

## **COSTING – RICHARD GRIGGS, INDEPENDENT CANDIDATE FOR HOBART**

Policy – as an interim urgent measure to help address traffic congestion in Hobart, make Metro Tasmania bus travel free in Hobart between 7am - 9am and 4pm - 6pm

Policy objective – encourage people to take the bus to work and leave the car at home

Cost to Metro = \$10.042m/year made up of \$4.819m in foregone ticket fares + \$5.223m increase in expenses

The \$10.042m would increase the State Government contribution to Metro Tasmania from \$37.793m/year to \$47.835m/year

The extra \$10.042 million would come from the annual \$4.4 billion spent by the Tasmanian Government on all services

Relevant figures from the 2016/17 Metro Tasmania Annual Report:

- Hobart accounts for 79.5% of all Metro Tasmania trips (Launceston 16.4% and Burnie 4.1%)<sup>1</sup>
- When free travel before 7am was trialed from 30/1/2017 to 24/2/2017, Metro experienced a 14% increase in patronage<sup>2</sup>
- In 2016/17 service contracts (the amount paid from State Government to Metro) accounted for \$37.793 million in revenue for Metro. Ticket fares accounted for \$12.125m in revenue<sup>3</sup>
- Patronage sensitive expenses (fuel, employees, maintenance, and depreciation) accounted for \$46.931 million<sup>4</sup>

Assumptions:

- that making bus travel between 7am and 9am and 4pm to 6pm would follow the same passenger increase trajectory as the 2017 trial and result in a 14% increase in patronage
- as a result of that 14% increase in patronage, the patronage sensitive expenses would also increase by 14%. i.e. \$46.931m X 0.795 (Hobart proportion of expenses) X 0.14 = \$5.223m increase
- patronage load in the time slot 7am to 9am and 4pm to 6pm represents 50% of all patrons. Therefore 50% of ticket fares for Hobart buses foregone = \$12.125 (total ticket fares) x 0.795 (Hobart proportion of all Metro travel) x 0.5 (50% drop in ticket fares) = \$4.819
- the 14% increase in patronage would not require new bus purchases

authorised by Nick Griggs, 295 Elizabeth Street, North Hobart

---

<sup>1</sup> Page 8, Metro Tasmania Pty Ltd Annual Report 2016/17 viewed 19 March 2018:  
[http://www.parliament.tas.gov.au/ha/tpapers/2017/p2017/HATP6\\_18\\_10\\_2017.pdf](http://www.parliament.tas.gov.au/ha/tpapers/2017/p2017/HATP6_18_10_2017.pdf)

<sup>2</sup> page 7

<sup>3</sup> page 39

<sup>4</sup> page 39