Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By:	Coalition	Proposal No:	Y052
Date Referred:	18/02/2019	Date Published:	18/03/2019

Proposal Title: Regional Seniors Transport Card

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)	-	21,852	45,133	23,362	90,347
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	**-**	**(21,852)**	**(45,133)**	**(23,362)**	**(90,347)**
Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	**-**	**-**	**-**	**-**	**-**
Net Lending/(Borrowing):	**-**	**(21,852)**	**(45,133)**	**(23,362)**	**(90,347)**

Total State Sector Impacts

	2018-19	2019-20	2020-21	2021-22	4 year Total
Net Lending/(Borrowing):	**-**	**(21,852)**	**(45,133)**	**(23,362)**	**(90,347)**

Notes and costing assumptions

The policy proposes to introduce a Regional Seniors Transport Card that will provide $250 towards either:
- The purchase of fuel and taxi travel from participating providers in rural and regional NSW, or
- Pre-booked NSW TrainLink services.

To be eligible for the card a person must live in regional NSW and be either:
- An aged pensioner, or
- A Commonwealth Seniors Health Cardholder (CSHC).

The policy specifies that the Regional Seniors Transport Card cannot be used in conjunction with other government subsidies (e.g. the Taxi Transport Subsidy Scheme), other than the $2.50 concessional fare for public transport.

The policy is proposed to start from January 2020 and finish in December 2021, lasting two calendar years. The total cost of the policy over the forward estimates is $90.3 million.

The policy assumes that administrative and implementation costs would be able to be met by the agency. Advice from NSW Treasury is that this is reasonable.

Notes and costing assumptions continued:

Uncertainty of take up rate

This costing has been informed by modelling from NSW Treasury with an assumed takeup rate of 40%. The 40% take up is comparable with the 38% actual take up of the Western Australia travel card scheme and consistent with PBO assumptions used in costings relating to seniors initiatives. However, as there is no research available on behavioural responses to the implementation of a Regional Senior Transport Card scheme, and eligibility is not restricted to one card per householder, there is a degree of uncertainty and risk.

Table 1 compares the costs of a 40% to 60% take up rate. It will cost an additional $22.6 million over the forward estimates for every 10% increase in the takeup rate:

Table 1

	2019-20	2020-21	2021-22	4 year total
Cost 1 - 40% takeup ($'000)	21,852	45,133	23,362	**90,347**
Cost 2 - 50% takeup ($'000)	27,315	56,417	29,203	**112,934**
Cost 3 - 60% takeup ($'000)	32,777	67,700	35,043	**135,521**
Difference per additional 10% take up	**5,463**	**11,283**	**5,841**	**22,587**

Key assumptions:
- The costing uses data from the Department of Social Services on the number of CSHC holders in NSW.
- Based on information provided by Treasury, there are currently a total of 130,062 CSHC holders in NSW and the costing assumes that 34% live in rural or regional NSW. In addition to the CSHC holders, Treasury has advised that there are 380,000 NSW rural and regional pensioners.
- The costing assumes an annual growth rate of 1%.
- The costing assumes a 100% spend of each $250 card per cardholder per year. The amount made available on the card is escalated according to the Sydney consumer price index (CPI) forecasts/projections in the Pre-Election Budget Update (2.25% in 2020-21 and 2.5% in 2021-22).

Definition of Regional NSW

The costing assumes the same definition of Regional NSW as used for the Restart NSW funding allocations. The regions are as following:
- Far West
- Riverina Murray
- Central West and Orana
- South East and Tablelands
- New England and North West
- Illawarra and Shoalhaven
- North Coast
- Central Coast
- Hunter

The metropolitan Sydney region is excluded.