



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C1326
Date Referred: 02/02/2023 **Date Published:** 20/03/2023
Proposal Title: Demerit points incentive
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) | - | - | - | - | - |
| 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:

This policy is to introduce an incentive scheme to reward safe driving for a 12-month trial period. The incentive scheme will reward drivers who remain infraction-free during the 12-month trial period with the removal of one demerit point. This scheme would not affect drivers who have no history of lost demerit points (i.e., those drivers would not receive any additional point credits).

The estimated departmental resources required for a 12-month trial are \$5.66 million over the forward estimates, including \$2.81 million to implement and test changes to IT systems and \$2.85 million in staff resourcing to respond to customer queries and undertake manual reviews during the 12-month trial period.

The policy states that the costs of this trial should be met within existing resources available to Transport for NSW and Service NSW. The potential increase in operating costs, spread over the two financial years of the proposed 12-month trial, is \$5.66 million. Transport for NSW and Service NSW had total expenses of \$26,986 million and \$785 million respectively in the 2022-23 budget. The PBO therefore considers it would be feasible for the cost of the trial to be met within existing resources, but notes this will require re-prioritisation of resources and/or activities in both agencies.

Notes and costing assumptions continued:

Table 1. Estimated departmental resources that will be required to develop and support a 12-month trial of the demerit point incentive scheme

| IT resources (\$'000) | Other staff resources (\$'000) | Total (\$'000) |
|-----------------------|--------------------------------|----------------|
| 2,814 | 2,848 | 5,662 |

IT resourcing

The \$2.81 million in estimated IT resourcing includes development and testing of the demerits systems by Transport for NSW IT, as well as development and testing of user interfaces at Service NSW. These estimates are based on similar costs incurred for previous system changes of this type.

Transport for NSW advised that due to significant changes required to IT systems to implement the policy and the associated assurance, auditing and complaint management arrangements required, the implementation timeframe is estimated at 19 months – enabling a start date for the scheme of 1 November 2024.

Staffing resources

Transport for NSW advised any customer queries from customers around 'automated' processes (such as the application of demerit points) are handled on a case-by-case basis by staff and involve manual checks. Noting the increased complexity to the process associated with this proposal, based on previous adjustments to the demerits process, Transport for NSW advised that this proposal is likely to add to the number of customer queries received and manual investigations required. As such Transport for NSW advised that dedicated staff will be required to service this demand.

Transport for NSW estimates a total increase of 21 Full Time Equivalent (FTE) staff will be required, comprising \$2.85 million of staff resources for a 12-month period, comprising the following:

- 15 x Processing Officers – Transport Grade 4
- 2 x Audit & Governance staff – Transport Grade 8
- 1 x Adjudicator – Transport Grade 7
- 1 x Training Officer – Transport Grade 8
- 1 x Manager – USS Grade 11
- 1 x Team Leader – Transport Grade 9

Assumptions

The above resourcing estimates are based on the following assumptions:

- Demerit point credits will be displayed against total demerit points, with detailed explanation of how the scheme works. This will require customer testing, design, user interface changes, engineering changes and more extensive testing of the Service NSW app and website.
- Exact delivery dates are dependent on third party approvals from Apple and Google app stores.
- Only changes to the demerit points system were included in developing these resourcing estimates. No allowance has been made for changes on other related systems and processes, such as the *Request a driving record* system or *Elect Good Behaviour* (EGB) scheme. The *Request a driving record* system allows drivers to buy their own uncertified or certified driving record. The EGB scheme allows drivers whose licenses are about to be suspended to enter a conditional agreement with Transport for NSW to continue driving.