



## Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 13/03/2019

Proposal No: Y092  
Date Published: 18/03/2019

Proposal Title: Reduce the Weekly Opal Travel Cap to \$50

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	-	-	120	120	240
Less: Offsets	-	-	-	-	-
Revenue	-	(17,085)	(17,124)	(17,166)	(51,375)
<b>Net Operating Balance:</b>	-	<b>(17,085)</b>	<b>(17,244)</b>	<b>(17,286)</b>	<b>(51,615)</b>

Capital Expenditure	-	600	-	-	600
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	<b>600</b>	-	-	<b>600</b>

<b>Net Lending/(Borrowing):</b>	-	<b>(17,685)</b>	<b>(17,124)</b>	<b>(17,166)</b>	<b>(51,975)</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(17,685)</b>	<b>(17,124)</b>	<b>(17,166)</b>	<b>(51,975)</b>
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### Notes and costing assumptions

From 1 July 2019 the policy proposes to:

- Reduce the weekly adult Opal travel cap from the current \$63.20 down to \$50 a week, and
- Reduce the weekly child/youth and concession cap from \$31.60 to \$25 a week.

The policy is proposed to be ongoing and has an estimated cost of \$52 million over the forward estimates.

#### Key assumptions

- The only change as part of this policy will be to the existing weekly Opal cap amounts.
- Advice from Transport for NSW (TfNSW) is that the yearly average lost revenue from offering the reduction on the cap is \$7 million per year.
- The costing assumes an escalation rate of 3% for patronage growth. This growth rate is lower than the standard 3.5% applied by TfNSW as only a portion of customers are assumed to grow.
- The costing does not assume any costs from behaviour response to the change. While there may be a marginal increase in patronage, the costs of train and bus travel are primarily fixed and the PBO does not expect new services will be required.
- The cost of the lost Opal revenue is escalated according to the Sydney consumer price index forecasts/projections in the Pre-Election Budget Update: 2% in 2019-20, 2.25% in 2020-21 and 2.5% in 2021-22.
- Transport for NSW has advised that there is a \$600,000 cost to implement system changes. System changes are expected to depreciate over five years at \$120,000 per year.