



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: B345

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Proposal Title: Remove Duplication Across Agencies

Cluster: Treasury

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	(25,000)	(60,000)	(65,000)	(150,000)
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	25,000	60,000	65,000	150,000

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	25,000	60,000	65,000	150,000
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Total State Sector Impacts

Net Lending/(Borrowing):	-	25,000	60,000	65,000	150,000
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Notes and costing assumptions

The policy proposes \$150 million in savings by removing duplication of functions and inefficiencies across the general government sector (e.g. departments, commissions, panels, boards, committees and taskforces). The breakdown of the proposed savings is as follows:

- \$25 million in 2019-20
- \$60 million in 2020-21
- \$65 million in 2021-22.

Frontline services are exempt from contributing savings for this policy.

The PBO considers the implementation of the above savings is likely to be feasible. The PBO assumes the savings from this policy will be met from employee related payments and/or other operating expenses. These are referred to as 'in scope' expenses for this costing. The PBO has assumed that the savings will not be applied to depreciation, grants and subsidies and interest expenses.

The NSW Government holds no data on the percentage of expenses accounted for by front line staff (e.g. teachers, nurses, and police officers). As such, the PBO has relied on information from the Public Service Commission (PSC) and Treasury's Pre-election Budget Update (PEBU).

Notes and costing assumptions

In particular, the PSC advised the PBO that as at 28 June 2018, there were 329,005 NSW public service staff of whom 294,654 were classified as frontline staff (89.6 per cent). This is based on the PSC's 2018 Workforce Profile Report. The PSC defines frontline roles as those that primarily deliver established services to external customers, where external customers can be other state government agencies as well as members of the general public.

For the remaining 10.4 per cent of staff, the PBO has assumed that they are not engaged in frontline activities.

To estimate non-frontline 'in scope' expenses, the PBO has applied the above share of non-frontline staff to PEBU's estimate of employee and other operating expenses (see table below). Overall, the PBO estimates that the savings represent 0.4 per cent of 'in scope' expenses in 2019-20 and 0.94 per cent in 2020-21 and 0.98 per cent in 2021-22. Over the period 2019-20 to 2021-22, the total share is 0.78 per cent. The PBO considers these impacts to be relatively small and as such, the PBO considers the implementation of the policy is likely to be feasible.

	2018-19 \$m	2019-20 \$m	2020-21 \$m	2021-22 \$m	4 year Total \$m
Employee related payments		38,212	39,695	41,403	119,310
Other operating expenses		21,960	21,764	22,050	65,774
Total 'in scope' expenses		60,172	61,459	63,453	185,084
Non frontline staff		10.40%	10.40%	10.40%	10.40%
Expenses available to meet saving		6,258	6,392	6,599	19,249
Savings profile		25	60	65	150
Savings as share of 'in-scope' expenses		0.40%	0.94%	0.98%	0.78%

Although this approach is not exact, it provides a good proxy against which to test the reasonableness of the policy assumption. 'In scope' expenses are well in excess of the proposed amount of savings in each forward year, suggesting that there would be opportunities for Departmental Secretaries and agency heads to collaborate to reduce duplication and eliminate boards, taskforces and committees.