



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition

Proposal No: C1324

Date Referred: 01/02/2023

Date Published: 20/03/2023

Proposal Title: Government Efficiencies

Cluster: Whole of Government

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	(120,000)	(120,000)	(120,000)	(360,000)
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	120,000	120,000	120,000	360,000

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

Net Lending/(Borrowing):	-	120,000	120,000	120,000	360,000
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Total State Sector Impacts

Net Lending/(Borrowing):	-	120,000	120,000	120,000	360,000
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Notes and costing assumptions:

The policy proposes to deliver \$120m of annual savings across the government sector from non-frontline government expenses beginning in 2023-24. These savings will be sourced from a reduction in expenses for travel, advertising, procurement, consultancy, and the consolidation of boards, and would be in addition to savings realised from any efficiency dividends.

Each agency will be responsible for contributing to the savings target, including the development of savings plans for approval by responsible Ministers and Treasury. Treasury will be responsible for monitoring the implementation of savings plans.

The Budget and Forward Estimates currently include efficiency dividends as follows:

	2023-24 \$mill	2024-25 \$mill	2025-26 \$mill
Annual increase in Efficiency Dividend	96	78	71
Cumulative Efficiency Dividend compared with 2022-23	96	174	245

Notes and costing assumptions continued:

These efficiency dividends require agencies to maintain current levels of service delivery at a lower cost by implementing productivity savings each year. The proposal policy would add to these required savings.

The PBO assesses that the proposed additional savings would be achievable but notes a number of risks to achieving this savings goal, particularly in 2023-24. These risks include:

- Agencies already have significant saving targets in the period to 2025-26.
- Travel expenses are concentrated in a number of agencies undertaking essential activities (eg community services, health and education).
- A proportion of advertising expenditure may already be contracted for 2023-24 as well as being concentrated in a few agencies linked to high priority government programs (eg Destination NSW)
- Adjustments to procurement activities involve a lead time before savings can be achieved.
- Reductions in consultancy spending may require the recruitment of specialised staff to undertake the activities previously performed by consultants.
- Consolidation of boards involves some lead time to avoid the need for compensation payments.