



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 21/02/2019

Proposal No: B377
Date Published: 18/03/2019

Proposal Title: Leadership Academy Program - Cease Funding

Cluster: Premier and Cabinet

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	(5,373)	(5,792)	(6,132)	(17,297)
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	5,373	5,792	6,132	17,297

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

Net Lending/(Borrowing):	-	5,373	5,792	6,132	17,297
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Total State Sector Impacts

Net Lending/(Borrowing):	-	5,373	5,792	6,132	17,297
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Notes and costing assumptions

This policy proposes ceasing funding, on formation of government, for the Leadership Academy Program (LAP) administered by the Public Service Commission (PSC).

This policy would save \$17 million across the forward estimates from employee related and operating expenses, with an additional \$5.7 million saving in 2022-23. Savings are outlined in the table below:

Cost Saving	2018-19 (\$'000)	2019-20 (\$'000)	2020-21 (\$'000)	2021-22 (\$'000)	4 Year Total (\$'000)
Employee related expenses	-	1,346	1,367	1,386	4,099
Operating expenses	-	4,027	4,425	4,746	13,198
Total	-	5,373	5,792	6,132	17,297

The PSC advises that Memoranda of Understanding (MoU) with each principal department (through to financial year 2022-23) includes the full recovery of program costs. To realise the saving, the PBO assumes that each principal department's budget will be reduced. The estimated saving for each principal department is shown over.

Notes and costing assumptions continued:**Savings from employee related costs**

The LAP currently employs 10.4 staff including 5.1 permanent staff and 5.3 temporary staff. The PSC advises that once the program closes, temporary staff contracts would not be renewed, saving \$1.6 million over the forward estimates.

The PBO assumes that permanent staff will be redeployed across the general government sector avoiding the cost of filling the backfilled positions. This is estimated to save \$2.5 million over the forward estimates.

The total saving from employee related costs (both temporary and permanent staff) is estimated at \$4.1 million over the forward estimates.

Savings from operating costs

The LAP programs run in line with an academic calendar. Invoices are sent to each principal department annually in July to pay service providers prior to the LAP start.

Existing LAP commitments are as follows:

- costs relating to the existing 117 people mid-way through LAP programs (paid in 2018-19) and a further 131 people that are scheduled to attend LAP programs in the 2019 calendar year
- a \$350,000 committed contract that expires in August 2020

The estimated operating expense savings from discontinuing the LAP from April 2019 are \$13.2 million over the forward estimates.

Key Assumptions

- The policy states that there are no forced redundancies, with any affected staff being reallocated to vacant positions by the end of 2020-21.
- The policy also states that any existing contracts will be completed. The PSC advises that current contracts with service providers terminate between October 2019 and August 2020. To avoid any potential costs involved in the early termination of contracts, the PBO assumes that all contracts continue to the expiration date nominated in the contract.
- No new participants will start the LAP after 1 April 2019.

Estimated saving for each principal department from ceasing the Leadership Academy Program

Recurrent	2018-19 (\$'000)	2019-20 (\$'000)	2020-21 (\$'000)	2021-22 (\$'000)	4 Year Total (\$'000)
Dept of Education		589	633	672	1,894
Dept of Family & Community Services		492	532	562	1,586
Dept of Finance, Service & Innovation		551	593	629	1,773
Dept of Health		528	569	602	1,698
Dept of Industry		492	532	562	1,586
Dept of Justice		634	681	723	2,039
Dept of Planning & Environment		492	532	562	1,586
Dept of Premier & Cabinet		634	681	723	2,039
Dept of Transport		589	635	672	1,896
The Treasury		371	405	424	1,200
Total		5,373	5,792	6,132	17,297