



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 7/02/2019

Proposal No: Y031  
Date Published: 18/03/2019

Proposal Title: Regional Growth Buses

Cluster: Transport

## General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	10,000	12,000	14,000	36,000
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(10,000)</b>	<b>(12,000)</b>	<b>(14,000)</b>	<b>(36,000)</b>

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	<b>(10,000)</b>	<b>(12,000)</b>	<b>(14,000)</b>	<b>(36,000)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(10,000)</b>	<b>(12,000)</b>	<b>(14,000)</b>	<b>(36,000)</b>
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## Notes and costing assumptions

This policy proposes to improve bus services across ten regional towns in NSW, and undertake planning of bus service improvements with the view of providing additional services for five further towns. The net total cost of this proposal over the forward estimates is around \$36 million, noting that there is a margin of error around this estimate. The policy would cost approximately \$19 million in 2022-23, and \$22 million per year, ongoing, from 2023-24.

The PBO notes that, as a comprehensive assessment of need has not been completed for 13 of the 15 towns, there is a significant degree of uncertainty in the costs. The PBO considers the likely range to be between \$50 million and \$60 million over a four year implementation period (including 2022-23, which is outside the forward estimates period).

### Service Improvements

- Detailed planning work has only been completed for Wagga Wagga and Tweed Heads, which allows for immediate service improvements to be rolled out in 2019-20.
- Around \$37 million over four years would be made available for permanent bus service improvements in regional towns. This would include additional routes and increased bus frequency, with particular focus on improving access to education and health services.
- These funds would be distributed according to need, based on the completed service planning for each town. The funding would also include the lease or purchase of additional buses to meet the increased service requirements. These buses would be funded via contracts with the service provider.

**Notes and costing assumptions continued:**

**Service Improvements (continued)**

- Planning work and community consultation for service improvements in Dubbo, Nowra-Bomaderry, Coffs Harbour, Bathurst, Queanbeyan, Lismore, Albury and Griffith would be delivered in stages over the subsequent three years to 30 June 2023.
- Planning work and community consultation for service improvements in Armidale, Tamworth, Port Macquarie, Orange and Grafton would occur in 2022-23, for rollout from 2023-24.
- Transport for NSW (Transport) has advised that, over the intervening time while planning and consultation is being conducted by Transport, around \$13 million in funding would be made available for interim measures.

**Planning, Community Consultation and Evaluation**

- Funding of around \$3 million over four years would be allocated to facilitate detailed planning and community consultation (including site visits) for the towns receiving service improvements.
- This funding would also cover operational costs associated with post-implementation evaluation, ad hoc changes to newly implemented services and marketing to advise residents of service changes.

**Risk Allowances and Expense Offsets**

- The PBO notes the significant uncertainty around the precise service needs for each town, given that only Wagga Wagga and Tweed Heads have been comprehensively assessed so far.
- Therefore, based on Transport advice a 10% (around \$5 million over four years) allowance for likely additional, but as yet unidentified, costs, has been included in the costing.
- However, this is offset by an assumption of around \$5 million in bus contract savings over the same period, due to the common practice of discounting the contracts by a percentage of expected increased revenue (which the service provider keeps).