


## Request for Costing an Election Commitment

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|--|---|
| <b>Name of election commitment:</b>                              | <b>Stand Alone Wheelchair Accessible Taxi Service</b>   |
| Person and party requesting costing:                             | Meredith Hunter, ACT Greens Parliamentary Leader  |
| Date of public release of election commitment, including source: | 1 September 2012<br><br><a href="http://act.greens.org.au/content/greens-pledge-stand-alone-wheelchair-taxi-service-and-more-disability-parking">http://act.greens.org.au/content/greens-pledge-stand-alone-wheelchair-taxi-service-and-more-disability-parking</a> |
| Summary of election commitment:                                  | A stand alone Wheelchair Accessible Taxi Service with dedicated taxis and salaried drivers, servicing only people with disabilities.  |
| Intention of election commitment:                                | To improve social inclusion for people with disabilities and ensure they can access their health appointments, education, work and social activities.   |
| Signature of person requesting costing:                          |   |
| Date of request for costing:                                     | 3/10/12   |

**What are the key assumptions that have been made in the election commitment?**

**Note:** that where the request to cost an election commitment differs from the public announcement, the costing will be on the basis of information provided in the costing request.

**Note:** it will be up to the professional judgment of the Director-General as to whether these assumptions are adopted in the costing of the election commitment.

**Where relevant, is the funding for the policy to be demand driven or a capped amount?**

Funding for the initiative is a capped amount.

**Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?**

While the initiative is intended to be funded and delivered by the ACT Government, the option of tendering out to a non-government not-for-profit organisation to provide the service will also be considered.

**Will funding/the cost require indexation?**

The staffing component of the initiative is indexed, as set out below.

**What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this election commitment and estimated costs each year (if available)?**

|                         | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | Total  |
|-------------------------|---------|---------|---------|---------|---------|--------|
|                         | \$'000  | \$'000  | \$'000  | \$'000  | \$'000  | \$'000 |
| Revenue <sup>(a)</sup>  |         | 274     | 561     | 575     | 589     | 1,999  |
| Expenses <sup>(a)</sup> |         | -1,489  | -1,547  | -1,607  | -1,666  | -6,309 |
| Capital                 |         | -1,000  |         |         |         | -1,000 |

(a) A negative number indicates a decrease in revenue or an increase in expenses.

### **What is the likely take up?**

The ACT Government's April 2010 'ACT Taxi Industry Review' Discussion Paper found that the 19 WATs operating and at the time each performed on average only 1–2 wheelchair jobs per day. It is estimated the operational capacity of the new dedicated WAT Service could provide 50 to 100 jobs a day.

It is very difficult to predict with any certainty the level of utilisation of the new service, not only the number of journeys but also the distance of each may vary considerably.

The Wheelchair Accessible Taxi Consortium stated in its Response to the Taxi Industry Discussion Paper (May 2010) that:

"In the ACT the WAT system has been rapidly declining for some years and passengers are at risk, unable to participate in the community, angry and annoyed, and no longer prepared to accept this. Many avoid relying on WATs if at all possible."

It also stated

"The impact of the ageing population will have a major impact on the demand for, and supply of WATs into the future. According to the ACT Government's ACT Strategic Plan for Positive Ageing 2010-2014, the ACT has one of the fastest-growing populations of people aged 60 years and over in Australia, and this is expected to grow from 15.8% in 2010 to 19.6% by 2020, and to 22% by 2030."

See

[http://www.tams.act.gov.au/\\_\\_data/assets/pdf\\_file/0007/194965/Wheelchair\\_Accessible\\_Taxi\\_Consortium.pdf](http://www.tams.act.gov.au/__data/assets/pdf_file/0007/194965/Wheelchair_Accessible_Taxi_Consortium.pdf)

We know that many people in wheelchairs who do not currently use WATs would use this type of service if they had confidence that it was reliable.

### **Any other assumptions?**

#### **Capital component of \$1,000,000 is made up as follows:**

- \$80,000 purchase price per taxi, being a fully retrofitted Kia Carnival that could provide electronic leverage of a large electric wheelchair and run on LPG. Information obtained from Freedom Motors Australia.
- \$150,000 for installation of new Taxi Subsidy Scheme technology, and the Central Booking Service's communications system.
- Unexpected once off contingency fund of \$50,000 in 2013/14.

#### **Recurrent component is costed on the following assumptions:**

##### **Costs of borrowing and depreciation**

- It is assumed as per ACT Government Standard Costing Parameters 2012 (Pages 5 and 6) that the vehicles will have a four year depreciation.
- interest on Capital Borrowing costs is 4.25%.

##### **Staffing:**

- The Central Booking System would employ 2 x Administrative Services Officer Class 6. Based on Attachment A to the Costing Parameters "2012/13 Average Salary Costing template" provided by Treasury, the total commitment to fund these two staff positions in 2013/14 would be \$213,460, and these have been escalated in the three out years at 3% per year
- 15 taxi drivers would be employed. The ACT Government Standard Costing Parameters from 2012 indicate on Page 3 that the standard costing for a Bus Driver, including all on-costs, is \$91,000 per annum. Salaries are increased at 3% per annum. We have taken this as a reasonable reference for the cost of a salaried taxi driver.

Operating costs:

- It is assumed each taxi will have operating costs of \$25,000 per annum.
- Each taxi will travel 150,000 KM per year as per ATO standard Industry Benchmark Data. LPG costs per taxi will be \$18,900 based on LPG costing 70c a litre and using 27,000 litres per year.
- The remaining \$6,100 per taxi per annum will provide for registration, insurance and maintenance.
- These operating costs have been indexed at 3.5% per year.

Revenue and savings:

- It is assumed each taxi will collect at least \$150 per day, this is based on 5-10 trips generating between \$15 and \$30 per trip. This will result in a conservative estimate of \$274,000 in fares being collected in the first year (assuming that the system would only be fully operational for 6 months in the first year).
- Revenue received from fares has been indexed at 1.25% per year.
- The \$673,000 provided in subsidies to the private WAT operators will cease and be redirected as savings towards the new WAT Service. (See QON E11-107 of 6 June 2011 for reference to \$673,000 estimate).

As such, a detailed break-down of the additional recurrent expenses, not including revenue, is as follows:

|                                  | 2012-13 | 2013-14      | 2014-15      | 2015-16      | 2016-17      | Total        |
|----------------------------------|---------|--------------|--------------|--------------|--------------|--------------|
|                                  | \$'000  | \$'000       | \$'000       | \$'000       | \$'000       | \$'000       |
| Costs of depreciation of capital |         | -250         | -250         | -250         | -250         | -1,000       |
| Costs of borrowing for capital   |         | -43          | -43          | -43          | -43          | -172         |
| 2 X ASO6                         |         | -213         | -220         | -227         | -233         | -893         |
| 15 X drivers                     |         | -1,406       | -1,448       | -1,492       | -1,536       | -5,882       |
| Running costs of taxis           |         | -250         | -259         | -268         | -277         | -1,054       |
| Funding already in budget        |         | 673          | 673          | 673          | 673          | 2,692        |
| <b>Total</b>                     |         | <b>1,489</b> | <b>1,547</b> | <b>1,607</b> | <b>1,666</b> | <b>6,309</b> |

**Administration of the election commitment**

**How will the election commitment be administered?**

A Central Booking Service will be administered by 2 x Administrative Services Officer Class 6 who would work different shifts with some overlap. Any calls or bookings made at times not covered by those staff would be managed by an on-duty driver.

**Who will administer the election commitment?**

The Territory and Municipal Service Directorate.

**Has an allowance been made for expenses necessary to support the implementation of this election commitment?**

– If no, will the government agency be expected to absorb expenses associated with this election commitment?

– If yes, please specify the key assumptions.

Some oversight and administrative expense will be expected to be absorbed, but this is expected to be limited.

**What is the intended implementation date of the election commitment?**

2013-14 to 2016-17.

**Are there transitional arrangements associated with election commitment implementation?**

Yes. The government sponsored privately provided WAT Service would have to wind down as the new stand alone service is begun.

**Are there any other assumptions that need to be considered?**

No.

**When is the election commitment expected to be fully operational?**

*Please provide further details i.e. start and end dates, the level of commitment during each period etc?*

It is proposed that the program will be fully operational during 2013-14.

**Will the election commitment cease and if so when?**

N/A.