Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By:	Coalition	Proposal No:	Y040
Date Referred:	13/02/2019	Date Published:	18/03/2019

Proposal Title: Rural and Regional Hub and Spoke Trials

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)	-	1,437	-	-	1,437
Depreciation	-	-	-	-	-
Less: Offsets	-	1,428	-	-	1,428
Revenue	-	9	-	-	9
Net Operating Balance:	**-**	**-**	**-**	**-**	**-**
Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	**-**	**-**	**-**	**-**	**-**
Net Lending/(Borrowing):	**-**	**-**	**-**	**-**	**-**

Total State Sector Impacts

	2018-19	2019-20	2020-21	2021-22	4 year Total
Net Lending/(Borrowing):	**-**	**-**	**-**	**-**	**-**

Notes and costing assumptions

This policy proposes to trial the roll-out of additional weekly transport services (initially on a 12 month 'use it or lose it' trial basis) to 44 isolated communities across rural and regional NSW. The trial would include 13 additional flexible transport routes to connect these communities with a regional centre or city, or a scheduled public transport service that enables customers to make a day return trip to a regional centre or city.

The total cost of the policy over the forward estimates is around $1.5 million (nominal dollars), however the policy assumes that this cost would be able to be absorbed within the existing agency budget, and therefore the impact is zero. Transport for NSW (TfNSW) have advised that to achieve this level of offsets a re-prioritisation of current projects and funding would be required.

Key assumptions:

- Advice from TfNSW on costs from a trial of a similar service between Tottenham to Dubbo has informed the bus cost, patronage and revenue assumptions used in this costing. However, the PBO considers that there is a high level of uncertainty in these assumptions, and costs may be up to 20% lower or higher than the $1.5 million estimate. The revenue estimate is also very uncertain and could be significantly lower if there is a low take up of the service.
- The trial is assumed to be for an initial 12 month period, across 13 routes with one bus per route per week. See **Table A** overleaf for route detail. The total cost is estimated at $849,000.

Notes and costing assumptions continued:

- Costs include the provision or services, administrative and staff costs. Based on advice from TfNSW and NSW Treasury, the costing assumes $250,000 in costs for community engagement and $340,000 in administration and staff costs.
- Based on the differences in time and length of the proposed routes, the costing assumes an average daily cost of $1000 when travel falls within an eight hour time period. When travel time exceeds the eight hours, $200 per hour has been calculated to cover additional driver costs.
- The costing assumes that revenue of approximately $9000 (excluding GST) will be generated from this policy. The revenue calculation is based on six people traveling per week (52 weeks per year) on each of the 13 services and paying the $2.50 pensioner fare.

Route name	Route details
Moree - Walgett	Moree – Walgett, via Collarenebri via a weekly day return NSW TrainLink coach service provided between Walgett and Dubbo.
Goodooga - Lightning Ridge	Goodooga – Lightning Ridge via a weekly day return NSW TrainLink coach service provided between Lightning Ridge and Dubbo.
Trunkey Creek - Bathurst	Trunkey Creek – Bathurst via a weekly day return bus / coach
Dubbo - Mudgee	Dubbo – Mudgee, via Ballimore, Spicers Creek, Goolma and Gulgong via a weekly day return bus / coach service to Mudgee.
Tambar Springs - Tamworth	Tambar Springs – Tamworth, via Premer, Spring Ridge, Caroona and Currabubula via a weekly day return bus / coach service to
Goondiwindi (QLD) - Inverell	Goondiwindi (QLD) – Inverell, via Boggabilla, Toomelah, North Star, Yetman and Ashford via a weekly day return bus / coach service to Inverell. Connecting with existing coach connections to Grafton and
Ben Lomond - Guyra	Ben Lomond – Guyra via a weekly day return NSW TrainLink rail service provided between Guyra and Armidale.
Tumut - Wagga Wagga	Tumut – Wagga Wagga, via Grahamstown, Tarcutta and Ladysmith via a weekly day return bus / coach service to Wagga Wagga. Connecting with an existing rail connections to Sydney/Melbourne.
Conargo - Echuca	Conargo – Echuca (VIC), via Deniliquin via a weekly day return bus / coach service to Echuca. Connecting with existing rail/coach
Wyangala - Canberra	Wyangala – Canberra, via Cowra, Murringo and Boorowa via a weekly day return bus / coach service to Cowra (for Wyangala
Cabramurra - Cooma	Cabramurra – Cooma, via Anglers Reach and Adaminaby via a weekly day return NSW TrainLink coach service provided between
Bigga - Goulburn	Bigga – Goulburn, via Binda, Crookwell and Grabben Gullen via a weekly day return NSW TrainLink rail service provided between
Delegate - Nimmitabel	Delegate – Nimmitabel, via Bombala via a weekly day return NSW TrainLink coach service provided between Nimmitabel and Canberra.