

Request for Costing an Election Commitment

Name of policy proposal:	Eight New Rapid Routes (31 March 2016)
Person requesting costing:	Alistair Coe MLA, Shadow Treasurer
Date of request:	12 October 2016
Summary of proposal:	The Canberra Liberals will establish 8 new Rapid Bus Routes across the ACT.
Issue the proposal will address:	Improve the availability of buses across 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.

Costs have been calculated using:

- The average cost per km for these buses is \$3.56 per km. (Estimates Question)
- The average distance travelled by each route, times by the frequency of service per day and adjusted for peak hour additional services and weekend timetables.
- Using the same methodology, offsetting savings have also been calculated for the existing rapid services and local services that will no longer be required due to overlap of the new routes.
- Costs have been indexed at 2.5% over the forwards.
- It is proposed that the new network will begin 1 October 2017 with costs for 2017-18 based on a three quarter year basis.
- Half of the funding included in PEBU for the seven rapid routes has been repurposed to this policy on the following basis:
 - The Canberra Liberals will continue to fund the 80 new buses element of this policy, with costs based on a lease cost of \$5,500 per month per vehicle, bringing yearly operating to \$66,000 and a one-off set up cost of \$7,000 (based off government 2016 QoN 696).
 - It is assumed that 20 new buses will be bought online per year from 2017-18 to 2020-21.
 - This would bring leasing costs to \$1.5 million in 2017-18 (20 buses), \$2.8 million in 2018-19 (40 buses), \$4.1 million in 2019-20 (60 buses) and \$5.4 million in 2020-21 (80 buses).
 - Therefore, it has been assumed that the remaining 50% provision (conservative estimate) is for operational costs of running the new rapid routes which can be repurposed to the Canberra Liberals policy.
 - The savings profile is \$1.8 million in 2017-18, \$4.25 million in 2018-19 and \$6.95 million in 2019-20.

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)					
Expenses^(a)	0	-12,490	-15,280	-13,065	-40,835
Capital					
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?

No.

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?

The costs have been indexed at 2.5% over the forwards.

Who will administer the proposal?

ACTION/ TCCSD

How will the proposal be administered?

ACTION and the TCCSD will be responsible for implementing the new rapid timetable and routes.

Is the proposal part of a broader package?

This proposal formed part of a wider public transport package.

Has an allowance been made for expenses necessary to support the implementation of this proposal?

- If no, will the government agency be expected to absorb expenses associated with this proposal?
- If yes, please specify the key assumptions.

Funding for the additional services beyond current provisions has been included. Any other costs associated with upgrading timetable information will be met from within existing resources.

Will the proposal generate savings or offsets?

Yes. The costs above are net and include savings from duplicated rapid and local services and also the PEBU provision.

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?

Community impacts are expected to be positive from increased access to public 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?

The new routes will be operational from 1 July 2017.

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?

1 July 2017.

Will the proposal cease, and if so, when?

The proposal is ongoing.

Is there any additional information relevant to this proposal?

No.