

Request for Costing an Election Commitment

Name of policy proposal:	ACTION Bus Fare Freeze
Person requesting costing:	Shane Rattenbury MLA
Date of request:	14 September 2016
Summary of proposal:	The implementation of an ACTION Bus Fare Freeze to ensure that the price for a bus ticket does not increase over the forward estimates (2016-17 – 2019-20).
Issue the proposal will address:	Proposal will ensure public transport remains affordable in the ACT.

What are the key assumptions that have been made in the proposal?

Note: The costing will developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

Assumes ACTION bus fares will increase by approximately 1% per year, each year, over the forward estimates.

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

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)	0	-238	-479	-721	-1,438
Expenses^(a)	-0	-0	-0	-0	-0
Capital	-0	-0	-0	-0	-0
Depreciation					

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

ACT Budget 2016-17, Budget Statements H, Table 39: ACTION Operating Statement, User Charges – non ACT Government (p.58).

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

N/A

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education proposal add to or redirect NERA funding).

No.

Will funding/the cost require indexation?

N/A

Who will administer the proposal?	Transport Canberra and City Services Directorate
How will the proposal be administered?	Relevant Directorate to not raise bus ticket prices.
Is the proposal part of a broader package?	No.
Has an allowance been made for expenses necessary to support the implementation of this proposal? <ul style="list-style-type: none"> – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions. 	No – Directorate to absorb expenses (noting that a rate freeze may reduce work, e.g. less complaints about price rises, etc).
Will the proposal generate savings or offsets?	No. However, the proposal could further increase community confidence in the public transport system and result in more people catching the bus (increasing revenue). For every 1% fare increase there is a .2 to .3% drop off in patronage which affects overall revenue return.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?	No.
What are the community impacts associated with the proposal? Who and how many people will be affected?	Improvements in cost of living, more affordable transport.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?	No.
What is the intended implementation date of the proposal?	Immediate.
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?	Immediate.
Will the proposal cease, and if so, when?	Freeze to remain in place for the entirety of the next term of the Legislative Assembly.
Is there any additional information relevant to this proposal?	N/A