



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 22/02/2019

Proposal No: Y070  
Date Published: 18/03/2019

Proposal Title: More Express Trains for Western Sydney

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)	-	748	5,183	6,361	12,292
Depreciation	-	-	-	263	263
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(748)</b>	<b>(5,183)</b>	<b>(6,624)</b>	<b>(12,555)</b>

Capital Expenditure	-	2,636	3,896	60,067	66,599
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	<b>2,636</b>	<b>3,896</b>	<b>60,067</b>	<b>66,599</b>

<b>Net Lending/(Borrowing):</b>	-	<b>(3,384)</b>	<b>(9,079)</b>	<b>(66,428)</b>	<b>(78,891)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(3,384)</b>	<b>(9,079)</b>	<b>(66,691)</b>	<b>(79,154)</b>
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## Notes and costing assumptions

The policy proposes to provide eight additional express train services on the T1 Western Line across the morning and evening peak periods on weekdays. The policy assumes that trains are able to be sourced from within existing rolling stock, however advice from Transport for NSW (TfNSW) is that this is not possible. The total capital cost of procuring the new trains is \$60 million and outlined below. To accommodate the new train services, an additional stabling yard at Penrith is required at a total cost of \$6.6 million.

The policy is ongoing and is estimated to cost \$78.9 million over the forward estimates.

### Key assumptions:

- Advice from Transport for NSW is that two new trains would be required to provide the extra services.
- The PBO considered the following options for sourcing the additional trains:
  - Purchase through the current rolling stock procurement program, or
  - Trains sourced from the current fleet by way of changes to services and timetables.
- Advice from TfNSW is that the most feasible option is to add two trains to the procurement order currently underway for Waratah Series 2 trains.
- However, the PBO notes that there is still a significant risk with procuring the additional trains as funding approval is required and that the purchase will be subject to agreement or re-negotiation with the contractor.
- The policy proposes that the additional express services will commence in 2021-22. TfNSW advises that it is unlikely the additional stabling yard will be built in time and that there would be additional costs associated with temporary stabling of the new trains and related staff and timetable on-costs.

**Notes and costing assumptions continued:**

- Therefore the costing includes a 10% contingency and the PBO thinks this is reasonable given the timing risks with building the stabling yards before the new trains and services come into operation.
- The costing assumes that an additional train crew and a shunter would be required to operate the trains at a total cost of \$5.3 million over the four years. Advice from TfNSW is that costs are likely to vary due to the stabling and timetable changes required to accommodate the additional services.
- Labour costs commence from 2019-20 to enable early provision of services and facilitate timetable and service changes.

**General assumptions:**

- As the trains and stabling yard would be owned by RailCorp, a Public Non-Financial Corporation, the budget impact on the General Government Sector is \$78.9 million, but the impact on the Total State Sector is \$79.2 million. The difference is due to the impact of depreciating the Penrith stabling yard.
- Escalation has been applied as per NSW Treasury policy, which is in line with the latest standard assumptions. For labour costs, an escalation rate of 3% per annum until 2020-21 and 2.5% thereafter has been applied in line with section 11.1 of the latest Sydney Trains Enterprise Agreement.
- The costing excludes revenue impacts as any increase in demand for extra services is assumed by TfNSW to be offset by a corresponding decrease in demand for off-peak travel.
- As per Sydney Trains policy, depreciation is calculated on a straight line basis. Stabling yards are assumed to have a 20 year useful life. Depreciation of the new trains would apply outside of the forward estimates from 2022-23. As mentioned previously, the depreciation cost would impact the Total State Sector only.
- Standard salary on-costs i.e. payroll tax and superannuation have also been applied in this costing.