



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: A005

Date Referred: 8/10/2018

Date Published: 18/03/2019

Proposal Title: Fare refund for late trains - 30 minutes late

Cluster: Transport

## General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-2022 \$'000	4 year total \$'000
Expenses (ex. depreciation)	-	1,025	1,051	1,077	3,153
Depreciation	-	2,000	2,000	2,000	6,000
Less: Offsets	-	-	-	-	-
Revenue	-	(1,761)	(1,869)	(1,982)	(5,612)
<b>Net Operating Balance:</b>	-	<b>(4,786)</b>	<b>(4,920)</b>	<b>(5,059)</b>	<b>(14,765)</b>

Capital Expenditure	12,000	-	-	-	12,000
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000</b>

<b>Net Lending/(Borrowing):</b>	<b>(12,000)</b>	<b>(2,786)</b>	<b>(2,920)</b>	<b>(3,059)</b>	<b>(20,765)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	<b>(12,000)</b>	<b>(2,786)</b>	<b>(2,920)</b>	<b>(3,059)</b>	<b>(20,765)</b>
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## Notes and costing assumptions

This policy proposes to provide train fare refunds to Opal card holders where the train has a preventable delay of more than 30 minutes. The total cost to implement this policy over the next four years is \$20.8 million, including \$12 million for a new system to implement the refund policy (which would depreciate at \$2 million pa for 7 years) and \$1-\$2 million per year in administrative costs.

### Key assumptions

The costing assumes the proposed refund scheme would start 1 July 2019. The costing assumes only fares taken on registered reloadable Opal cards are eligible for a refund and the scheme would apply only on the Sydney Trains and NSW Trains Intercity network.

Data from Opal transactions in the 2017-18 financial year was used to model the potential number of eligible refunds. As Opal data records only the entry and exit points of customers, the average total number of customers impacted by services later than 30 minutes (including fare paying and non-fare paying customers), multiplied by average customers per trip was used to calculate the potential loss in revenue from refunds. The Total number of impacted customers by trip or time of day was not able to be estimated. The figures assume that a service may be late but a customer's journey time may be no longer than usual or within the 30 minute tolerance period.

**Costing assumptions continued:**

**Key assumptions**

The different amounts of refunds for adult, child/youth and senior/pensioner/concession cards have been weighted according to the percentage of cards registered in these categories as at March 2018:

- Adult Opal Card 38%
- Child/Youth Opal Card 37%
- Senior/Pensioner & Concession Opal Card 100% Registered
- An annual indexation rate of 2.5% pa for employee costs has been applied
- The standard Transport for NSW patronage growth of 3.5% p.a. has been applied. The 3.5% growth rate is an average of projected patronage rates across Sydney, Intercity and Regional train networks and factor in Light Rail patronage.