



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Coalition **Proposal No:** C1546  
**Date Referred:** 7/3/2023 **Date Published:** 20/03/2023  
**Proposal Title:** Bus Driver Shortage Plan  
**Cluster:** Cross-cluster

### General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	250	-	-	250
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	(11,763)	-	-	(11,763)
<b>Net Operating Balance:</b>	-	<b>(12,013)</b>	-	-	<b>(12,013)</b>

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

<b>Net Lending/(Borrowing):</b>	-	<b>(12,013)</b>	-	-	<b>(12,013)</b>
---------------------------------	---	-----------------	---	---	-----------------

### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(12,013)</b>	-	-	<b>(12,013)</b>
---------------------------------	---	-----------------	---	---	-----------------

### Notes and costing assumptions:

This policy proposes, for one-year, to:

- provide free public transport to and from work to all new and existing drivers across Greater Sydney
- waive the Bus Driver Authority fee
- subsidise training course fees
- establish a recruitment taskforce to attract skilled bus drivers from overseas
- invite the community to 'have their say' on what improvements they would like to see across the bus network, including routes and timetables.

The PBO has estimated this policy will cost \$12 million for one-year. The PBO notes costs will be multiples higher if the scheme is not discontinued after one-year.

**Free public transport to and from work for new and existing drivers across Greater Sydney**

## Notes and costing assumptions continued:

In estimating the cost of this initiative, the PBO accepted the following assumptions:

- subsidising travel for drivers will not require additional transport services
- the cost of this initiative will be the foregone Opal revenue, as well as implementation and delivery costs

### *Foregone revenue – free public transport*

Based on an estimated 7002 eligible drivers across Greater Sydney, a 65% take-up rate, a \$50 weekly maximum cost and 48 working weeks per year, Transport for NSW advised the estimated foregone revenue to be \$10.9 million (Table 1)

*Table 1. Estimate of forgone revenue, if bus drivers in Greater Sydney are provided free travel.*

Eligible drivers	7002
Driver take-up	65%
Maximum weekly cost	50
Working weeks per year	48
<b>Estimated cost (\$'000)</b>	<b>\$ 10,923</b>

### *Administration costs and tax implications*

Transport for NSW estimates administrative costs will be \$301,308 for one year, recognising costs to provide and replace the opal cards, as well as for two Customer Service Officers (Grade 5) to administer the scheme, while also noting that private bus operators may also incur additional costs to administer the scheme for their employees.

Based on the spending profile nominated in the policy, the PBO assumes Transport for NSW is expected to absorb these costs.

Transport for NSW also advised there may be Fringe Benefits Tax implications arising from this policy that are not immediately quantifiable. Depending on a commercial negotiation with the private bus operators, these costs may represent a further cost to the NSW Government.

### **Forgone revenue - waiver of the Bus Driver Authority fee**

Under the Passenger Transport Act 2014, individuals who wish to drive bus services must apply to Transport for NSW for a driver authority.<sup>1</sup> This is commonly known as a Bus Driver Authority, for which Transport for NSW currently charges \$70 for both applications and renewals<sup>2</sup>. Transport for NSW advises this revenue is remitted to NSW Treasury.

This policy proposes for Transport for NSW to waive the \$70 fee.

Based on the average level and increases in fees collected each financial year since 2020-21, Transport for NSW estimates this will result in \$840,000 of forgone revenue for a one-year trial in 2023-24. The PBO has used this estimate to cost this policy, while noting that a fee waiver may also induce additional demand and further increase numbers of applicants compared to a normal year.

### **Subsidising training course fees for bus drivers**

In order to provide a bus service, applicants for a Bus Driver Authority must undertake a driver training course approved by Transport for NSW.<sup>3</sup>

<sup>1</sup> Passenger Transport Act 2014, ss 59-68.

<sup>2</sup> Transport for NSW, *Fees and charges related to operator accreditation and driver authorities for bus and coach operators and drivers*, <https://www.transport.nsw.gov.au/operations/roads-and-waterways/business-and-industry/buses/fees>.

<sup>3</sup> Passenger Transport Act 2014, s 61.

## Notes and costing assumptions continued:

Transport for NSW advised the average cost across four authorised providers for hybrid training (face to face and online) is \$300. Assuming the full cost of courses will be subsidised, and 500 new drivers applying in one-year, the PBO estimates this initiative will cost \$150,000 (Table 2).

*Table 2. Estimated cost of subsidising bus driver training courses.*

Estimated number of drivers	500
Cost per course (\$)	300
<b>Estimated cost of initiative (\$)</b>	<b>150,000</b>

### Establishing a recruitment task force

The policy specifies \$100,000 should be allocated for the establishment of a recruitment taskforce to attract skilled bus drivers from overseas.

Transport for NSW have advised that costs are likely to exceed \$100,000, as an effective task force would require material engagement with both commercial operators and industrial organisations, as well with government initiatives in other jurisdictions who may also be seeking to address driver shortages.

As \$100,000 has been specified as a fixed commitment in this policy, and recognising the task force can be scaled accordingly, the PBO has used this figure in estimating the total cost of this policy.

### Community engagement

The policy states that community members will be invited to ‘have their say’ on desired improvements to the bus network, including providing feedback on routes and timetables.

The policy states that costs should be absorbed by Transport for NSW. As such, the PBO has not recognised a cost for this initiative in the total cost for this policy. Transport for NSW estimates this initiative could incur costs of \$500,000 (Table 3)

*Table 3. Estimated costs of a community engagement program*

Example activity	Detail	Excluded	Cost estimate (\$)
Communications and consultation	<ul style="list-style-type: none"> <li>Key stakeholder forums</li> <li>Media release</li> <li>Digital collateral including maps, information sheets</li> <li>Consultation evaluation and reporting – external</li> </ul>	Does not include pop ups, targeted community information sessions, printed collateral, or staff.	100,000
Online platform	<ul style="list-style-type: none"> <li>Mobile and desktop friendly websites allowing data collection</li> </ul>		100,000
Marketing and awareness campaigns	<ul style="list-style-type: none"> <li>Social and web information</li> <li>Digital display channels</li> <li>Radio and print campaign including CALD targets</li> </ul>	Includes limited paid media such as radio and print, and no ‘out of home’ i.e. bus shelters.	300,000
<b>Estimated cost</b>			<b>500,000</b>

### Caveat

Across this policy package as specified, it is estimated Transport for NSW may need to absorb costs of \$801,308. As Transport for NSW expenses were \$18.6 billion in 2021-22 and \$18.7 billion in 2022-23<sup>4</sup> the PBO assumes it is plausible that these costs can be absorbed. This may require a re-prioritisation of departmental activities and service delivery, and should be considered in relation to the cumulative total across all policies requiring the department to absorb costs.

<sup>4</sup> NSW Government, *NSW Budget 2022-23 Budget Paper No. 4 Agency Financial Statements*, 9-1