

2024 Election Commitment – ACT Greens

Name of Commitment:	100 new electric buses	Reference Number: GRN003
Request Submitted by:	Shane Rattenbury MLA, ACT Greens	
Date Request Received:	08-Oct-24	
Additional Information Requested (details and date)	<p>Further clarification was sought on:</p> <ul style="list-style-type: none">• the underlying assumptions of the Commonwealth providing 50 per cent funding;• a detailed breakdown of the \$100 million for 100 new electric buses, \$100 million for building bus lanes, and \$50 million expense per annum for 200 additional FTE bus drivers and other additional costs for the bus services uplift;• the proposed timing of the bus procurements, expected delivery timeframes and expected milestone payments for the new buses;• how would the additional 56 buses be accommodated given the Woden bus depot will only have capacity for an additional 44 buses upon completion;• when would the early planning and design of two new bus depots in Mitchell and West Belconnen commence; and• would the early planning and design activities be capped within the \$5.0 million. (10-Oct-24)	
Additional Information Received (details and date)	<p>The ACT Greens advised that:</p> <ul style="list-style-type: none">• the underlying assumption of the Commonwealth providing 50 per cent funding for electric buses is based on funding provided by the Commonwealth in other jurisdictions and the assumption for bus lanes and bus depots was based on Federation Funding Arrangement for ACT land transport infrastructure projects;• timings and delivery timeframes were assumed largely in line with existing bus purchase commitments, noting Labor had assumed 50 per cent up front and 50 per cent on delivery in their request for costing;• 200 additional FTE would cost \$100,000 per employee (\$20 million per annum). As 50 per cent of Transport Canberra Operations budget was for staff, 50 per cent was assumed to be incidentals associated with the new hire, bringing the cost to \$40 million. An additional cost to providing significant uplifts to weekend services was assumed and would consume the remaining \$10 million;• they assumed the cost breakdown for bus lanes would in line with other road projects as normal and referred to page 46 of the TCCS 2024-25 Budget Papers;• the party would build a new bus depot at Mitchell to accommodate additional buses; and• the early planning and design of two new bus depots in Mitchell and West Belconnen would commence immediately and will be capped within the \$5.0 million (10-Oct-24). <p>The ACT Greens further advised that their commitment is to spend \$100 million of capital, including the cost of financing, to prioritise and build the bus lanes during the next term of Government and if further capital investment is needed to complete them this would need to be allocated in the following election cycle (17-Oct-24).</p>	

Financial Implications					
Impact On:	2024-25	2025-26	2026-27	2027-28	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	-7,580.9	-18,820.7	-63,837.2	-65,698.5	-155,937.3
- Employee Expenses	0.0	0.0	-30,295.9	-31,280.5	-61,576.4
- Other Expenses	-5,480.9	-11,071.7	-21,841.7	-21,841.7	-60,236.0
- Cost of Financing	-2,100.0	-7,749.0	-11,699.6	-12,576.3	-34,124.9
Depreciation	0.0	-2,125.0	-5,223.3	-8,281.7	-15,630.0
Net Operating Balance	-7,580.9	-20,945.7	-69,060.5	-73,980.2	-171,567.3
Capital Requirement	-40,000.0	-105,500.0	-67,500.0	-5,000.0	-218,000.0
Cash Surplus/Deficit	-47,580.9	-124,320.7	-131,337.2	-70,698.5	-373,937.3
(a) A negative number indicates a decrease in revenue or an increase in expenses.					
(b) Excludes depreciation					

Other Information
Costing Methodology Used:
- Costing Technique:
This costing is an estimate based on: a fixed dollar amount for design and planning of two additional bus depots and improving bus stops across Canberra; a fixed dollar amount for building dedicated bus lanes; price by quantity methodology for free bus and light rail services; and the 2024 Standard Costing Parameters for the acquisition of the 100 electric buses and 200 FTE bus driver positions.
- Proposal Parameters:
<u>Increase the bus fleet with 100 new electric buses for the new Woden Depot:</u>
<ul style="list-style-type: none"> • The costing is an estimate based on the 2024 Standard Costing Parameters of \$1.0 million per electric bus purchase for acquisition of 100 new electric buses. • The buses are expected to be procured immediately. • Depreciation has been calculated on a straight line basis over a 15-year period and would be \$2 million in 2025-26, \$4.333 million in 2026-27, \$6.667 million in 2027-28 and ongoing. • Cost of financing has been calculated at 5.25 per cent.
<u>Hire more Bus Drivers to increase reliability and frequency of weekday and weekend bus services:</u>
<ul style="list-style-type: none"> • The bus driver costing is based on the 2024 Standard Costing Parameters of \$135,003 per bus driver, including administrative on-costs, plus overtime allowance and indexed by the Wage Price Index (WPI). • Rate of overtime allowance for bus drivers per annum has been calculated at five per cent. • Recruitment of additional bus drivers and the procurement of the buses is expected to be completed by 2026-27. • The bus services uplift cost is a fixed level of \$10.0 million per annum ongoing from 2026-27. As such, the scope of the proposal/project would need to be managed within this level of funding. • 20-minute weekday bus services for all suburban services are expected to be delivered by 2026 and 30-minute weekend services are expected to be delivered by 2027 through negotiating optional working week flexibility in the ACTION Enterprise Agreement when it is renegotiated in 2026. • Consumer Price Index (CPI) of 2.75 per cent in 2025-26, 2.5 per cent in 2026-27 and 2027-28 has been applied in calculating additional costs to provide uplift bus services.
<u>Build dedicated bus lanes for our busiest bus corridors:</u>
<ul style="list-style-type: none"> • This costing is based on a fixed amount of \$93.0 million to build new bus lanes. • Construction is anticipated to commence in 2025-26 and be complete by 2026-27. • Depreciation has been calculated on a straight line basis over a 75-year period and would be \$0.640 million in 2026-27 and \$1.240 million per annum (ongoing) from 2027-28. • Cost of financing has been calculated at 5.25 per cent.

- Proposal Parameters continued:

Build two additional fully electric bus depots:

- The funding is for a fixed level of \$5.0 million for early planning and design of bus depots at identified sites in Mitchell and West Belconnen. As such, the scope of the proposal/project would need to be managed within this level of funding.
- Early planning and design of bus depots is anticipated to complete by 2027-28.

Improve bus stops across Canberra:

- This costing is based on a fixed level of \$5.0 million per annum for upgrading bus stops including better paths, more bus shelters, seating, bike racks and lighting. As such, the scope of the proposal/project would need to be managed within this level of funding.
- Depreciation has been calculated on a straight line basis over a 40-year period and would be \$125,000 in 2025-26, \$250,000 in 2026-27, \$375,000 in 2027-28 and \$500,000 per annum (ongoing) from 2028-29.

Provide free bus and light rail services for concession card holders and under 18s:

- This costing is completed using a price by quantity methodology for \$1.00 per boarding, based on light rail and bus boarding data from the Daily Public Transport Passenger Boardings By Passenger Group dataset from the ACT Open Data Portal.
- This program is anticipated to commence in 2024-25 and continue throughout the forward estimates.
- The costing assumes that the Transport Canberra and City Services Directorate (TCCS) would require supplementary funding to the value of the fare revenue forgone (\$33.746 million from 2024-25 to 2027-28).

Caveats or qualifications to the costing:

- Treasury notes that there is only capacity to house approximately 44 additional buses within current bus depots (including the upgrade to Woden Depot currently underway). Delivery of the remaining 56 buses would need to occur once new depot infrastructure at Mitchell is commissioned.
- The costing assumes the final cost and delivery of the buses would be subject to the outcomes of procurement processes and the bus delivery schedule may be impacted by supply chain constraints.
- Treasury notes bus lanes already exist for some locations (eg College street, Barry Drive and City bound on Cotter road). Depending on how these were incorporated into the proposed new lanes, this may reduce the construction costs incurred.
- Treasury estimates the total cost of delivering 23.6 km of bus lanes to be \$236 million, equating to an additional cost (excluding the cost of finance) of \$143 million outside the Budget and forward estimates period. This cost would be dependent on further scoping of the work required to deliver the election commitment.
- Costing for free bus and light rail services for concession card holders and under 18s does not consider population growth.
- Treasury notes the delivery of increased weekend bus services may vary depending on the number of bus drivers willing to take the weekend shifts.
- Repairs and maintenance expenses are not included for improving bus stops or new electric buses as Treasury considers improving bus stops are upgrades to existing assets and repairs and maintenance costs have been included in the estimated running costs.
- Treasury considers that TCCS would require supplementary funding to replace the proposed forgone fare revenue, noting this revenue would generally be used to cover operational costs.

Other Comments:

Treasury's costing differs from that submitted due to:

- inclusion of the depreciation costs for buses, bus stops and bus lanes.
- inclusion of the cost of financing at 5.25 per cent for buses and bus stops.
- inclusion of bus running costs for 100 new buses at \$22,000 per bus per annum.
- exclusion of Commonwealth funding offsets from the costing on the basis that this is not a decision that can be assured by this jurisdiction in isolation, and there is no certainty that this funding could be secured.
- recalculation of 200 FTE bus driver costs based on the standard costing parameters of \$135,000 per bus driver with additional overtime allowance and indexed by WPI.
- recalculation of free bus and light rail costs using 2023-24 boarding data from the Daily Public Transport Passenger Boardings By Passenger Group dataset from the ACT Open Data Portal.
- the financial impact of the forgone fare revenue being included as an expense.

- Statistical Data Used:

Treasury estimates and the *Daily Public Transport Passenger Boardings By Passenger Group* dataset from the ACT Open Data Portal.



Stuart Hocking PSM
Under Treasurer
17 October 2024