



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition **Proposal No:** C1620
Date Referred: 10/03/2023 **Date Published:** 20/03/2023
Proposal Title: Reducing the Opal Cap
Cluster: Transport

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)					-
Depreciation					-
Less: Offsets					-
Revenue	(7,917)	(60,898)			(68,815)
Net Operating Balance:	(7,917)	(60,898)	-	-	(68,815)

Capital Expenditure	-	-	-	-	-
Capital Offsets					
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	(7,917)	(60,898)	-	-	(68,815)
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Total State Sector Impacts

Net Lending/(Borrowing):	(7,917)	(60,898)	-	-	(68,815)
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Notes and costing assumptions:

Policy description

The weekly Opal cap will be reduced by 20 per cent to \$40 for adults and \$20 for concession card holders. The reduction will be in place from 1 May, or as soon as practically possible after the election, until 30 June 2024.

Costing

The PBO expects that this policy will cost \$68.8 million over the forward estimates. This cost consists entirely of forgone Opal fare revenue.

Transport for NSW estimates that implementation of the changes would cost around \$1 million. The PBO assumes this cost would be absorbed by Transport for NSW.

Notes and costing assumptions continued:

Assumptions

The costing assumes that the changes would take effect from 1 May 2023. Transport for NSW has advised that this delivery timeline would be very difficult, and a start date of 1 July is more feasible.

Forgone farebox revenue has been modelled by Transport for NSW using the 2022-23 Half Yearly Review farebox revenue as a baseline.

The mix of customers across cost brackets has been modelled using pre-Covid customer travel data, as Transport expects these patterns will re-emerge.

The calculations exclude Airport Station Access Fees and NSW Trains non-Opal revenue, which are not affected by the policy.

The costing makes no assumption of induced demand as a result of lower cost of public transport fares.