



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 20/01/2015

Proposal No: A138
Date Published: 23/03/2015

Proposal Title: **REDUCE NUMBER OF MINISTERS WITH ASSOCIATED EXPENSES**

Cluster: Premier and Cabinet

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)					-
Depreciation		(10)	(19)	(19)	(48)
Less: Offsets	2,047	8,693	9,358	9,412	29,510
Revenue					-
Net Operating Result:	2,047	8,703	9,377	9,431	29,558

Capital Expenditure		868			868
Capital Offsets			17	105	122
Capital Expenditure:	-	868	(17)	(105)	746

Net Lending/(Borrowing)	2,047	7,825	9,375	9,517	28,764
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Net Financial Liabilities:	(2,047)	(9,872)	(19,247)	(28,764)
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Total State Sector Impacts

Net Financial Liabilities:	(2,047)	(9,872)	(19,247)	(28,764)
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Notes and costing assumptions

The policy seeks to reduce the number of Ministers from 22 to 17. The total savings over four years is estimated at \$28.8 million. The savings are based on the removal of five Ministers of median salary. The 2014-15 figures are for 3 months only from 1 April 2015 to 30 June 2015.

Notes and assumptions

The costing information has been sourced from the Department of Premier & Cabinet.

The savings are calculated from the removal of Ministerial salaries and Ministerial employees, office accommodation at Martin Place and Parliament House and the Department of Premier & Cabinet support services. An additional 20 per cent has been added to the savings to cover on costs.

Ministerial remuneration figures are at 1 July 2014 and have been taken from the Parliament House website. It is assumed that no Ministers will seek a redundancy pay out.

The costing assumes the remaining Ministers will employ the same number of staff and support services as currently, that is not take on extra staff to support their enlarged roles and duties, or require extra accommodation, incur extra travel expenses, or other support services from the Departments to support their expanded roles.

The savings do not include any offsets for redundancies, such as Ministerial staff and the reduction of five Ministerial drivers. However, it is assumed there would be no severance payments made to Ministers' staff as a result of the reduction in the number of Ministers. This is because the severances would be attributable to the

Costing assumptions continued:

termination of staff at the election. There are also employees, Departmental Liaison Officers (DLOs), who are seconded to positions with costs met by the agencies, that have not been included in the costing. As at 30 June 2014 there were 56 DLOs in Ministerial offices.

If redundancies are required for five Ministerial Drivers, cost savings in year 1 will be lower.

Department of Premier & Cabinet support services provided to Ministers include licence fees for software and communication devices, such as mobile phones, laptops and i-pads. Home security assistance is also provided to Ministers but has not been included in the costing due to the high level variables in security needs for each property.

The reduction in office space at Martin Place would mean a floor would become available for lease from 1 January 2016, which delivers savings in accommodation costs included in the total savings of \$28.8 million. However, the floor would need a fit out before a new tenant could use the space which would cost \$800 per square metre. This cost has been included as capital expenditure and is estimated at \$868,000.