



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party
Date Referred: 14/11/2022
Proposal Title: Cutting waste – reduce travel expenses
Cluster: Whole of Government

Proposal No: C795
Date Published: 20/03/2023

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	(40,000)	(41,200)	(42,333)	(123,533)
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	40,000	41,200	42,333	123,533

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

Net Lending/(Borrowing):	-	40,000	41,200	42,333	123,533
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Total State Sector Impacts

Net Lending/(Borrowing):	-	40,000	41,200	42,333	123,533
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Notes and costing assumptions:

The proposal is to reduce government sector travel expenditure by \$40 million each year from 2023-24, with future years adjusted for the Sydney Consumer Price Index (CPI). The PBO has assumed the policy is implemented from 1 July 2023 and therefore savings totalling \$123.5 million are estimated over the 3 years to 2025-26.

The PBO has identified travel expenditures of around \$200 million p.a. across 2019-20 and 2020-21 from agency annual reports (*refer to appendix for a listing of expenditure by agency*). The proposal to reduce total travel and accommodation expenditure by \$40 million per annum therefore represents a cut of around 20%.

The PBO notes that 64 per cent of identified travel expenditure in 2020-21 and 58 per cent in 2019-20 is undertaken by only 3 agencies – NSW Police, Ministry of Health, and Department of Communities and Justice. Therefore, this policy could have a material impact on the essential travel activities of these agencies.

Research by the PBO based on agency annual reports shows that overall travel expenditure dropped by 25% in 2020-21 compared to 2019-20 figures. PBO infers that the COVID-19 pandemic lockdowns, restrictions

Notes and costing assumptions continued:

may be a key contributor of this reduction and such trends may not continue in the future years, especially if the travel reduction in 2020-21 related to essential operations.

It is assumed that these savings could be achieved through initiatives such as:

- increased use of information and electronic communication technology for meetings and collaboration such as video conferencing, virtual events
- restriction/limitations on overseas travel and accommodation
- relocation of staff to areas of need to reduce travel and accommodation
- use of the cheapest available mode of transport/centralised transportation
- updating travel policy to promote tighter compliance and offer incentives
- adapting/incorporating more flexibility in the workplace policies allowing for employees to work in a hybrid format where relevant.
- using analytic tools to understand travel spending patterns to identify & manage potential inefficiencies, cost leaks. Better planning to optimise schedules to mitigate the trips required
- better use of the whole of government travel management services contract to utilise negotiated rates and doing bulk bookings, where possible.