



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party

Proposal No: C1285

Date Referred: 31/01/2023

Date Published: 20/03/2023

Proposal Title: Return and improve local bus services in Coogee

Cluster: Transport

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
---------------------------------	---	---	---	---	---

Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
---------------------------------	---	---	---	---	---

Notes and costing assumptions:

The policy proposes that the bus industry taskforce (established under a separate proposal) will assess the following bus routes:

- An extension of the existing 373 service to circular quay from museum.
- Re-instate the 378 service (Railway square to Bronte Beach)
- A service from Bondi Junction, to Sydney Airport via Randwick (basically the return of the 400 service which was one of the very few direct bus routes that connected the East to Kingsford Smith Airport).
- A service from Clovelly to the centre of the CBD.
- Re-instate the 361 service (between Bondi Junction and South Bondi via Birrell St and Tamarama beach).

The policy assumes that decisions of the taskforce and assessments of the routes will be made during the next term of Government. The policy also specifies that the cost of returning routes is expected to be met from existing resources in negotiation with private operators.

Notes and costing assumptions continued:

Advice from Transport for NSW is that while cost offsets to support introduction or return of these services have been identified at a strategic level, further detailed analysis would need to be done to determine specific cost offsets. Transport has also advised costs of the routes proposed are not able to be absorbed and the potential offsets would be insufficient to meet the full cost without additional funding being provided.

The total cost over the forward estimates of providing the services without the offsets is \$88.9 million. This includes \$38.3 million in operating expenditure (excluding depreciation and starting from May 2024) and \$50.6 million in capital expenditure for additional buses. See table 1 for the annual budget profile and table 2 for a breakdown of costs by route.

As the policy assumes the Bus Taskforce will make decisions on the routes, the Parliamentary Budget Office has costed the policy at zero but notes the advice from Transport on the costs and potential offsets.

Table 1 – Total costs

	2022-23	2023-24	2024-25	2025-26	4-year Total
Expenses (excl. depreciation)		2,946	17,675	17,675	38,296
Capital		50,600			50,600
Total cost excl. depreciation		53,546	17,675	17,675	88,896
Depreciation			2,108	2,108	4,216
Total cost incl. depreciation		53,546	19,783	19,783	93,112

Key Assumptions

- The costing assumes that electric buses will be procured at the price of \$1.1 million per bus.
- For new services or a reintroduction, the costing assumes the route is standalone initiative and no other network adjustments have been included.
- All operating costs have been escalated by average Consumer Price Index, consistent with Transport for NSW costing assumptions.
- All buses have been depreciated over 24 years using straight line method.
- The costing assumes a start date of May 2024 as Transport has advised that all services require additional fleet to operate. At least 12 months is needed to allow for procurement or sourcing of fleet, as well as timetabling, scheduling and other activities to start the routes. This timeline is also dependent on the availability of drivers.

Table 2 – Bus route summary

Bus route	Costs	Key assumptions
The extension of the existing 373 service to Circular Quay from Museum	Bus service operating cost (Operational costs): \$1.15M per year Bus procurement (Capital): \$3.3M No. of buses: 3	

Notes and costing assumptions continued:

Reintroduce the 378 service (Railway square to Bronte Beach)	Bus service operating cost: \$4.1M per year Bus procurement: \$13.2M No. of buses: 12 (including 1 spare)	
Introduce a service from Bondi Junction, to Sydney Airport via Randwick (similar to the 400 service which connected the East to Kingsford Smith Airport)	Bus service operating cost: \$9.9M per year Bus procurement: \$22M No. of buses: 20 (including 2 spares)	Costing is based on the same level of service as the existing route 350. Route path is from Bondi Junction to Sydney Airport International Terminal via Randwick and Maroubra Junction. Same as the route 400 route path which operated between 2018-2021.
A new service from Clovelly to the CBD	Bus service operating cost: \$2.1M per year Bus procurement: \$9.9M No. of buses: 9 (including 1 spare)	Costing is based on a service between Clovelly and Circular Quay operating every 20 minutes across the day and every 30 minutes early mornings and evenings.
Reintroduce the 361 service – between Bondi Junction and South Bondi via Birrell St and Tamarama beach	Bus service operating cost: \$425,000 per year Bus procurement: \$2.2M No. of buses: 2	Costing is based on previous 361 route and service levels.

Cost offset assumptions

- Transport has advised that some cost savings may exist if diesel buses were used on the routes instead of electric buses. This would mean potential service changes in that region and may require additional time. The routes above would then be introduced no earlier than November 2024.
- Transport has advised that changes to route 440 to support the introduction of route 378 would require consideration of impacts to a different region operated by a different contractor. This may also impact timeframes.
- Initial considerations to potential offsets are included below:
 - Routes 339, 373 – potential to consider adjustments to routes 339X and 373X
 - Route 361 – potential to consider adjustments to route 360 and 381 where route 361 would duplicate sections of route 360 and 381 in Waverley and South Bondi
 - Route 378 – potential to consider adjust route 440 where route 378 would duplicate route 440 between Bondi Junction and Railway Square
 - Route 400 – potential to consider adjustments to routes 350 and 390X where route 400 would duplicate route 350 between Eastgardens and Domestic Terminal and route 390X between Bondi Junction and Maroubra.