

## 2016 Policy Commitment – ACT Greens

<b>Name of Commitment:</b>	<b>ACTION Bus Fare Freeze</b>	
		<b>Reference Number: GRN002</b>
<b>Request Submitted by:</b>	Shane Rattenbury MLA, ACT Greens	
<b>Date Request Received:</b>	14-Sep-16	
<b>Additional Information Requested (details and date)</b>	N/A	
<b>Additional Information Received (details and date)</b>	N/A	

<b>Other Information</b>
<b>Costing Methodology Used:</b>
- <b>Costing Technique:</b>
<p>The 2016-17 Budget and the 2016 Pre-Election Budget Update (PEBU) include a 1 per cent per annum increase in total fare revenue for ACTION to account for patronage growth (ie not price related).</p> <p>The current practice of the ACT Government is to include the additional revenue in the forward estimates as a result of fare increases as and when these fare increases are agreed. This currently occurs on an annual basis. As such, the 2016-17 Budget and the 2016 PEBU do not include any increase in the price of ACTION bus fares over the forward estimates. A policy of freezing the price of bus fares would therefore have no impact on the published budget forecasts. Nonetheless, freezing bus fares would have a negative impact on the Headline Net Operating Balance compared to a policy of increasing fares each year. Determining the cost of this proposal requires assumptions about fare increases that would have otherwise occurred.</p> <p>Compared to a policy of increasing bus fares at a rate of 1 per cent per annum, the revenue foregone as a result of a policy to freeze bus fares would be similar to the estimates provided by the ACT Greens in its costing request ie \$0.1 million in 2016-17, \$0.2 million in 2017-18, \$0.5 million in 2018-19 and \$0.7 million in 2019-20.</p> <p>In recent years, ACTION fares have increased by an average of 2.5 per cent on 1 January each year. Compared to a policy of increasing the price of bus fares by 2.5 per cent per annum, future revenue forgone as a result of a policy to freeze bus fares would be \$0.3 million in 2016-17, \$0.9 million in 2017-18, \$1.6 million in 2018-19, and \$2.3 million in 2019-20.</p>
- <b>Proposal Parameters:</b>
N/A
<b>Caveats or qualifications to the costing:</b>
N/A
<b>Other Comments:</b>
<p>Revenue from bus fares is collected by ACTION and reported as part of the Public Trading Enterprise Sector rather than as part of the General Government Sector.</p> <p>It is likely that any forgone revenue for ACTION as a result of freezing the price of bus fares would need to be offset by an increase in Controlled Recurrent Payments appropriation to replace the lost income source for ACTION.</p>
- <b>Statistical Data Used:</b>
Transport Canberra and City Services Directorate and Treasury estimates.



David Nicol  
Under Treasurer

22 September 2016