be encouraged by fare capping tend to be discretionary and undertaken at off-peak times.

Options for a 25% - 50% discount for off peak travel are suggested for consideration. The revenue would need to be offset by higher fares elsewhere, for example during the peaks.

Long List

A detailed list of the long list options developed from this analysis is provided in Appendix C.



9 | Short List Development

The shortlisted options are presented in this section alongside some further detail. Where any options are in direct conflict or could not be implemented simultaneously, these are also considered here and presented as groups of alternate options.

Concessions and Fare Capping

Group	Ref	Item	A variant	B Variant
Accessibility - Product	C1	Reduce accessibility concession to provide x% discount all day	50%	75%
	C2	Restrict accessibility concession to off-peak times only		
	C4	Accessibility concession free off peak, x% discount peak	50%	75%
	C5	Remove accessibility concession entirely		
Super gold	C6	Remove additional peak Supergold concession		

Youth	C7	x% peak supergold discount (not free).	50%	75%
	C9	Introduce a % Youth fare concession instead of a reduced capping threshold (6.5x).	25%	50%
	C11	Remove youth cap and replace with another incentive system (points, vouchers etc)		
Adult Cap	C10	Remove adult cap and replace with another incentive system (points, vouchers etc)		
	C12	Reduce adult cap to X weekly multiples of single fare.	8	75
Accessibility - Eligibility	C13	Measures to tighten Accessibility concession eligibility aligned with NTS introduction. (Examples which would need to be further developed might include bi-annual reapplications, means testing, reevaluation of GP assessed applications)		



Changes to Zonal Boundaries

Group	Ref	Item	A variant	B Variant
Hamilton Zoning	Z2	Remove the CBD fare zone (in favour of a lower 1 zone fare)		
	Z4	Replace CBD fare zone with a larger Hamilton inner zone. There are sub-options here which would need to be explored.	CCTP+800m boundary	Hamilton Ring road.
Regional Zoning 1	Z5	Join Zones 7 and 8		
Regional Zoning 2	Z6	Join Zones 2 and 3		
Regional Zoning 3	Z7	Join Zones 5 and 6		

Changes to relative Zonal Fares

Group	Ref	Item	A variant	B Variant
Interzonal Fare Pricing Basis	F5	Rebase relative zonal fares to reflect 75% time and 25% distance travelled.		
	F6	Rebase relative zonal fares to reflect 80% time and 20% distance travelled.		
	F10	30% distance, 70% constant		

Modal Fares

Group	Ref	Item	A variant	B Variant
On Demand – Night	M2	On-demand Premium Fares (Night service)	25% Premium	50% Premium
On Demand Premium	M3	On-demand Premium Fares (Daytime / Feeder services)	25% Premium	50% Premium



Te Huia Premium	M4	Te Huia Premium Fares	10% Premium	20% Premium
Te Huia	M5	Remove Te Huia special rules		
Te Huia Advanced Fares	M6	Provide advanced - bookable fares at a discount to the standard single fare prices. Allows for price differentiation. May include seat reservations.		

Time of Travel Based Optimization

Ref	Item	A variant	B Variant
Peak off Peak Pricing	T1 Implement Peak / off peak fares network wide & do not retain capping	50%	75%

Benefit Programmes

Ref	Item	A variant	B Variant
O-1	Incentives, vouchers etc.		



10 | Packaging

Overview of Shortlisted Packages

Three shortlisted packages have been developed, each comprising the most suitable individual options that align with the overall emphasis and objectives of the respective package. Each package may include one or more options under each thematic focus area, ensuring that the combination best supports the intended outcomes.

Purpose of Package Approach

Compared to evaluating individual options in isolation, assembling these options into comprehensive packages allows for a fuller assessment of trade-offs. This approach enables analysis of:

- ◆ The overall complexity involved in implementation
- ◆ Total cost and the necessary trade-offs in relation to overall fare levels

Structure of Packages and Trade-offs

Each of the packages contains one or more options from the themed shortlists in the previous section. The options chosen are those which best align with the stated intent of each package.

Each of the three packages is designed with two sub-options. While these sub-options are similar in their functional intent, they differ in the absolute values applied to key variables. For example, one sub-option might propose a 25% concession while another suggests a 50% concession, thus exploring the trade-offs in terms of equity and financial impact.

Revenue Target and Assessment Criteria

In the final report, the specific elements included in each package will determine the average adult fare, represented as a percentage increase or decrease. This calculation ensures that, regardless of the package selected, the total fare revenue aligns with the predetermined revenue target. This alignment is essential for presenting clear trade-offs and implications to the council.

Key Considerations for Package Evaluation

Given that revenue is essentially a fixed constraint, the evaluation of each package will focus on exploring the trade-offs between three primary factors:

- ◆ Equity: Assessing impacts across demographic and geographic groups
- ◆ Patronage: Considering the effects on both new and repeat customers



- ◆ Complexity: Understanding the practicalities and challenges of implementation

Across all packages, the total revenue generated is constant. The cost of any particular concessions or initiatives will be reflected in higher or lower average fares to derive the same revenue. The fares and revenue have not been calculated at the issues and options stage but will be included in the elected member workshops and final report following the financial modelling.

The summary of the packages and their policy emphasis are shown below in Table 19. The next section of the report shows how the shortlisted options have been aligned to the packages, followed by an explanation of the rationale.

Table 19 Summary of Package Themes and Focuses

		
Equity	Customer Emphasis	Optimization
A focus on maintaining a higher level of fairness across the entire system with some optimization. Fairness includes maintaining affordability across different user groups, but also affordability of access to jobs, education and services over different geographies.	A balanced focus on emphasising patronage through new and repeat customers, and simple, easy to calculate fares. Retains some simplified concessions.	Emphasises patronage growth through price differentiation. Potentially a more complex tariff structure. Reduced scope of concession products.

Table 20 Themed Packages

Theme	Group	Do Minimum	 Equity		 Customer Emphasis		 Optimization	
			A	B	A	B	A	B
Average Adult Peak Period Fare (Compared with Do-min)		Increases 10% p.a. in line with Council Resolution	Similar	Similar	Slightly less	Slightly less	Less	Less
Concessions and Fare Capping	Accessibility - Product	Same as Existing (100% discount)	As existing	As existing	75% accessibility concession discount (all day)	50% accessibility concession discount (all day)	No peak accessibility concession, 75% discount off-peak	No peak accessibility concession, 50% discount off-peak
	Supergold	(100% discount off peak only)	No peak Supergold discount (to align with rail)		No peak Supergold discount (to align with rail)		No peak Supergold discount (to align with rail)	
	Youth	Capping for youth at 6.5 journeys per week	Youth 50% discount, no fare capping.	Youth 25% discount, no fare capping.	Retain fare capping for youth @ 6.5x Journeys Per Week		No fare capping	
	Adult Cap	Capping for adults at 9 journeys per week	No fare capping		Fare Capping for adults @ 7.5x Journeys Per Week	Fare Capping for adults @ 8x Journeys Per Week		
Changes to Zonal Boundaries	Hamilton	Same as Existing		No changes		Remove CBD Zone		Remove CBD Zone and Replace with Hamilton Inner and Outer Zone
	Region		Simplification of Rural Regional Zones		Simplification of Rural Regional Zones and Hamilton Periphery		Simplification of Rural Regional Zones	
Changes to relative Zonal Fares		Same as Existing	Damped (30%) Distance Based (Option F10)					
Modal Fares	On Demand	No change	Align with Zonal Fares for feeder services or those which overlap in time and place serviced. Premium fares for products which sit outside of the scope of normal fixed route services (i.e. Night Flex)					
	Rail	No change	Increase Hamilton to Auckland adult (base) fares to \$38.78 by 2028/29 Investigate Advanced Booking Te Huia Fares					
Time of Travel Based Optimization		Same Existing	No	No	No	No	T1A - Implement Peak / off peak fares 50% discount compared to peak fares network wide. No capping.	T1B - Implement Peak / off peak fares 25% discount compared to peak fares network wide. No capping.



Description and Rationale for Options included within each package

All Options

Continuing a peak period Supergold concession has been discounted for all packages. The primary reason for this is that the product has been withdrawn for Te Huia – having a different concessionary product for rail and bus adds complexity and confusion for customers. Removal would provide better alignment with concessions nationally, and the revenue lost can be invested in areas of the fare system which are likely to grow patronage.

Fares based on a Damped (30%) Distance Model (Option F10) are preferred for all options. These are easier to calculate upon review than a time / distance based model, and provide a good trade-off of being better aligned with willingness to pay (for longer journeys) and being reasonably close to the existing model.

Each package includes for simplification of the Zonal System particularly in more rural areas – resulting in a smaller number of larger zones.

As far as modal options are concerned, recommendations are pending for on-demand work, and feedback from work that is being undertaken for Te Huia presently.

Equity Package

A focus on maintaining a higher level of equity with some optimization.

The emphasis on equity includes maintaining affordability across different user groups, but also affordability of access to jobs, education and services over different geographies, rural areas typically have further to travel to access essential services, jobs and education compared to urban areas, hence to maintain equity with urban areas, fares need to be lower on a distance travelled basis compared to urban areas.

This package is expected to have the highest fare levels overall with more cross subsidy from fare paying passengers to support equity in the system. The level of Government funding remains the same however, as all packages are revenue neutral for comparison.

Customer Emphasis Package

The customer emphasis package has a balanced focus on emphasising patronage through new and repeat customers, and simple, easy to calculate fares.



This package retains fare capping on the basis that weekly fare caps are easier for users to calculate and plan for – retaining the same level of fare cap for youth, but reducing the capping threshold for adults to a level where more passengers will benefit (either 7.5 trips per week or 8 trips per week, compared to the existing 9).

As a balanced package, the scope of the accessibility concession is reduced from a 100% discount to either a 75% discount or a 50% discount, which helps to fund slightly lower fares overall.

The CBD fare zone is removed in this option, which is a simplification, and the revenue again would be used to fund slightly lower fares overall.

Optimization

The Optimization Package emphasises patronage growth through price differentiation and market segmentation, resulting a slightly more complex tariff structure. The impact of this approach is that average adult fares will be much lower than the other options.

Features of this package include removing fare capping in favour of peak / off peak pricing. The Optimization package adopts peak / off peak pricing options for either a 25% or 50% discount compared to the peaks. Adults or youth do not receive any capping or discounts with this package but fares are lower overall.

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The all-day accessibility concession becomes a 50 or 75% discount which is only available during off peaks and weekends.

Recommended tariff and policy elements common to all packages

The following tariff and policy components are intended to apply universally across all fare packages.

Tariff

The following elements of the Tariff are recommended and assumed to be part of the future fare structure:

- ◆ Free Transfer Rules - Retain the current transfer rules. These are set appropriately, and this measure ensures that customers can continue to transfer between eligible services without incurring additional charges. The move towards the future network will mean a lower proportion of 'single seat' journeys.
- ◆ Peak / Off Peak Periods - No changes are proposed to the existing Peak / Off Peak periods which align with Supergold scheme eligibility and national definitions.



Partner Organisation Concessions

Developing and maintaining concessionary fare products with partner organisations is a key means of generating additional patronage and revenue for Council whilst supporting the benefit programmes of partner organisations. This is a win-win for WRC since the Partner organisation funds the value of the concession product. This was also highlighted as a priority for farebox recovery in the Te Huia Service Cost and Farebox Recovery Review.

Fare Setting Policy

Fare Rounding Policy

Fares should be rounded, preferably to at least the nearest \$0.05. Although cash handling will be phased out (which will eliminate the need for change) fares which are easier to remember are easier to communicate, and also for passengers to remember and hence calculate how much they will be paying.

Annual CPI Adjustment Flexibility

A policy should be introduced that allows staff the flexibility to adjust fares annually in line with the Consumer Price Index (CPI), within a defined range (for example plus or minus 2%). The intent of this policy would be to ensure that staff can adjust fares in line with prevailing

economic conditions whilst streamlining the lengthy processes associated with fare changes (which additionally include marketing and implementation lead-in time with the ticketing provider). This would allow adjustment to be made without the requirement for an annual council resolution.

Fare increases in Waikato have been historically subject to large jumps - long periods with no fare increases followed by rapid increases as revenue falls below sustainable levels. These large jumps are particularly unsettling for passengers.

Concessions Policy

It is essential that the objectives underpinning any concessionary fares policies are clearly articulated within the RPTP. This should include reference to any separate documents which include targets and expectations of the scheme(s) if appropriate.

One of the challenges in undertaking this review with respect to concessions has been a lack of clearly articulated outcomes for the concessionary products over and above the national schemes which Waikato defines in Policy. Although not the main focus of this study, it has been difficult to assess if existing schemes are performing well since the objectives were not well defined when introduced or reviewed as part of the RPTP process.



Providing this clarity will support effective policy implementation and ensures that the implementation can be effectively evaluated against the stated objectives.

Accessibility Concession Eligibility

Staff workshops have raised concerns about the eligibility process for the Accessibility concession, which accounts for a large proportion of network wide trips. While the current use of approved assessment agencies is considered effective by staff, many users were assessed under a previous GP referral system which was felt to be relatively lenient in assessment. Eligibility for the scheme does not expire and is not periodically reassessed hence there are a high proportion of users assessed under the previous system who still hold the concession.

Introduction of the NTS system presents an opportunity to review eligibility for the scheme, as a new register of eligible persons will need to be developed and new NTS enabled transit cards issued for the scheme. It is beyond the scope of this study to make detailed recommendations in this regard. Concepts would need to be further developed by staff. This might include reevaluation of GP assessed applications, potential bi-annual reapplications for certain groups or possible means (income) testing.

When considering any new process, WRC must consider the potential benefits against the administrative hurdles that it may create for an

already disadvantaged group. Hence working directly with the disability sector is recommended to ensure the approach does not result in significant adverse outcomes.

Timing of Implementation

It is expected that the majority of the tariff changes will be implemented in tandem with the introduction of NTS, however there may be quick wins in terms of elements from the preferred tariff approach which could be implemented ahead of NTS. The degree to which these changes should be prioritised for early implementation will depend on:

- ◆ The significance of the benefits (in terms of patronage, revenue, ongoing staff resources)
- ◆ Technical feasibility (with the existing ticketing system)
- ◆ Any costs of implementation (including costs due to INIT, marketing costs, opportunity cost of staff time)
- ◆ The degree to which marketing of these changes to customers makes sense as a package and distinct from the wider NTS introduction).

Review of Zonal Boundaries (Minor Changes)

Aside from the options to simplify the zonal system, there is likely merit in undertaking a review of Zonal boundaries for all options to ensure



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that they follow best practice, and that Zones reflect any significant changes to urban form (for example the growth of Cambridge).

Revenue Protection

It is not clear what proportion of revenue is currently lost to fare evasion in Waikato currently. Recent figures published by Auckland Transport suggest this might be around 3% on their network¹⁶. If this proportion was applied to fare revenue on the Waikato Network this might be in the order of around \$200,000 in fare revenue lost per annum. Of course the potential to reduce fare evasion and recoup the costs needs to be weighed against the cost of enforcement.

One low cost means of reducing fare evasion or misuse would be to increase the default fare charged when passengers do not tag off.

Benefit Programmes - Incentives, vouchers etc

It is assumed that WRC will continue to undertake promotional activities including issuing incentives and vouchers to promote public transport from time to time.

Broader Considerations

The necessity to raise fares is driven as much by cost considerations as it is revenue. To a certain extent fare increases should be regarded as a last resort. WRC should continue to advocate for the introduction of bus priority measures (which both decrease operating costs and increase revenue from additional patronage) as well as continuing the programme of service changes to move towards a ridership network.

¹⁶ <https://www.newstalkzb.co.nz/news/national/fare-evasion-thousands-of-auckland-commuters-skipping-payment-on-buses/>



11 | Elected Member Engagement

Elected member engagement was undertaken to test the emerging findings of the fares review and seek direction on the broad policy direction before detailed recommendations were finalised. The engagement was deliberately positioned as a direction-setting exercise rather than a decision on final fare levels, tariff values, or budget implications. Members were asked to consider how the fare system should be structured to balance revenue, patronage, simplicity, affordability, and equity, with overall funding and revenue decisions to be addressed through the Annual Plan and Long Term Plan processes.

The engagement approach was evidence-led. Members were presented with a summary of the technical analysis undertaken through the review, including benchmarking against other public transport authorities, analysis of current travel patterns, the existing zonal structure, concession use, fare capping, modal fares, and opportunities for time-of-day pricing. Rather than asking members to respond to isolated technical findings, the analysis was grouped into the main issues and trade-offs identified by the review: meeting private

share revenue targets, optimising the tariff structure, and reviewing concessions and fare capping.

The presentation covered the three broad policy packages set out in Chapter 11. These packages were framed as potential policy directions showing how different combinations of options could affect customer groups, patronage, average fares, implementation complexity, and alignment with Council objectives. The feedback received through the elected member workshops has been summarised in Appendix G.

Ultimately after considering the alternative packages, the PT subcommittee provided support to moving forward with the development and consultation on a 'Hybrid Package' containing elements from a combination of the 3 packages.

The Hybrid Package identified at the PT subcommittee meeting consisted of the following elements which were felt by elected members to be the strongest, following the discussion:

- Accessibility concession – Retain free travel, including +1
- Supergold – Align with the national, off peak only scheme.
- Youth discount – move to a 25%* discount instead of a 6.5 times per week weekly cap.
- Fare capping – Set at 9 journeys per week
- Zonal System – simplify (reduce in number) the rural zones.



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- Subject to support from HCC being confirmed, replace the CBD zone with a larger Hamilton Inner Zone.
- There was also support for a policy position which supports the potential for differential pricing by mode (without necessarily being specific about the differential):
 - Higher fares for Hamilton Night Flex, starting with an increase of 25% above the standard Hamilton urban 1 zone fares.
 - Noted (but did not necessarily support) the decision by WRC council to increase fares on Te Huia by 25% which has meant there is now a de-facto distinction between the fare schedule for bus and rail.

Support for investigating the feasibility of a group or family ticket was also given at the PT subcommittee workshop. This option had not been identified during the option development process and would need to be tested both from an NTS technology perspective and with staff to ensure alignment with objectives.

Overall the workshop process confirmed that the next stage of the review should refine the preferred direction, test the practical implications of selected elements, and present clear user and revenue impacts for decision-making.

The comments, questions, and points of direction raised by elected members in the 2 workshops are provided in Appendix G.



12 | Conclusions and Next Steps

Summary

This study was commissioned by Waikato Regional Council to provide a comprehensive, data-driven assessment of public transport fares and tariff structures in the Waikato region.

The review was prompted by two major external drivers: the upcoming implementation of the National Ticketing Solution (Motu Move) and the introduction of private share revenue targets set by NZTA and Central Government.

The objectives included:

- ◆ Developing a fare structure that improves the proportion of private share revenue in line with government targets.
- ◆ Modelling and comparing tariff options for their impact on passenger demand, financial outcomes, and equity across user groups.
- ◆ Identifying opportunities to simplify the current tariff structure and reduce administrative burden.
- ◆ Ensuring compatibility with the National Ticketing Solution.

- ◆ Providing actionable recommendations for fare and tariff adjustments, including revenue targets and implementation strategies.

The analysis found that the overall structure of the current zonal fare system has a solid basis, but improvements could be made to simplify the system and better align the cost of travel with the cost of provision or willingness to pay. The study also noted the negative fare revenue implications of Waikato's regional adopted concessionary fare products, however benchmarking against other New Zealand PTAs showed Waikato's fare policy to be neutral, broadly trading off revenue, patronage, and equity.

Three shortlisted alternative packages of options, each designed indicate a policy direction - meeting revenue requirements while exploring trade-offs between equity, patronage, and complexity were workshopped with elected members. At workshop the RTC PT subcommittee ultimately provided support for a 'Hybrid Package' which contained what they considered to be the strongest elements from each of the shortlisted alternative packages.

Aside from the tariff elements that have been workshopped, secondary recommendations in this review include rounding fares for simplicity, introducing annual CPI adjustment flexibility, and clarifying concession policy objectives.



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Conclusion and Next Steps

This issues and options technical paper has set out an evidence-base for a review of fares policy in the Waikato. Building on that evidence base, the review suggested potential alternative policy directions for ways forward for testing with elected members framed as 'packages'.

Following direction of a preferred package of measures from the RTC PT subcommittee, the next phase will be to work towards a formal Waikato Council endorsement in August of the preferred approach to take to a public consultation phase, and aiming for a final council decision expected in December 2026.

WRC needs to confirm the tariff with the NTS team at NZTA as soon as possible for the NTS Critical Services Review, prior to the NTS implementation.

Scope of Final Reporting

The final reporting from this commission will be designed to support elected member decision making and public consultation on the preferred approach. The report will:

- ◆ Provide a succinct and powerful executive summary of the review.
- ◆ Provide an overview of the process
- ◆ Provide a summary of the evidence

- ◆ Description of the features and benefits of the preferred shortlisted option
- ◆ A summary of the modelling of the preferred shortlisted package workshopped with elected members including:
 - ◆ Revenue forecast
 - ◆ Demand forecast
 - ◆ Social impact assessment through personas.
- ◆ Detailed modelling results will be provided as an appendix
- ◆ Implementation plan (including staging if appropriate)
- ◆ Recommendations



Appendix A - Benchmarking

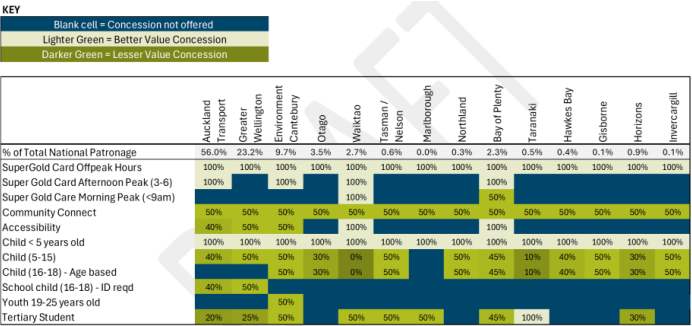
Concessions

Table 20 National Concessions Variation – Source Waka Kotahi Memo 15 July 2025

CONCESSION TYPE	PARTICIPANTS	VARIATIONS (DISCOUNT OR DURATION)	DISCOUNT RANGE
Super Gold Concession	14 (all)	4 variations	All day to only off-peak
Community Connect	14 (All)	no variations	50% (no variation)
Accessibility	5 (some)	4 variations	40% to 100%
Child < 5 years old	14 (All)	no variations	Free (no variation)
Child (5-15)	13 (nearly All)	8 variations	10% to 50% discount

Child (16-18) - Age based	12 (most)	6 variations	10% to 50% discount
School child (16-18 ID reqd)	2 (couple)	2 variations	40% to 50%
Under 25 (19-24)	1 (just one)	no variations	50% (just one provider)
Tertiary Student	9 (quite a few)	5 variations	20% to 100%

Table 21 National Concessions Variations (Rates) – Source Waka Kotahi Memo 15 July 2025





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	Standard / Typical Adult 1 Zone or Urban Equivalent Fare (Peak)	Source
Northland	\$ 3.00	City Link from August 2025
Auckland	\$ 2.80	1 zone
Waikato	\$ 2.67	
Bay of Plenty	\$ 3.70	Regional Council Resolution 11 December 2024
Gisborne	\$ 2.00	Bus service and timetable Gisborne District Council
Hawke's Bay	\$ 2.10	https://www.hbrc.govt.nz/home/article/1830/bus-fares-to-rise-due-to-increased-costs-government-mandate?t=featured&s=1
Taranaki	\$ 2.50	https://www.facebook.com/TaranakiPublicTransport/photos/-new-bus-fares-from-1-july-2025-from-1-july-2025-updated-bus-fares-will-come-int/735940475780552/
Horizons	\$ 2.00	https://www.horizons.govt.nz/buses-transport/new-fare-structure
Wellington	\$ 2.06	https://www.metlink.org.nz/getting-started/tickets-and-fares
Nelson-Tasman	\$ 2.16	Fares and zones - eBus
Marlborough	\$ 2.00	Route based see https://www.marlborough.govt.nz/services/bus-services/bus-routes-in-marlborough/bus-route-3-blenheim-picton
Canterbury	\$ 3.00	

Otago	\$	2.00	https://www.orc.govt.nz/orbus/fares/#dunedinbusfares
Invercargill	\$	3.50	



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Appendix B - References

- ◆ [NZTA Research Report 565 – Pricing Strategies for Public Transport \(2016\) Douglas Economics](#)
- ◆ [Transfund New Zealand Research Report 184 – Valuation of Public Transport Attributes \(2000\) Booz Allen & Hamilton Limited](#)
- ◆ [TRL Research Report 593 - The Demand for Public Transport, a Practical Guide](#)
- ◆ [Fare's Fair: Experiences and Impacts of Fare Policies](#)
- ◆ [NZTA Monetized Costs and Benefits Manual \(2025\)](#)



Appendix C – Long List

The long list was developed against the themes identified in section 6.

- ◆ Concessions and Fare Capping
- ◆ Zonal
 - Changes to Zonal Boundaries
 - Changes to relative Zonal Fares
- ◆ Modal Fares
- ◆ Time of Travel Based Optimization
- ◆ Other Simplification

Any options not listed here may have been excluded from the long list as they either -

- ◆ Did address the study objectives
- ◆ Did not relate to an issue which was identified as in issue through the analysis.
- ◆ Was specifically excluded from the scope of the study.

Concessions and Fare Capping Long List Options

Ref	Item	Fatal Flaw
C1	Reduce accessibility concession to provide x% discount all day	
C2	Restrict accessibility concession to off-peak times only	
C3	Restrict peak period accessibility concession to 1 zone fares only (thereby avoiding the most congested services)	Too complicated to convey to customers
C4	Accessibility concession free off peak, x% discount peak	
C5	Remove accessibility concession entirely	
C6	Remove additional peak Supergold concession	
C7	x% peak supergold discount (not free).	



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C8	Restrict peak period supergold concession to 1 zone fares only (thereby avoiding the most congested services)	Too complicated to convey to customers
C9	Introduce a % Youth fare concession instead of a reduced capping threshold (6.5x).	
C10	Remove adult cap and replace with another incentive system (points, vouchers etc)	
C11	Remove youth cap and replace with another incentive system (points, vouchers etc)	
C12	Reduce adult cap to xX	
C13	Measures to tighten Accessibility concession eligibility aligned with NTS introduction,	

Zonal Boundaries

The following zonal boundary options are relatively high level and would need to be subject to consideration of boundary placement (with adjacent zones) and balancing against the fare table at the next stage of the study.

Ref	Item	Fatal Flaw –
-----	------	--------------

Z1	Pure Distance Based Fares (not zonal)	Not viable as longer distance fares would be too expensive.
Z2	Remove the CBD fare zone (in favour of a lower 1 zone fare)	
Z3	Reduce the Central City fare zone to align with the HCC CCTP boundary	A smaller Zone would make the system too complex for no benefit.
Z4	Replace CBD fare zone with a larger Hamilton inner zone.	
Z5	Join Zones 7 and 8 – high level option, to include a more detailed review of boundary placement.	
Z6	Join Zones 2 and 3.	
Z7	Join Zones 5 and 6	



Changes to relative Zonal Fares

It is noted that the following options for structuring the zonal system are primarily relevant to the bus network noting that staff prefer flexibility for a distinct Te Huia fares table and pricing.

Ref	Item	Fatal Flaw –	A variant	B Variant
F1	Rebase relative zonal fares to reflect only time travelled.	Too cheap over longer distances – would threaten service viability.		
F2	Rebase relative zonal fares to reflect distance travelled.	Too expensive over longer distances – would threaten service viability.		

F3	Rebase relative zonal fares to reflect 50% time and 50% distance travelled.	Too expensive over longer distances – would threaten service viability.		
F4	Rebase relative zonal fares to reflect 25% time and 75% distance travelled.	Too expensive over longer distances – would threaten service viability.		
F5	Rebase relative zonal fares to reflect 75% time and 25% distance travelled.			
F6	Rebase relative zonal fares to reflect 80% time and 20% distance travelled.			



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F8	50% distance, 50% constant	Too expensive over longer distances – would threaten service viability.		
F10	30% distance, 70% constant			
F11	20% distance 80% constant	Too cheap over longer distances – would threaten service viability		

Modal Fares

Ref	Item	Fatal Flaw –	A variant	B Variant
M1	On-demand Booking Fee	If flex network	\$2.50	\$5.00

		integration as feeder, booking fee not appropriate as would be online only.		
M2	On-demand Premium Fares (Night service)		25% Premium	50% Premium
M3	On-demand Premium Fares (Daytime / Feeder services)	Excluded because adds complexity, would need to integrate with transfers etc, and customer expectations.	25% Premium	50% Premium
M4	Te Huia Premium Fares		Increase fares to level set out in Service Cost and Farebox Recovery Review	



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			(\$38.78 Auckland to Hamilton by 2028)	
M5	Remove Te Huia special rules			
M6	Te Huia Advanced Booking Fares			

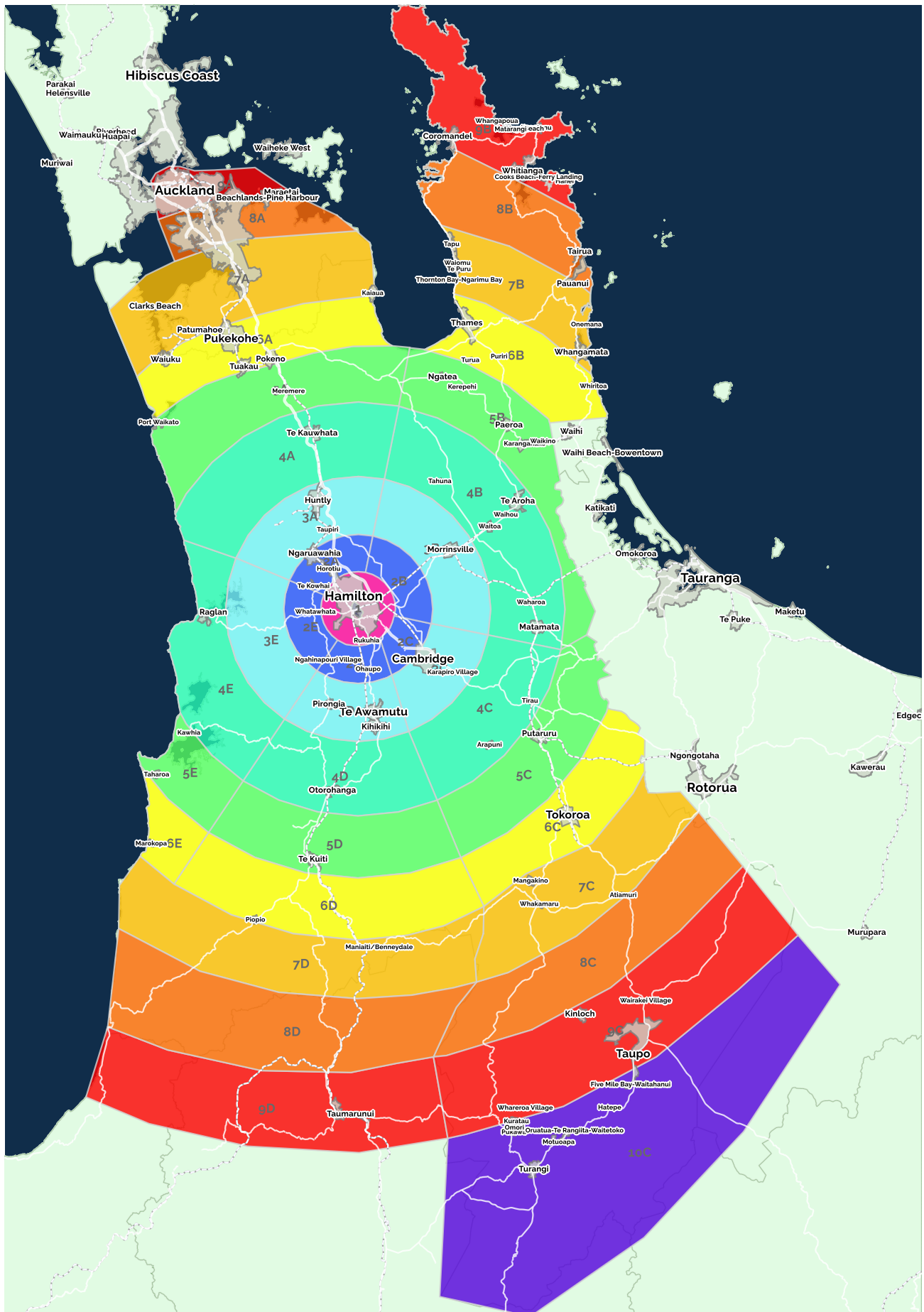
Time of Day Based Pricing

Ref	Item	Fatal Flaw –	A variant	B Variant
P1	Implement Peak / off peak fares network wide & retain fare capping (x% off peak discount)	Capping + Peak / Off Peak Pricing Too confusing to convey to customers	50%	75%
P2	Implement Peak / off peak fares network wide & do not retain capping		50%	75%



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Appendix D - Existing Zonal Fares Map





Appendix E

Concession Revenue Foregone Calculations

Concession : Time Period	Total Journeys (a)	Equivalent Full Adult Fare Revenue (b)	% of Journeys Foregone (c)	Journeys Foregone d = a * c	Avg Fare Assumed e = (b/a)	Indicative Maximum Cost of Revenue Foregone compared to full adult Bee Card Fare (d * e)
Accessibility Concession: Weekday Off Peak	132,000	\$ 381,000	50%	66,000	\$ 2.89	\$ 191,000
Accessibility Concession: Weekday Peak	73,000	\$ 220,000	50%	37,000	\$ 3.01	\$ 112,000
Accessibility Concession: Weekend and Public Holiday	41,000	\$ 119,000	50%	20,000	\$ 2.90	\$ 58,000
Pre gam Supergold Concession	79,000	\$ 310,000	50%	40,000	\$ 3.92	\$ 157,000
Fare Capping Adults	1,484,000	\$ 3,754,000	4.1%	61,000	\$ 2.53	\$ 154,000
Fare Capping Youth	784,000	\$ 2,318,000	12.6%	99,000	\$ 2.96	\$ 293,000
						\$965,000

Notes:

- ◆ Fares and revenue figures are inclusive of GST @ 15%.
- ◆ Journeys foregone assumes that only 50% of these journeys would not have been made if free fares had not been available. Refer section 5 for details.
- ◆ Capping journeys foregone assumes that all capped journeys would otherwise have been made (no generation).



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Appendix F

National Concessions Alignment Discussion Paper



MEMO

To
Cc
From
Date 15 July 2025
Subject **National Public Transport Concession Alignment**

PURPOSE

- 1 To provide a summary of key considerations required to align concessions at a national level. The National Ticketing Solution (NTS) programme has been asked to consider various alignment opportunities to simplify concessions as part of the National Ticketing Solution programme.

BACKGROUND

- 2 Under the Local Government Act 2002, local authorities are responsible for managing the funding of transport infrastructure and services. Nationwide fares contribute approximately \$320 million to public transport funding per annum. There are approximately 160 million public transport journeys a year and around 56% of these, 90 million journeys, are taken using a concession. Due to the widespread use, any changes to concessions tend to be of high public interest.
- 3 NZTA development guidelines for 'regional public transport plans 2024' includes requirements for Public Transport Authorities (PTAs) to specify their concessions. PTA's must 'specify whether they will offer the following nationally defined concession' in their region being: Infant (under 5 years), Youth (5-18 years) and under 25 (19 to 24 years). In addition, PTAs can 'opt out' of government schemes such as Super Gold and Community Connect (for Community Service Card Holders) but when participating in these schemes must follow the various requirements. PTAs are permitted to add other concession types and adjust concession discount levels (with exceptions being crown schemes and under 5 years being free). There is also a directive that each PTA's regionally defined concessions do not conflict with any nationally defined concessions, but ambiguity exists in what might constitute a "conflict".
- 4 Concessions are a key consideration in most PTA fares policies as a key tool to drive a variety of economic and social outcomes. This includes supporting access to education, training and employment as well as ensuring affordable travel options for those that might need it the most.
- 5 The NTS programme have confirmed that that current PTA concessions arrangements are not a technical issue and would not materially impact NTS costs or delivery times. Hence this document is primarily for policy consideration and with a view to attempting to improve customer outcomes / systems legibility at a national level.

DIFFERENT APPROACHES TO ALIGNMENT

- 6 When considering how concessions can be nationally aligned there are different dimensions that might be considered to improve concession consistency and systems legibility.
 - **Concession type:** Standardising the demographic group being targeted (and definition thereof)
 - **Concessions provided:** Standardising whether a Public Transport Agency (PTA) is participating in offering the concession
 - **Concession discount level:** Standardising the level of discount for the concession being offered
 - **Concession duration:** Standardising the time of day or week the concession is active
 - **Concession registration:** Standardising the process and criteria for concession eligibility

CURRENT CONCESSION LANDSCAPE

- 7 The table below summarises the alignment variability across the 14 PTAs in New Zealand

CONCESSION TYPE	PARTICIPANTS	VARIATIONS (DISCOUNT OR DURATION)	DISCOUNT RANGE
Super Gold Concession	14 (all)	4 variations	All day to only off-peak
Community Connect	14 (All)	no variations	50% (no variation)
Accessibility	5 (some)	4 variations	40% to 100%
Child < 5 years old	14 (All)	no variations	Free (no variation)
Child (5-15)	13 (nearly All)	8 variations	10% to 50% discount
Child (16-18) - Age based	12 (most)	6 variations	10% to 50% discount
School child (16-18 ID reqd)	2 (couple)	2 variations	40% to 50%
Under 25 (19-24)	1 (just one)	no variations	50% (just one provider)
Tertiary Student	9 (quite a few)	5 variations	20% to 100%

ALIGNMENT CONSIDERATIONS

- 8 Some of the key considerations for concession alignment include:
- Revenue Loss and impact on NZTA-set private share targets
 - Social and economic impact on demographic group / region (if the concession changes)
 - Additional systems / administration burden on PTAs to rollout and manage the concession
 - Political appetite, likely acceptance to change the concession (particularly removals and reductions)

Essentially there are direct countervailing forces of PTA funding vs social benefits and public expectations that need to be balanced in the setting of any regional concession policy.

ALIGNMENT OPTIONS

Concession Type Alignment:

- 9 If the goal is to align how each PTA defines each concession group:
- The predominant difference is that some PTAs apply universal age-based youth concessions vs demographic targeting (e.g. just children attending school). 12 PTAs, that constitute 25% of NZ patronage target the age groups of 5 to 18, while the two largest PTAs (AT and GWRC) that constitute 75% of NZ patronage target current school users and require proof of continued school attendance beyond 15 years of age to maintain eligibility.
 - Alignment to the age-based methodology for a child 5-18 will cost approximately \$7m to \$8m p.a. for AT and GWRC, through lower fare revenues due to increased discount eligibility. A significant proportion of this cost is a result of AT's policy to offer free (rather than discounted) weekend travel for students. The age-based approach will also somewhat repurpose the original intent of the current policy which is toward supporting transport for educational purposes.
 - Moving to school based concession for 15-18 years old will result in approximately \$1m more revenue for the 12 PTAs current on an age-based youth concessions. However, withdrawing universal age concession is likely to be unpopular as well as potentially requiring a school-based registration system (ID cards) for some PTAs.

Concessions Provided Alignment:

- 10 If the goal was to ensure that each PTA had the same concessions on offer:
- **Super Gold Card Off-Peak, Community Connect, Child < 5 free travel, Child < 15 travel:** PTAs are already aligned in providing these concessions, with exception of the Waikato who has no over 5 child concession (but does have a child based capping schemes for weekly journeys).
 - **Super Gold On-Peak:** 4 PTAs have a different variation of free or discounted on-peak travel for Super Gold Holders. Super Gold holders constitute a reasonable proportion of public transport users and given current private share targets the four authorities (AT, ECAN, Waikato and Bay of Plenty) may wish to consider removing these additional regional concessions.
 - **Tertiary Student:** Concession offerings are mixed across PTAs. Patronage is in favour of a universal national tertiary student concession which already covers 95% of NZ students.
 - **Accessibility:** The benefits and purpose of the accessibility concessions, particularly affordability, may have been partially reduced by recent central government initiatives including the introduction of the community connect concession, and the reduced cost of Total Mobility services (essentially Taxi services for those with disabilities). While this would require work to evaluate impacts, there is an argument for removing or consolidating this concession due to reduced benefit and alternate concessions potentially available.
 - **Under 25 (19-24 years).** Only offered by ECAN. The advent of Community Connect and perhaps universal adoption of a tertiary concession would limit the application and benefit of this concession. Hence removal is probably the easiest way to achieve national alignment.

Concession Discount Alignment

- 11 As the table in Appendix 1 shows, discounts vary widely. There are a variety of hypothetical approaches to aligning the level of discounts on offer. A few examples include:
- 12 **OPTION 1: Move to best discount for all.** A case where all PTAs move their concession discounts to the level of the most favourable scheme in NZ. Option 1 has a very high chance of implementation if the fare revenue loss of approximately \$40-50 m p.a. is somehow funded, as essentially all concession demographics across NZ will be no worse off. However, PTA revenue loss across NZ would be high and this is unlikely to be financially viable for most authorities without external support. It also removes from PTAs, a key lever in financial management at the regional level.
- 13 **OPTION 2: Move to the best discount with significant outliers removed.** Similar to the above option but the significantly higher discount outliers are removed. E.g. AT, Waikato and Bay of Plenty Super Gold travellers receive free peak travel, ECAN under 25 concessions etc. The discounts after removing outliers are noted in table 2 below. While a modest number of demographics across a handful of regions will be impacted by concession value loss, the majority of public transport users will either be the same or better off. Fare revenue loss caused by alignment is expected to be in the order of \$25-35m p.a. nationally.
- 14 **OPTION 3: Set percentage discount to the weighted average across NZ.** In this option, the discounts become the weighted average (by patronage) of current concession levels across NZ. Essentially all PTAs would align on the weighted average figure (or to a rounded figure nearest to it, shown in brackets below). This results in a considerable number of increases and decreases in concession levels and fare revenues across the regions. However, using a weighted average would result in minimising the overall movement in for most public transport users. As Auckland constitutes 50% of all patronage in NZ, this methodology will result in an outcome most similar to their current concession arrangement (in Appendix 1). This is likely to create a variety of political and financial concerns, particularly for smaller PTAs currently with quite different and less generous concession schemes.

Table 2: Hypothetical Concession Discount Alignment Option

DISCOUNT LEVEL	OPTION 1 (best)	OPTION 2 (outliers removed)	OPTION 3 (wt average)
SuperGold Card Offpeak Hours	100%	100%	100%
Super Gold Card Afternoon Peak (3-6)	100%	100%	71% (70%)
Super Gold Card Morning Peak (<9am)	100%	0%	4% (0%)
Community Connect	50%	50%	50% (50%)
Accessibility	100%	50%	44% (40%)
Child < 5 years old	100%	100%	100%
Child (5-15)	50%	50%	42% (40%)
Child (16-18) - Age based	50%	50%	42% (40%)
School child (16-18) - ID required	50%	50%	42% (40%)
Youth 19-25 years old	50%	0%	4% (0%)
Tertiary Student	100%	100%	25% (25%)
NET REVENUE LOSS (national level)	\$40-50m	\$25-35m	neutral

Concession Registration Process and Criteria Alignment

- 15 It is important to note that PTAs use a number of different systems, people and processes to register and validate concessions. For example, Auckland and Wellington use tertiary portals, connected to the various tertiary institutions. If some PTAs were expected to introduce tertiary concessions, they would need to build registration systems, processes and ongoing administration support to maintain those new concessions.
- 16 In addition, the criteria required to validate eligibility for a concession can differ significantly between regions. This is particularly prominent in the accessibility concession where a number of different PTA's have different eligibility criteria for groups, they might consider needing an "accessibility concession". They will also use different groups (e.g. Blind Low Vision NZ) with different methodologies and processes to evaluate eligibility. As the NTS will recognise the concession, regardless of the region of its registration, the registration process and eligibility criteria should ideally be aligned nationally.

CONCLUSIONS

- 17 When considering national alignment there are a variety of dimensions to consider with varying degrees of complexity. Alignment of concession registration processes and associated registration criteria (particularly for accessibility and tertiary) need to be considered due to the transferable nature of these concessions between regions.
- 18 There is an opportunity to align arrangements for Super Gold, which will require 4 PTAs to rationalise their current arrangement back to the original crown-funded scheme. In addition, the 19-25 year old concession is somewhat of an outlier and due to the community connect and tertiary schemes and is likely to have lower social and economic benefits than most other concessions. ECAN may wish to consider withdrawing these.
- 19 In addition, there is a strong opportunity to have a nationally aligned tertiary concession. This may require some PTAs who are not currently participating to set up registration processes with tertiary institutions for this concession (or potentially asking other PTAs to perform this activity their behalf).
- 20 The Accessibility concession is a complex and challenging concession, and its value has somewhat been diminished by the relatively recent government community connect scheme and the existence of Total Mobility (with a 75% discount). As Total Mobility was designed for customers with significant disabilities who

could not use conventional public transport, and the community connect scheme already offers a discount for lower-socio-economic demographics, the policy benefits of this concession should be reviewed. An overall summary of possible concession rationalisation / standardisation is included in Appendix 2.

- 21 Aligning the concession discount levels between PTAs is challenging without external funding as for most authorities this is a key financial lever for budgeting. For full alignment of concession types, Option 1 and Option 2 have the highest chances of success. Option 3 may struggle to gain political traction due a wide variety of demographics impacted through reduced concessions while at same time some PTAs will be unable / unwilling to absorb the revenue loss. This would not be recommended at this stage.



MEMO

APPENDIX 1: CURRENT CONCESSION ARRANGEMENTS BY PTA

KEY

Blank cell = Concession not offered
Lighter Green = Better Value Concession
Darker Green = Lesser Value Concession

	Auckland Transport	Greater Wellington	Environment Canterbury	Otago	Waikato	Tasman / Nelson	Marlborough	Northland	Bay of Plenty	Taranaki	Hawkes Bay	Gisborne	Horizons	Invercargill
% of Total National Patronage	56.0%	23.2%	9.7%	3.5%	2.7%	0.6%	0.0%	0.3%	2.3%	0.5%	0.4%	0.1%	0.9%	0.1%
SuperGold Card Offpeak Hours	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Super Gold Card Afternoon Peak (3-6)	100%		100%		100%				100%					
Super Gold Card Morning Peak (<9am)					100%				50%					
Community Connect	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Accessibility	40%	50%	50%		100%				100%					
Child < 5 years old	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Child (5-15)	40%	50%	50%	30%	0%	50%		50%	45%	10%	40%	50%	30%	50%
Child (16-18) - Age based			50%	30%	0%	50%		50%	45%	10%	40%	50%	30%	50%
School child (16-18) - ID reqd	40%	50%												
Youth 19-25 years old			50%											
Tertiary Student	20%	25%	50%		50%	50%	50%		45%	100%			30%	

* ECan is looking to phase out tertiary concession

APPENDIX 2: POSSIBLE CONCESSION ALIGNMENT OPTIONS**KEY**

Blank cell = Concession not offered
Lighter Green = Better Value Concession
Darker Green = Lesser Value Concession

	Auckland Transport	Greater Wellington	Environment Canterbury	Otago	Waikato	Tasman / Nelson	Marlborough	Northland	Bay of Plenty	Taranaki	Hawkes Bay	Gisborne	Horizons	Invercargill
% of Total National Patronage	56.0%	23.2%	9.7%	3.5%	2.7%	0.6%	0.0%	0.3%	2.3%	0.5%	0.4%	0.1%	0.9%	0.1%
SuperGold Card Offpeak Hours	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Community Connect	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Child < 5 years old	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Child (5-15)	40%	50%	50%	30%	0%	50%		50%	45%	10%	40%	50%	30%	50%
Child (16-18) - Age based			50%	30%	0%	50%		50%	45%	10%	40%	50%	30%	50%
School child (16-18) - ID reqd	40%	50%												
Tertiary Student	20%	25%	50%	TBD	50%	50%	50%	TBD	45%	100%	TBD	TBD	30%	TBD

* Accessibility concession TBD



Appendix G

Summary of Elected Member

Feedback

Summary of Feedback from Elected Member Workshop 1 (WRC Transport Committee)

Methodology / Process Feedback

Some participants noted that the process is focused on fares as the primary lever for patronage / revenue, but questioned whether this is a fair assumption. A participant argued that in their opinion the data doesn't clearly support fares as the key limiting factor for patronage, and that service quality, reliability, frequency, and relative cost to driving are all significant drivers of patronage too. A participant challenged the assumption that a 10% fare increase causes a 3.5% patronage drop, suggesting the data doesn't support that correlation and that other factors (service, fuel costs, etc.) are linked. The presenter clarified that the elasticities used are best practice for forecasting approach (NZTA guidance) and are based on rigorous statistical studies

in relation demand response to public transport to changes in fare levels.

A participant wanted the review to explicitly focus on meeting the agreed NZTA private share targets and how to get there — framing that as the key question rather than a broad policy redesign.

A participant asked how the policy can be kept agile so fares stay cheaper than the cost of using a car, and requested data comparing bus fares to car costs be included in future presentations. A participant argued the six-year review cycle for fares policy is too slow given how quickly technology and travel behaviour are changing, and advocated for a more market-oriented, flexible approach.

Some participants noted the presentation relies heavily on percentages to indicate the magnitude of change, and requested that actual dollar amounts be used so that councillors can sense-check the real-world implications. The package table was subsequently updated in the second workshop to include absolute changes in fares and patronage for the packages.

A participant said the workshop felt that the workshop would have benefited from a clearer statement of objectives — e.g. is the goal to maximise ridership, get cars off roads, or achieve cost recovery.



Feedback on Specific Options

Fare Zones – Hamilton Inner/Outer Zone Split

There was very strong pushback at the first workshop against splitting Hamilton into inner and outer zones. Multiple participants felt it was counterproductive — 'the purpose of a bus network is to get people into the city affordably', and that charging outer-suburb residents more would drive them back to cars. There was a clear steer to maintain the **status quo on the Hamilton zone**, or if anything, simplify by removing the CBD fare zone only.

Options to simplify the zonal structure by removing one or two of the rural zones with the least patronage were received positively.

Mode-Based Pricing (Flex Night Service)

A staged fare increase in Fares for the Flex night service (at least 25% per year) was supported given its premium nature and higher costs of operation. This was broadly supported. One participant requested this be brought back as a specific action item to the transport committee, rather than waiting for the full policy review. Another noted Flex has been largely exempt from recent fare increases.

Time-Based Pricing (Peak vs Off-Peak Fares)

There was Mixed response from the workshop, leaning against for now. Three participants opposed it outright, primarily arguing it's

counterproductive to charge more at peak when the whole point is to get people *onto* buses at peak time to reduce congestion. One participant supported it in principle but said the system isn't mature enough yet and suggested revisiting in six years. Weekend vs weekday differential had slightly more support as a simpler first step. The presenter noted that a combination with fare capping would add considerable additional complexity for customers, which the committee needs to consider. A participant asked for feedback from transport operators in regions that already use time-based pricing (e.g. Greater Wellington) before making any decisions on that option.

There was no clear consensus on time based pricing.

Concessions – Accessibility Concession

There was strong consensus to retain the accessibility concession (including the plus-one). Several participants noted it is an innovative product that saves money by reducing Total Mobility usage, and that advocates in the disability sector are pushing for it to become a national concession.

Concessions – Super Gold Peak Period

There was strong consensus align with other councils in the national supergold scheme by providing an off-peak concession only, rather than the current locally funded peak supergold concession.

**Concessions – Youth Fair Capping vs Flat Rate Discount**

There was no consensus reached on adopting a flat rate discount for youth rather than capping. The presenter noted that only 12.6% of youth journeys are currently capped (suggesting the product is not well understood or used), and that capping disadvantages part-time users. However, switching to a flat discount may cost more in total than the current system if applied to all youth journeys (depending on the discount percentage). Participants asked for actual dollar figures before deciding. One participant noted that the "child" age definition is not nationally consistent and this would also need addressing.

One participant noted the arguments against providing a interzonal discount for youth arguing that it subsidises students travelling to Hamilton schools in a way that disadvantages local schools.

Options Packages (Equity / Customer Emphasis / Optimization)

The three Options packages were discussed but ultimately none were selected. Some of the main points of feedback received were:

- The optimization package's removal of all fare capping/discounts was seen as a significant and potentially unacceptable impact on youth, without clear justification.

- The inner Hamilton zone replacement of the CBD zone (in the optimization package) was flagged as inconsistent with earlier discussion that rejected this.
- Participants would prefer the ability to pick and mix elements across packages rather than choosing one wholesale.
- Some participants preferred the customer emphasis and optimization columns as the preferred direction but wanted more refined versions with actual dollar figures before deciding.

Summary of Feedback from Elected Member Workshop 2 (RTC Public Transport Committee)

The 2nd Elected Member workshop was held on the 15th June 2026. The presentation material was largely the same as first but included some additional commentary on the main points of direction from the first workshop, and included some changes to the packages table to provide absolute changes instead of percentages following feedback from the first workshop.

Methodology / Process Feedback

A participant (Hamilton City Council representative) raised that HCC hadn't yet had the chance to workshop this topic internally with their dedicated committee, which was meeting that Thursday. They asked whether there would be an opportunity to feed back after that



discussion. This was accepted — HCC were asked to submit written feedback to Phil and Katherine following their Thursday committee meeting.

A participant asked whether data exists on which community sectors would be left behind by the shift to cashless payments (a move established by the existing RPTP) — specifically elderly people or young people without cards. They wanted assurance that no one was being excluded. The response was that cash is already below 5% of fares, several other regions have gone cashless without issue, and the Moto Move prepaid card remains an option. The participant was satisfied with this response.

A participant asked what lessons had been learned from the Christchurch NTS rollout. They were reassured that WRC is at the later end of the rollout sequence. Christchurch is essentially an early-stage trial, and the national coordination is well-planned with messaging starting 3–4 months in advance.

National Concessions Alignment

A participant noted that the move toward nationally consistent concessions is a significant issue for the region given WRC's non-standard concessions, and asked whether the slide implied WRC would have to give those up. The presenter clarified it was flagging the context, not a foregone conclusion.

Private Share Targets and Broader Policy Considerations

A participant asked how the region is tracking against the 25–26 private share target given recent fuel price increases. Staff confirmed the region is on track, though the fuel situation is still evolving and the opex figure doesn't yet reflect recent cost increases.

A participant asked for a detailed year-end breakdown of how the 25–26 target was met — specifically how much came from patronage growth versus fare increases — noting this is fundamental to the whole discussion. It was agreed to provide this at end of financial year.

A participant said the overall discussion felt like "tinkering" — moving from 15.6% to 18% private share revenue while the system remains over 80% publicly funded. He noted the real lever might be external factors like fuel prices, not fare structure, and called for bigger strategic thinking around demand management and fleet efficiency. He leaned toward the middle package (customer emphasis) but felt a broader strategy was needed.

One participant made the point that the fair structure changes can only yield small percentage gains and that the system's sustainability issues require a broader strategic focus — demand management, fleet efficiency etc— which should be addressed in the wider RPTP review next year. A participant also flagged that bus size and capacity should be discussed at a future meeting — specifically whether buses are fit



for purpose and whether bus sizes can be right-sized to improve cost efficiency.

Another participant noted that the system is making incremental progress (13.3% to 15.2% to 15.6%) and while not dramatic, 2–3% per year compounds meaningfully over 10 years. They advocated for continuing the steady incremental approach rather than dramatic structural changes.

Feedback on Specific Options

Before discussing the packages asked the group to 'zoom out' before getting into the packages and explicitly name what they're trying to achieve — more patronage, financial sustainability, simplicity, or all three. This prompted a brief clarifying discussion on RPTP objectives. Several participants landed on simplicity and affordability as the primary lens, with private share targets as a constraint that applies to all packages regardless.

Fare Zones – Hamilton Inner/Outer Zone

The presenter noted the WRC Transport Committee had opposed creating an inner/outer Hamilton zone. However, this subcommittee's reception was much more open. One HCC participant said she liked the idea of 2–3 zones within Hamilton as it would better reflect the cost of travel and avoid short-trip users subsidising long-trip users within the city. Another participant said the CBD zone is currently too small and

that expanding it to address bridge pinch points made good sense — making short cross-bridge trips more affordable relative to driving.

The presenter suggested the Hamilton ring road as a reasonable natural boundary for an inner/outer zone, if that option were pursued. The subcommittee was broadly supportive of considering it, with a request to await Hamilton City Council's formal feedback on this specific question before finalising.

Two HCC participants clarified that they are not supporting three zones within Hamilton, but rather replacing the small CBD zone with a larger inner-city zone), keeping the total number of Hamilton zones at two.

HCC members undertook to provide confirmation of HCCs organisational support for the proposal to Katherine Simpson or Phil King following a meeting they would be having on Thursday the 18th June.

Outer/Rural Zones – Simplification

There was strong consensus to simplify the outer rural zones by amalgamating some of the low-demand concentric rings, reducing the total number of fare bands.

Mode-Based Pricing (Rail vs Bus)

A HCC participant questioned the rationale for the 25% Te Huia fare increase making rail more expensive than bus for the same zones (e.g.



Frankton to Hamilton). The response was that the decision was made by council, the overlap between rail and bus journeys is minimal, and rail offers a premium product. The presenter confirmed the vast majority of Te Huia patronage is longer-distance travel toward Auckland rather than local trips.

A participant asked regarding the alignment between whether there is an existing RTP policy aligning Te Huia and bus fares. WRC staff confirmed there is no such policy — the alignment had been implemented historically as a pricing decision, and that the recent 25% increase was a council pricing / revenue decision made outside of the Fares Policy Review Process.

A participant said she hadn't heard enough evidence for why rail and bus should have different zone structures, but suggested this may not be the right forum to explore it in depth. Another participant supported the principle of having a policy that enables modal pricing flexibility without mandating it — allowing council to assess each mode independently year by year. This framing was broadly accepted.

On-Demand / Flex Night Service

The presenter recommended a starting-point fare increase of 25% for the Flex night service, given its premium on-demand nature, corner-to-corner delivery, higher operating costs. Participants broadly supported

this, with some noting the starting fare of \$2.67 seems extremely low for the service provided and that 25% is quite modest in context.

One participant noted that one of the main purposes of the Flex night service is safety — providing an affordable option for people who can't afford a taxi late at night. She cautioned against pricing it in a way that discourages the very users it was designed for. The accessibility of two of the four vehicles for wheelchair users was also noted. Others agreed the 25% increase starting point was reasonable because it preserves affordability while beginning to address the cost gap.

Time-Based Pricing (Peak vs Off-Peak)

There was clear consensus to drop peak/off-peak pricing from the preferred package. No one expressed support, and several had concerns (complexity, potential to deter exactly the commuters the system needs).

Concessions – Accessibility Concession

There was unanimous and strong consensus to retain the accessibility concession (including plus-one) at full free travel. Key points made: despite accessibility card holders making up only 3% of active B-card holders, they account for 8.5% of all PT journeys; this is the WRC funded concession most strongly felt to be worth keeping; most participants noted no one in the community would begrudge this. The chair also



noted that WRC and Bay of Plenty should continue advocating for this to become a national concession.

A participant asked whether an accessibility advocate had been invited to provide input. Staff confirmed they would follow up.

Concessions – Super Gold Peak Period

There was clear consensus to remove the regionally-funded peak period Super Gold discount and align with the national scheme (off-peak only). One participant acknowledged some seniors may travel at peak for hospital appointments, but the broader view was that alignment with national policy is appropriate. No dissenting voices.

Youth Fare Capping vs Flat Rate Discount

There was consensus in favour of moving to a flat rate percentage discount for youth rather than the current fare capping approach. Key arguments: more equitable across part-time and full-time users; simpler to understand; may increase overall youth patronage by benefiting all young people regardless of travel frequency (not just the 12.6% who currently reach the cap); schools may have students who travel by bus fewer than 5 full days a week, so capping may not trigger.

Discussion settled on the discount being approximately 25% (broadly cost-equivalent to the current capping system, which costs 12.6% of youth fare revenue). A participant noted this is lower than the 50% some

regions offer, but the presenter confirmed that the percentage discount offered varied from PTA to PTA across the country. The group noted that the concession % rate could be asterisked for further refinement depending on the costing of other changes.

Adult Fare Capping

There was discussion on whether to retain, reduce, or remove the adult cap (currently 9 journeys per week, with only ~4% of adult journeys currently capped). The consensus to leave adult capping as is. It was noted that the financial benefit of removal is small given the low uptake (the main benefit was the removal of some complexity from the tariff.) One participant cited an example of a self-employed carer frequently using buses between appointments for whom the cap provided meaningful benefits.

Family Concessions

Cr Sarah Thompson raised the idea of a family concession — currently not in the options — noting that for families with multiple children, buses quickly become less cost-effective than driving. It was noted that NTS might not enable this technically. The presenter acknowledged this hadn't come up in the option development process and would need a consensus in the room to explore.

Mixed views: one participant said he wouldn't support subsidising children who attend schools outside their local zone; another said she



would need further information but supported at least investigating it. The chair noted a flat youth discount might already partially address the issue that this was intended to address. There was no broad consensus to progress this to the consultation option, but the chair supported gathering further information on the proposal.

Options Packages (Equity / Customer Emphasis / Optimization)

No participant endorsed a single package direction and one participant noted that none of the three packages as presented reflected the ideal and that a new option should be developed. A **fourth "hybrid" package was identified** in the workshop to progress towards consultation. It was felt that that this package better reflected elected members direction than each of the three themed packages presented. The components of this 'hybrid' package are summarised in Chapter 11. The package developed included the preferred options for individual items where:

- A clear consensus had already been identified through the course of previous discussions in the workshops (for example retaining the Accessibility concession); and
- For the remaining elements, further discussion was undertaken in the workshop at the stage of assembling the package elements to identify the preferred approach among PT subcommittee members.

6 KARAKIA WHAKAMUTUNGA

Unuhia, unuhia
Unuhia mai te uru tapu nui
kia wātea, kia māmā,
te ngākau, te tinana, te hinengaro,
i te ara takatū
Koia rā e Rongo
e whakairia ake ki runga
kia tina! TINA!
Haumi ē, hui ē, TĀIKI ē!

Draw on, draw on,
Draw on to the supreme sacredness
To clear, to free
our heart, body and soul
Our pathway prepared
Lo, there is peace
suspended high above
manifest!
draw together!
Affirm!