


Request for Costing an Election Commitment

Name of election commitment:	Action Network - Improved frequency and coverage, new buses, Park and Rides					
Person and party requesting costing:	Meredith Hunter, ACT Greens Parliamentary Leader					
Date of public release of election commitment, including source:	20 August 2012 http://act.greens.org.au/sites/greens.org.au/files/TRANSPORT_Bus_Boost.pdf					
Summary of election commitment:	Over the next 4 years: <ul style="list-style-type: none"> - improve the frequency and coverage of ACTION's bus services; - purchase new buses; - build new Park and Ride facilities at Erindale, Wanniasa / Kambah, Gungahlin, Weston Creek and Molonglo. 					
Intention of election commitment:	Improve commuter bus services, reduce overcrowding and improve access to the network.					
Signature of person requesting costing:						
Date of request for costing:	9/10/12					
What are the key assumptions that have been made in the election commitment?						
<p>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.</p> <p>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.</p>						
Where relevant, is the funding for the policy to be demand driven or a capped amount?						
A capped amount.						
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment?						
N/A.						
Will funding/the cost require indexation?						
Yes.						
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 ^(a)						
Expenses ^(a)		-2,472	-3,430	-3,430	-3,430	-12,762
Capital		-8,450				-8,450

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

What is the likely take up?

N/A.

Any other assumptions?

This initiative provides a funding injection for ACTION to improve the frequency and coverage of bus services, purchase new buses and employ new drivers. The precise specifications of each of these aspects of the initiative will be determined by ACTION.

It is for this reason that we have only highlighted options for what the funding could achieve rather than specific commitments to the options identified.

One option for the use of the funding is as follows:

- a) Purchase 5 new articulated buses and 5 standard (rigid) buses
- b) Employing new drivers, totalling \$8,000,000 over four years

In addition to this the commitment is to construct new park and ride facilities at Wanniasa (Erindale Centre); Southern Athllon Drive (Kambah/Wanniasa); Central Gungahlin; Weston Creek, at Cotter road; Weston Creek, near Cooleman Court.

This option would result in a break down as follows:

Capital:

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure on new buses		-5,650				-5,650
Capital expenditure on new Park and Rides		-2,800				-2,800
Total		-8,450				-8,450

Expenses:

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost of borrowing		-360	-375	-391	-407	-1,533

capital compounding at 4.25%						
Depreciation on buses over 20 years			-283	-283	-283	-849
Depreciation on new park and ride over 15 years			-187	-187	-187	-561
4% procurement fee on Park and Rides		-112				-112
Running costs of new buses indexed at 2.5%			-500	-513	-525	-1,538
New bus drivers		-2,000	-2,000	-2,000	-2,000	-8,000
TOTAL		-2,472	-3,345	-3,374	-3,402	-12,593

These figures are based on the following assumptions:

1. New articulated buses cost \$675,000 each and standard (rigid) buses cost \$445,000, as per Standard Costs Parameters
2. Buses are depreciated over 20 years (as per audited financial statement from ACTION) starting in 2014/15 which would be the first year of operation
3. Maintenance and running costs of 10 new buses is equal to \$500,000 in the first year of operation (2014/15) and increases at 2.5% per annum
4. Capital funding is required for four of the five park and ride facilities, as the Wanniasa (Erindale Centre) is assumed to be funded from the existing \$4m park and ride program funded through the 2011-12 ACT Budget.
5. Capital cost of construction for a Park and Ride is assumed to be a maximum of \$700,000/park and ride (ie, \$700,000 X 4 = \$2,800,00). This is based on the cost of other recent park and ride facilities
http://transport.act.gov.au/studies_projects/Park%20and%20Ride%20Final%20Report.pdf
6. The Park and Ride facilities are depreciated over 15 years
7. Costs of borrowing are compounded at a rate of 4.25% per annum

Administration of the election commitment

How will the election commitment be administered?

Within standard ACTION operations/procurement.

Who will administer the election commitment?

ACTION.

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 additional expenses are expected to be absorbed by the agency, however some additional administrative funding associated with the commitment is included in the commitment (see above).

What is the intended implementation date of the election commitment?

The capital purchase of buses will occur in 2013-14. New routes and services will begin from 2014/15. Construction work on Park and Rides will occur in 2013/14 with the facilities becoming operational from 2014/15.

Are there transitional arrangements associated with election commitment implementation?

N/A.

Are there any other assumptions that need to be considered?

N/A.

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?

As above.

Will the election commitment cease and if so when?

N/A.