



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party  
Date Referred: 26/11/2018

Proposal No: A142  
Date Published: 18/03/2019

Proposal Title: Free Travel for Children  
Cluster: Transport

## General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	496	510	523	1,529
Revenue	-	(51,934)	(55,096)	(60,323)	(167,353)
<b>Net Operating Balance:</b>	-	<b>(51,438)</b>	<b>(54,586)</b>	<b>(59,800)</b>	<b>(165,824)</b>

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	<b>(51,438)</b>	<b>(54,586)</b>	<b>(59,800)</b>	<b>(165,824)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(51,438)</b>	<b>(54,586)</b>	<b>(59,800)</b>	<b>(165,824)</b>
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## Notes and costing assumptions

The policy proposes free travel on the Opal network on all modes of public transport for children aged 4–15 years, and eligible full time NSW/ACT school students aged 16 years or older. The policy is proposed to commence 1 July 2019 and be ongoing. The policy is expected to cost \$165 million over the forward estimates. The proposed policy specifies that the need for any additional services should be excluded. The costing is therefore driven by foregone revenue.

### Key assumptions:

The cost includes foregone revenue from all modes and savings from a reduction of the cost to administer the SSTS, as fewer applications would need to be assessed. Patronage growth is assumed to increase by 3.5% per annum (standard Transport for NSW assumption). Foregone revenue is assumed to increase based on the Consumer Price Index (CPI). Foregone revenue by mode is represented in the table overleaf.

**Notes and costing assumptions continued:**

Mode	2019-20 \$'000
Train	25,273
Ferry	3,742
Light rail	0.491
Bus	22,429
Total	51,935

Station Access Fees for the International and Domestic Airport Stations have been excluded from the policy. Students will still be required to use an Opal Child/Youth Card. The policy assumes that the SSTS will be retained in non-Opal enabled regions.

Transport for NSW (TfNSW) has advised that there is limited existing capacity to absorb demand on a number of modes, including buses and light rail. If the policy were to be implemented approximately 515,000 children would be eligible for travel and existing pass holders would have access to free transport on weekends. Information published in the NSW Auditor General's Report on the Transport Cluster (<https://www.audit.nsw.gov.au/our-work/reports/transport-2017>) is that bus capacity to absorb new trips in the Sydney metropolitan area is restricted. The Auditor General found that 11 of the 14 bus contract regions have full buses.