



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party  
 Date Referred: 7/03/2015

Proposal No: A310  
 Date Published:

Proposal Title: **MORE EFFICIENT GOVERNMENT - SENIOR MANAGEMENT**

Cluster:

## General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)		(50,378)	(83,912)	(86,009)	(220,299)
Depreciation					-
Less: Offsets					-
Revenue					-
<b>Net Operating Result:</b>	-	<b>50,378</b>	<b>83,912</b>	<b>86,009</b>	<b>220,299</b>

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

<b>Net Lending/(Borrowing):</b>	-	<b>50,378</b>	<b>83,912</b>	<b>86,009</b>	<b>220,299</b>
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<b>Net Financial Liabilities:</b>	-	<b>(50,378)</b>	<b>(134,290)</b>	<b>(220,299)</b>	
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## Total State Sector Impacts

<b>Net Financial Liabilities:</b>	-	<b>(50,378)</b>	<b>(134,290)</b>	<b>(220,299)</b>	
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## Notes and costing assumptions

From 1 July 2015, the policy proposes to reduce senior executive staff in NSW Government agencies by ten per cent. The total savings across the forward estimates are \$220 million.

### Key assumptions

Data on the number of members of the Senior Executive Service (SES) in the general government sector (by salary bracket) was sourced from the Public Service Commission (PSC). This data is accurate as of the 2014 Census date.

Under the Government Sector Employment (GSE) Act, SES is defined as: SES Band 1, SES Band 2 and SES Band 3. SES Band 1 includes Senior Offices and Technical Officers, but few agencies have actually implemented the GSE Act arrangements across all bands. In these circumstances, the costing is based on the number of SES staff as at 11 March 2015.

It is assumed for the base case the number of SES remains stable across the forward estimates. This assumption is based on historical data.

Salary information was based on the mid-point of the SES salary range for each bracket provided by the PSC. An escalation rate of 2.5% per annum was assumed for all SES salaries and on-costs were assumed to be 20% of salary costs.

**Costing assumptions continued:**

The average redundancy payment is assumed to be 24 weeks salary, based on the mid-point between the requirements of the GSE Act and the Public Sector Employment Management Act employment agreements. It is estimated the total redundancy and other costs associated with reducing the SES by 10 per cent are \$31.5 million and are paid in 2015-16.