



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: A072

Date Referred: 1/11/2018

Date Published: 18/03/2019

Proposal Title: Cutting waste – prudent management of legal expenses (10% reduction)

Cluster: Whole of Government

## General Government Sector Impacts

|                               | 2018-19<br>\$'000 | 2019-20<br>\$'000 | 2020-21<br>\$'000 | 2021-2022<br>\$'000 | 4 year Total<br>\$'000 |
|-------------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| Expenses (ex. depreciation)   | -                 | (5,139)           | (4,174)           | (3,468)             | (12,781)               |
| Depreciation                  | -                 | -                 | -                 | -                   | -                      |
| Less: Offsets                 | -                 | -                 | -                 | -                   | -                      |
| Revenue                       | -                 | -                 | -                 | -                   | -                      |
| <b>Net Operating Balance:</b> | -                 | <b>5,139</b>      | <b>4,174</b>      | <b>3,468</b>        | <b>12,781</b>          |

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

|                                 |   |              |              |              |               |
|---------------------------------|---|--------------|--------------|--------------|---------------|
| <b>Net Lending/(Borrowing):</b> | - | <b>5,139</b> | <b>4,174</b> | <b>3,468</b> | <b>12,781</b> |
|---------------------------------|---|--------------|--------------|--------------|---------------|

## Total State Sector Impacts

|                                 |   |              |              |              |               |
|---------------------------------|---|--------------|--------------|--------------|---------------|
| <b>Net Lending/(Borrowing):</b> | - | <b>5,139</b> | <b>4,174</b> | <b>3,468</b> | <b>12,781</b> |
|---------------------------------|---|--------------|--------------|--------------|---------------|

## Notes and costing assumptions

The proposal is to reduce NSW Government expenditure on external legal contracts by 10 per cent each year. The estimated impact is \$13 million over 3 years from 2019-20 to 2021-22.

As of 15 November 2018, the General Government Sector expects to incur \$128 million in recurrent legal expenses from 2019-20 to 2021-22, as per the Treasury PRIME system. The baseline of recurrent legal expenses is:

- 2019-20 - \$51 million
- 2020-21 - \$42 million
- 2021-22 - \$35 million.

Legal expenditure related to capital works is excluded from this costing as it is not captured separately.

It is assumed that the reduction is allocated to agency budgets based on the government's priorities.

