



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Election Costing Request Form

Details of request	
Party:	Australian Labor Party (NSW Branch)
Name of Policy:	Efficiencies – return spending on consultants and contractors to sustainable levels
Date of request:	1 February 2015

Description of policy	
Summary of policy (please attach copies of relevant policy documents):	Reduce spending on consultants in the general government sector by \$300 million annually
What is the purpose or intention of the policy?	Spending on consultants and contractors has almost doubled from 2011 to 2014, and more than tripled from 2010 to 2014. This policy would return the spending back to an efficient and sustainable level.
Has the policy been publicly released yet?	

Your estimated costing of the policy ⁶						
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	4 Yr Total \$'000	Other years ⁷ \$'000
Impact on General Government Sector (GGS) net operating result ⁸	-	-300,000	-300,000	-300,000	-900,000	-300,000
Impact on GGS capital expenditure ⁹	-	-	-	-	-	-
If different from above, impact on total State Sector net financial liabilities ¹⁰	-	-	-	-	-	-

⁶ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

⁷ Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy.

⁸ Negative for a saving that reduces expenditure

⁹ Negative for a reduction in capital expenditure.

¹⁰ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	No.
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	General government sector spending on consultants and contractors was \$169 million in 2010, \$327 million in 2011, \$291 million in 2012, \$568 million in 2013 and \$638 million in 2014 (see respective Reports on State Finances). There is capacity for returning the spending back to a more sustainable level through greater prioritisation and undertaking more projects in-house. Under this policy, spending would be reduced by a fixed nominal amount of \$300 million every year, relative to the counterfactual.
Is there a range for the costing or any sensitivity analysis that you have undertaken?	Please provide savings over ten years.
Are there associated savings, offsets or expenses? If yes, please provide details.	No.

Administration of policy	
Intended date of implementation:	1 July 2015.
Intended duration of policy:	Ongoing.
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Whole of Government.
Are there any specific administrative arrangements for the policy that need to be taken into account?	Required reductions in spending would be pro-rated across agencies, although the executive would retain discretion to re-allocate the impact of the saving across portfolios, agencies and projects.
Are there transitional arrangements associated with policy implementation?	No.

If the policy is mainly an expenditure¹¹ commitment	
Demand driven or a capped amount:	Capped.
Eligibility criteria or thresholds:	N/a.

¹¹ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.