

Memo

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To: WRC Transport Committee
From: Katherine Simpson, Team Leader – Transport Planning
Vincent Kuo, Team Leader – Contracts and Insights

Subject: **2026.05.06 Regional Transport Connections PT Update re. the Fuel Situation**

Purpose of this memo

This memorandum provides the first of fortnightly updates to the WRC Transport Committee on the current fuel environment and its impacts on public transport service delivery. The update is intended to support Committee oversight by summarising key operational and financial indicators, and by highlighting emerging risks and responses associated with fuel cost volatility.

Scope of this update

This memo focuses primarily on recent trends in public transport patronage across bus and rail services, changes in operating costs driven by fuel price movements, and the extent to which fare revenue has offset increased costs. It also outlines recent guidance received from NZTA regarding a potential move to optional monthly indexation, along with any other relevant developments. Subsequent sections provide more detailed commentary on each of these matters.

New Zealand currently remains at “Phase 1: Watchful” in the national Fuel Response Plan where access to fuel remains steady and available but fuel prices are rising due to global market changes.

Public transport patronage (bus and rail)

The table below presents public transport (bus and rail) patronage data from February to the end of April for both 2025 and 2026, to support year-on-year comparison. It is important to note that direct weekly comparisons between years do not always provide a like-for-like assessment due to variations in the timing of public and school holidays. For example, the 2025 Easter school holiday period ran from 12 April to 27 April (weeks 15, 17 and 18), whereas in 2026 the Easter and school holiday period occurred between 3 April and 19 April (weeks 14, 15 and 16).

For this reason, data has been presented from the beginning of February rather than focusing solely on the most recent fortnight. These timing differences are expected to have less influence as the reporting period moves into May. Committee members will also note that comparative data for the Te Huia service has not been included for weeks 16 and 17, as the service did not operate during these weeks in 2025 due to line closures. Actual patronage figures for weeks 16 and 17 in 2026 are, however, included in the table below.

Patronage Summary			
	Bus service	Train service	Grand Total
Before Fuel Price Increase (Week 6-9)			
Week 6			
(2025-02-03 - 2025-02-09)	74922	1185	76107
(2026-02-02 - 2026-02-08)	74774	1024	75798
Week 7			
(2025-02-10 - 2025-02-16)	93520	1636	95156
(2026-02-09 - 2026-02-15)	90577	1686	92263
Week 8			
(2025-02-17 - 2025-02-23)	98954	1562	100516
(2026-02-16 - 2026-02-22)	94027	1905	95932
Week 9			
(2025-02-24 - 2025-03-02)	101733	1599	103332
(2026-02-23 - 2026-03-01)	98105	1985	100090
Fuel Price Increased (Week 10-18)			
Week 10			
(2025-03-03 - 2025-03-09)	100516	1576	102092
(2026-03-02 - 2026-03-08)	101516	1666	103182
Week 11			
(2025-03-10 - 2025-03-16)	100599	1820	102419
(2026-03-09 - 2026-03-15)	99562	1844	101406
Week 12			
(2025-03-17 - 2025-03-23)	96464	1578	98042
(2026-03-16 - 2026-03-22)	101764	1973	103737
Week 13			
(2025-03-24 - 2025-03-30)	96902	1745	98647
(2026-03-23 - 2026-03-29)	97957	2169	100126
Week 14			
(2025-03-31 - 2025-04-06)	91286	1430	92716
(2026-03-30 - 2026-04-05)	84979	1311	86290
Week 15			
(2025-04-07 - 2025-04-13)	93601	1367	94968
(2026-04-06 - 2026-04-12)	54099	1908	56007
Week 16			
(2025-04-14 - 2025-04-20)	50656		50656
(2026-04-13 - 2026-04-19)	64960	2483	67443
Week 17			
(2025-04-21 - 2025-04-27)	47022		47022
(2026-04-20 - 2026-04-26)	98462	1543	100005
Week 18			
(2025-04-28 - 2025-05-04)	91303	1454	92757
(2026-04-27 - 2026-05-03)	87459	1675	89134
Total patronage - Week 10 - 18			
(2025-03-03 - 2025-05-04)	768349	10970	779319
(2026-03-03 - 2026-05-03)	790758	16572	807330

The following table presents the percentage change in public transport patronage on a week-by-week basis, comparing each week with the equivalent week in the previous year. This provides an indication of relative growth or decline in patronage over time, while accounting for seasonal patterns and variability across the reporting period.

Patronage Increased % compared to same period last year				
Period Type	Weeks	Bus service	Train service	
Before Fuel Price Increase				
	Week 6	▼ -0.2%	▼ -13.6%	
	Week 7	▼ -3.1%	▲ 3.1%	
	Week 8	▼ -5.0%	▲ 22.0%	
	Week 9	▼ -3.6%	▲ 24.1%	
Fuel Price Increased				
	Week 10	▲ 1.0%	▲ 5.7%	
	Week 11	▼ -1.0%	▲ 1.3%	
	Week 12	▲ 5.5%	▲ 25.0%	
	Week 13	▲ 1.1%	▲ 24.3%	
	Week 14	▼ -6.9%	▼ -8.3%	
	Week 15	▼ -42.2%	▲ 39.6%	
	Week 16	▲ 28.2%		
	Week 17	▲ 109.4%		
	Week 18	▼ -4.2%	▲ 15.2%	

The following key observations summarise week-by-week changes in public transport patronage for 2026 compared with the same period in 2025, highlighting underlying trends and the impact of seasonal factors.

- Early-period softness in bus patronage, stronger rail growth: Bus patronage shows small but consistent year-on-year declines through Weeks 6–9, while rail patronage records strong growth from Week 8 onwards, indicating earlier recovery and stronger demand for rail services.
- Gradual improvement prior to holidays: From Weeks 10–13, bus patronage begins to stabilise with modest increases, while rail patronage continues to perform strongly, suggesting positive momentum leading into the Easter and school holiday period.
- Significant holiday-related volatility: The impacts of Easter and school holidays are evident in Week 14 and particularly Week 15, with a substantial decline in bus patronage (-42.2%) contrasted by continued growth in rail patronage, highlighting differing travel patterns between modes.
- Strong post-holiday rebound for bus services: Bus patronage rebounds sharply in Weeks 16 and 17, followed by a return closer to baseline in Week 18, although week 18 does include the ANZAC public holiday. Rail patronage resumes moderate growth by Week 18, indicating stabilisation following the holiday disruption.

Public transport fare revenue (bus and rail)

The table below presents public transport (bus and rail) fare revenue for the period from February to the end of April for both 2025 and 2026, to enable year-on-year comparison. Revenue figures reflect

farebox revenue only (excluding GST) collected directly from customers and do not include any subsidies, café sales, or bus-back advertising income.

As with patronage data, it is important to note that direct comparisons between equivalent weeks are influenced by differences in the timing of public and school holidays between the two years. In addition, the impact of the Te Huia line closures in 2025 also affects comparability across parts of the dataset. These factors should be taken into account when interpreting trends over the reporting period.

The following table presents the change in public transport fare revenue on a week-by-week basis, comparing each week with the corresponding week in the previous year. This provides an indication of relative changes in fare revenue over time and should be interpreted alongside patronage trends and known seasonal influences, including variations in school holidays and the impact of the Te Huia service disruption in 2025.

Summary of fare revenue (excl crown-funded concession and other income)			
	Bus service	Train service	Grand Total
Before Fuel Price Increase			
Week 6			
(2025-02-03 - 2025-02-09)	\$112,528.61	\$12,954.26	\$125,482.87
(2026-02-02 - 2026-02-08)	\$119,337.47	\$12,547.66	\$131,885.13
Week 7			
(2025-02-10 - 2025-02-16)	\$138,497.39	\$17,483.30	\$155,980.70
(2026-02-09 - 2026-02-15)	\$142,265.96	\$20,886.02	\$163,151.97
Week 8			
(2025-02-17 - 2025-02-23)	\$147,854.87	\$18,163.83	\$166,018.70
(2026-02-16 - 2026-02-22)	\$148,088.64	\$21,183.26	\$169,271.90
Week 9			
(2025-02-24 - 2025-03-02)	\$147,817.30	\$18,070.70	\$165,888.00
(2026-02-23 - 2026-03-01)	\$152,905.53	\$22,825.10	\$175,730.63
Fuel Price Increased			
Week 10			
(2025-03-03 - 2025-03-09)	\$145,827.39	\$17,099.48	\$162,926.87
(2026-03-02 - 2026-03-08)	\$156,273.58	\$19,066.38	\$175,339.97
Week 11			
(2025-03-10 - 2025-03-16)	\$145,507.22	\$20,275.83	\$165,783.04
(2026-03-09 - 2026-03-15)	\$153,134.34	\$ 21,869.06	\$175,003.40
Week 12			
(2025-03-17 - 2025-03-23)	\$141,000.52	\$16,913.04	\$157,913.57
(2026-03-16 - 2026-03-22)	\$156,206.99	\$22,728.15	\$178,935.14
Week 13			
(2025-03-24 - 2025-03-30)	\$139,218.87	\$17,645.74	\$156,864.61
(2026-03-23 - 2026-03-29)	\$149,447.66	\$21,451.23	\$170,898.90
Week 14			
(2025-03-31 - 2025-04-06)	\$134,175.83	\$16,122.09	\$150,297.91
(2026-03-30 - 2026-04-05)	\$130,487.68	\$14,329.04	\$144,816.72
Week 15			
(2025-04-07 - 2025-04-13)	\$134,254.61	\$14,057.39	\$148,312.00

(2026-04-06 - 2026-04-12)	\$69,491.08	\$23,711.17	\$93,202.25
Week 16			
(2025-04-14 - 2025-04-20)	\$64,655.48		\$ 64,655.48
(2026-04-13 - 2026-04-19)	\$83,965.93	\$30,695.99	\$114,661.92
Week 17			
(2025-04-21 - 2025-04-27)	\$58,018.87		\$58,018.87
(2026-04-20 - 2026-04-26)	\$147,736.32	\$18,052.80	\$165,789.12
Week 18			
(2025-04-28 - 2025-05-04)	\$132,905.65	\$15,094.87	\$ 148,000.52
(2026-04-27 - 2026-05-03)	\$132,806.32	\$16,368.81	\$149,175.13
Total fare revenue: Week 10-18			
(2025-03-03 - 2025-05-04)	\$768,349	\$10,970	\$779,319
(2026-03-02 - 2026-05-03)	\$790,758	\$16,572	\$807,330

The following table presents the percentage change in public transport fare revenue on a week-by-week basis, comparing each week with the equivalent week in the previous year. This provides an indication of relative growth or decline in revenue over time, while accounting for seasonal patterns and variability across the reporting period.

Change to revenue % compared to same week last year				
Period Type	Weeks	Bus service		Train service
Before Fuel Price Increase				
	Week 6	▲ 6.1%	▼	-3.1%
	Week 7	▲ 2.7%	▲	19.5%
	Week 8	▲ 0.2%	▲	16.6%
	Week 9	▲ 3.4%	▲	26.3%
Fuel Price Increased				
	Week 10	▲ 7.2%	▲	11.5%
	Week 11	▲ 5.2%	▲	7.9%
	Week 12	▲ 10.8%	▲	34.4%
	Week 13	▲ 7.3%	▲	21.6%
	Week 14	▼ -2.7%	▼	-11.1%
	Week 15	▼ -48.2%	▲	68.7%
	Week 16	▲ 29.9%		
	Week 17	▲ 154.6%		
	Week 18	▼ -0.1%	▲	8.4%

Key observations are as follows:

- Early revenue growth despite mixed patronage: From Weeks 6–9, bus fare revenue shows consistent year-on-year growth despite softer patronage trends, suggesting improved yield per passenger. Rail fare revenue demonstrates strong growth from Week 7 onwards, indicating early recovery and increasing demand.
- Strong pre-holiday momentum: Both bus and rail fare revenue record sustained growth through Weeks 10–13, with particularly strong increases for rail. This aligns with improving patronage trends and indicates solid revenue performance leading into the Easter and school holiday period.

- Significant holiday-related disruption: The impact of Easter and school holidays is evident in Week 14 and is most pronounced in Week 15, with a substantial decline in bus fare revenue (-48.2%) contrasted by a significant increase in rail fare revenue (+68.7%), reflecting differing travel behaviours and service usage during this period.
- Post-holiday rebound and stabilisation: Bus fare revenue rebounds strongly in Weeks 16 and 17 before returning close to baseline in Week 18 (which included the ANZAC public holiday). Rail fare revenue resumes moderate growth by Week 18, indicating stabilisation following holiday-related volatility and prior-year service impacts.

How fuel price changes and inflation are managed in bus contracts

Bus operating contracts include a formal indexation mechanism that adjusts contract payments to reflect changes in underlying costs, including fuel prices, wages, and other operating costs (e.g. RUC). The purpose of indexation is to ensure operators are neither advantaged nor disadvantaged by economy-wide cost movements, while providing cost certainty and stability for Council.

In practice, Council continues to make regular monthly payments to operators based on the agreed annual contract value (base contract value). Indexation does not change these ongoing monthly payments in real time. Instead, cost movements are recognised separately through an indexation adjustment that is calculated and settled after the relevant period.

The indexation calculation is based on a weighted basket of cost components, such as labour and fuel, using national indices published quarterly by NZTA (March, June, September and December). These indices reflect sector-wide cost movements rather than individual operator costs. There is typically a three-month lag between when costs are incurred and when indexation is applied. For example, cost changes incurred during the January–March quarter are reflected in the NZTA indices released in May, with the corresponding indexation payment usually made in June by Council. This means sudden changes in fuel prices do not immediately flow through to Council payments.

As a result, the impact of the recent fuel supply crisis and fuel price increases will not be felt immediately in bus contract payments. Instead, if fuel price increases are sustained, the financial impact will emerge gradually and with a delay, once quarterly indices are released and applied. This provides councils with time to understand, plan for, and manage budget impacts, rather than facing abrupt cost shocks.

WRC holds information on quarterly base bus contract costs and associated indexation payments. However, due to the commercially sensitive nature of this information, it has not been included in this memo at this time. Staff will consider, and may discuss with the Committee, whether the inclusion of this information would be relevant and useful for future reporting.

Monthly interim diesel adjustments to indexation

NZTA has introduced temporary changes to the public transport indexation mechanism to address volatility in diesel prices that may place cashflow pressure on contracted public transport operators. Monthly index values will be published for bus and ferry contracts until prices are considered stable, at which point indexation will revert to a quarterly basis.

Participation in the interim monthly indexation regime is optional and requires agreement between Public Transport Authorities (PTAs) and Public Transport Operators (PTOs), with a formal opt-in recorded in writing. WRC is supportive of this approach and intends to opt in to the interim monthly

indexation arrangement, working collaboratively with operators where appropriate. This will allow fuel-related cost pressures to be recognised more quickly and smoothly

Further information on the interim monthly indexation approach is available on NZTA's [website](#).

Fuel cost impacts on Te Huia passenger rail service

Unlike bus operating contracts, the indexation mechanism does not apply to Te Huia passenger rail service. Under the current contract with KiwiRail, the cost of fuel is incorporated directly into the monthly service fee invoiced to WRC, rather than being adjusted retrospectively through quarterly indexation.

KiwiRail did not apply any increase relating to fuel costs in the most recent April invoice, meaning there has been no immediate financial impact on Council from the recent fuel supply issues and fuel price increases to date. However, KiwiRail has advised through recent correspondence that cost escalation arising from sustained fuel price increases is expected to be passed through in future service fees. At this stage, the extent and quantum of any increase have not yet been confirmed.

Operator feedback

Council has sought feedback from contracted operators regarding the impact of current fuel conditions on service delivery. At this stage, no operators have raised concerns or reported any issues affecting the delivery of services. This matter is scheduled for discussion at the upcoming strategic meeting with both operators next week. Kinetic has advised that its fleet is entirely diesel and that it has priority supply arrangements in place with its fuel providers. Transit has advised that it operates five diesel vehicles only and has not experienced any fuel supply issues, noting it also maintains strong relationships with its fuel suppliers.