Referred By:	Australian Labor Party		Proposal No:	A068
Date Referred:	31/10/2018		Date Published:	18/03/2019

Proposal Title: Cutting waste - abolish the Commissioning and Contestability Unit in NSW Treasury

Cluster: Treasury

General Government Sector Impacts

	2018-19 $'000	2019-20 $'000	2020-21 $'000	2021-2022 $'000	4 year Total $'000
Expenses (ex. depreciation)	(948)	(2,927)	(3,000)	(3,075)	(9,950)
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	**948**	**2,927**	**3,000**	**3,075**	**9,950**
Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	**-**	**-**	**-**	**-**	**-**
Net Lending/(Borrowing):	**948**	**2,927**	**3,000**	**3,075**	**9,950**

Total State Sector Impacts

	2018-19 $'000	2019-20 $'000	2020-21 $'000	2021-2022 $'000	4 year Total $'000
Net Lending/(Borrowing):	**948**	**2,927**	**3,000**	**3,075**	**9,950**

Notes and costing assumptions

The policy proposes to abolish the Commissioning and Contestability Unit (CCU) in NSW Treasury upon formation of government. The policy assumes there would be no forced redundancies and that employees are transferred to existing vacant positions by the end of 2020-21.

Key assumptions:
- The savings from this proposal include employee related expenses, on-costs and accommodation, and are around $2.9 million per annum in 2019-20 (the first full year of savings).
- An escalation rate of 2.5% has been applied to the savings for future years, consistent with the government's wages policy.
- This proposal assumes no forced redundancies, and as such this costing does not include redundancy expenses. However, there is limited information available on the potential for internal relocation and reducing staff through natural attrition. If positions are not available (or staff elect to accept a voluntary redundancy offered by Treasury), total redundancy payments could cost up to $1.35 million (based on the FTE profile as of 5/11/18).