



## Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party  
Date Referred: 11/03/2019

Proposal No: B412  
Date Published: 18/03/2019

Proposal Title: Protecting construction industry sub-contractors

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)	-	1,680	1,722	1,765	5,167
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(1,680)</b>	<b>(1,722)</b>	<b>(1,765)</b>	<b>(5,167)</b>

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

<b>Net Lending/(Borrowing):</b>	-	<b>(1,680)</b>	<b>(1,722)</b>	<b>(1,765)</b>	<b>(5,167)</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(1,680)</b>	<b>(1,722)</b>	<b>(1,765)</b>	<b>(5,167)</b>
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### Notes and costing assumptions

The policy proposes to commence the process for implementing the recommendations of the *Inquiry into Construction Industry Insolvency in NSW*, November 2012 (the Collins Inquiry).

The Collins Inquiry, among other things, made recommendations to minimise the incidence and impact of insolvency in the construction industry, and protect sub-contractors being paid for work done when head contractors become insolvent.

Under the policy, a specialist unit of 10 staff within the NSW Industrial Relations division of NSW Treasury would develop the policy framework to implement the inquiry recommendations, and deal with difficulties in the construction industry. Under the policy the 10 staff are assumed to have an average salary of \$140,000 per year. We have added 20% to this base salary cost for corporate on costs and escalated salaries at 2.5% per year in accordance with NSW Public Service wages policy. The total cost of these additional staff is estimated at \$5.17 million over the forward estimates.

The policy notes implementing any finalised framework would require a subsequent decision of government.

Developing a policy framework and legislation is part of the normal business of government; therefore the PBO considers it is reasonable that other costs associated with the policy can be absorbed within existing agency resources.

