



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition
Date Referred: 25/02/2019

Proposal No: Y075
Date Published: 18/03/2019

Proposal Title: Sydney, Central Coast, Lower Hunter, and Illawarra Growth Buses

Cluster: Transport for NSW

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	7,642	51,113	52,382	111,137
Depreciation	-	-	757	757	1,514
Less: Offsets	-	7,642	15,665	16,057	39,364
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	(36,205)	(37,082)	(73,287)

Capital Expenditure	-	2,530	16,390	-	18,920
Capital Offsets	-	2,530	2,530	-	5,060
Net Capital Expenditure:	-	-	13,860	-	13,860

Net Lending/(Borrowing):	-	-	(49,308)	(36,325)	(85,633)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	(49,308)	(36,325)	(85,633)
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Notes and costing assumptions

This policy proposes providing over 14,000 extra weekly bus services from 2019-20 over the next four years, in the following areas:

- Western Sydney and the Blue Mountains
- North West Sydney and the Hawkesbury
- South West Sydney
- Inner West, East and South Sydney
- Sutherland Shire
- North Shore and Northern Beaches
- The Central Coast
- Lower Hunter
- The Illawarra

The PBO estimates the cost of this policy would be \$85.6 million over the forward estimates, with a total cost of \$191 million over four years.

Key assumptions

- The costing assumes that a portion of the new services can be provided during 2019-20, with the full set of services provided from 2020-21. Advice from Transport for NSW (TfNSW) is that there may be limitations on providing some new services due to procurement timeframes for the new buses required to provide the services.
- TfNSW have advised that the cost of new services has been calculated using the estimated total hours and kilometres per service.

Notes and costing assumptions continued:

- According to this calculation, approximately 123 additional buses are required to support extra 14,000 extra weekly bus services, including procurement of 39 new buses and 84 buses on leases from existing bus operators.
- The capital cost of purchasing additional 39 new buses is \$19 million in 2019-20 and 2020-21. Around \$2.5 million in 2019-20 and 2020-221 of this capital cost is to come from the existing growth bus program, which includes both capital and operating components.
- The estimated operating cost would be \$111 million over the forward estimates. Costs include the lease of an additional 84 buses from existing bus operators, and employee related expenses for extra bus drivers and other staff.
- The operating costs have been partially offset by the use of buses from the North West Metro upgrade program (due to end May 2019), which would be available to provide some of these services.
- Other offsets include existing funding from the current growth bus plan. TfNSW has advised the existing growth bus plan has funding in the forward estimates period, and therefore the PBO considers it reasonable for the proposed offsets to be included in the costing.
- Based on the advice from TfNSW, depreciation costs for the 39 new buses would be \$1.5 million over the forward estimates. The costing has assumed the useful life of new buses is 25 years, depreciated on a straight line basis.
- Operating costs are indexed according to the Sydney consumer price index (CPI) forecasts in the NSW Treasury Pre-Election Budget Update (2.25% in 2020-21 and 2.5% in 2021-22).