

The Case for Extending Public Transport Fare Discounts – Free Fares

What we propose

We propose the following nationwide discounts, to be funded by the Government. We expect these to cost between \$300-400m per year in the short-term.

- fare-free public transport for Community Services Card holders, Total Mobility Card holders and their support people, tertiary students, and under-25s
- half-price fares for people not belonging to the groups above

We also call on the Government to invest in improving public transport service delivery.

Four main problems with the current transport system

Social exclusion from transport unaffordability

Transport is critical for people to access work, education, healthcare, daily needs, and social connection. However, many cannot access sufficient transport, such as those without cars or who find transport too expensive. These include low-income people (Community Services Card holders), disabled people (Total Mobility Card holders), students, and under-25s. Their exclusion from transport is unfair and costly to society.

- **Low-income people** spend nearly 20% of income on transport, more than other groups.¹ Among those earning below \$30,000 annually, 22% had no car access and 45% struggle to meet daily needs.^{2,3}
- **Disabled people** are particularly likely to be excluded from transport due to accessibility issues and cost,^{4,5} while earning less and being in insecure work.⁶
- **Tertiary students** face significant financial pressure, with 44% struggling to meet daily needs and 3.9% needing aid (e.g. from food banks).⁷ Many students sacrifice transport and access to education settings to save money.⁸
- **Under-25s** having lower incomes than other age groups, leading to hardship for young people and their families. 11.6% of 15-24 year olds and 26% of families with children struggle to meet daily needs.^{3,9}

Greenhouse gas emissions

In 2022, transport was responsible for 17% of overall greenhouse gas emissions and 90% of household emissions.¹⁰ This is largely due to fossil fuel-based private vehicles constituting 80-90% of travel in NZ.¹¹

Inefficiencies from traffic congestion

Traffic congestion has been worsening in many cities as private vehicle use increases – costing Auckland \$0.9-1.3b in 2017 and Wellington \$98-168m in 2016 from lost productivity, increased vehicle operating costs, lost time, and increased greenhouse gas emissions.^{12,13}

Public health harms from healthcare inaccessibility, pollution, and accidents

Inaccessible transport locked out 2.7% of adults from accessing GP services in 2021.¹⁴ Air pollution from fossil fuel-based vehicles resulted in over 3000 premature adult deaths and 13000 hospital admissions for cardiac and respiratory illnesses, costing \$10b annually.¹⁵ Hundreds of road fatalities occur every year, costing \$5.7b in 2018.^{16,17}

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Benefits from Affordable Public Transport

Savings and increased opportunities to access needs

Free fares would save the average regular public transport user \$20-50 per week, and a greater saving for long-distance travellers. These significant savings for our target groups would increase their ability to fully participate in society.

The half-price fares period highlights the benefit of more affordable public transport. Under half-price fares, 9% of Community Services Card holders could travel to more places and 3% of people with a severe disability went on completely new trips. Affordable fares were also beneficial to students and under-25s, who are particularly likely to use public transport.^{18,19}

Increased public transport use and mode shift from cars

During half-price fares in 2022, bus patronage sharply increased, 33-35% of public transport users (4-9% of all New Zealanders) reported taking more trips, and 12-18% of public transport users (3-4% of all New Zealanders) reported mode switching from cars to public transport.²⁰ International evidence, such as from Stockholm, Sweden, or Tallinn, Estonia, also shows that reducing fares increases patronage and promotes mode shift.²¹⁻²³

Reduced greenhouse gas emissions

Mode shift from private vehicles to public transport has high emissions reduction potential. On a per-passenger, per-kilometre basis, public transport releases significantly less greenhouse gas emissions than private vehicles, particularly if electrified. An electric bus is around 10 times less emissions-intensive than a petrol car.²⁴ Mode shift from affordable fares would reduce greenhouse gas emissions.

Congestion relief and higher productivity

International evidence shows that public transport is important for reducing congestion, particularly during peak periods. In Los Angeles, United States, a public transit strike abruptly increased peak-time traffic delays by 47%.²⁵ In Melbourne, Australia, loss of public transport would increase driving times in the inner city by 78%, despite only carrying 9% of trips.²⁶ Mode shift to public transport would reduce congestion in NZ, bringing economic benefits such as reduced commute times. Public transport accessibility also increases economic activity in central 'hubs' ("agglomeration"), increasing productivity.²⁷

Reduced air pollution and transport casualties

Fossil fuel-based private vehicles, the dominant mode of transport in NZ, release significant air pollution from burning fuel (e.g. particulate matter), which can be almost fully eliminated by using electrified public transport. Public transport is also significantly safer than driving, with bus passengers 7x less likely to be injured or die than private vehicle occupants.²⁸ Mode shift to public transport would benefit public health.

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