

## Election Costing Request Form

Details of request	
Party:	Coalition
Name of Policy:	Efficient bureaucracy – senior executives reduction
Date of request:	23 January 2023

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	Reduce senior executive expenses in the NSW Government by 20%.
Has the policy been publicly released yet?	No

Your estimated costing of the policy <sup>1</sup>						
	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result <sup>2</sup>	-	-251,230	-258,767	-266,530	-274,526	-1,051,053
Impact on GGS capital expenditure <sup>3</sup>						
If different from above, impact on total State Sector net financial liabilities <sup>4</sup>						

**Note:** Has the policy been costed by a third party?  
If yes, can you provide a copy of this costing and its assumptions?

<sup>1</sup> Amounts should be expressed in nominal dollars. GGS - General Government Sector.

<sup>2</sup> Negative for a saving that reduces expenditure

<sup>3</sup> Negative for a reduction in capital expenditure.

<sup>4</sup> Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

<b>Key assumptions made in the policy</b>	
Does the policy relate to a previous announcement? If yes, which announcement?	No
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	<p>20% reduction in senior executive expenses from 2021-22 levels to apply across the General Government Sector.</p> <p>This costing assumes an average total cost of around \$0.328 million per senior executive. The total cost is based on a weighted average remuneration of around \$273,000 (inclusive of superannuation), plus 20% for corporate and executive on-costs and overheads e.g. back office support functions and overheads such as IT, accommodation and other such costs, in line with PBO costing Y076 from the 2019 election.</p> <p>The number of senior executives is based on the Public Service Commission's NSW PSC Workforce Profile 2022. The costing excludes executives from positions in emergency service entities, NSW Police, the legislature, PNFs, independent agencies and integrity agencies. The total number of non-exempt senior executives is estimated at 3,834.</p> <p>The costing assumes that the 20% reduction will commence from 1 July 2023 and be undertaken in the 2023-24 financial year. The costing includes indexation of 3% per year.</p> <p>Redundancies will be met from within existing redundancy provisions.</p>
Is there a range for the costing or any sensitivity analysis that you have undertaken?	N/A
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	There will be redundancy costs associated with this policy. Costs should be met from within existing redundancy provisions in the budget.
Are there significant costs or savings <b>outside</b> the forward estimates period which should be considered in costing this policy? <sup>5</sup>	Savings are ongoing, however costs remain flat as the reduction in FTE is implemented in the 2023-24 year – increased only due to escalation.

<sup>5</sup> Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

<b>Administration of policy</b>	
Intended date of implementation:	1 July 2023
Intended duration of policy:	Ongoing
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Allocations of savings across the sector will be determined by Treasury (and endorsed by Ministers). Savings will be implemented by each agency with oversight by Treasury.
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	N/A
Are there transitional arrangements associated with policy implementation?	N/A

<b>If the policy is mainly an expenditure<sup>6</sup> commitment</b>	
Demand driven or a capped amount:	Capped at 20% of in-scope positions
Eligibility criteria or thresholds:	

<b>If the policy is mainly a revenue commitment</b>	
Transaction based or capped:	N/A
Thresholds and/or exemptions:	
Collection method:	
Additional expenditure associated with collection:	

<b>If the policy is mainly a capital costs<sup>7</sup> commitment</b>	
<b>Nature of Capital Spending</b>	
Type of work, size and capacity:	N/A
Proposed start and completion date of work:	
Intended construction schedule/cashflow:	
Associated asset sell off (if any):	
<b>Recurrent Impacts</b>	
Offsetting expenditure savings:	
On-going maintenance, depreciation and operational expenses:	
Third party funding involvement:	

<sup>6</sup> Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

<sup>7</sup> Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

Delivery model <sup>8</sup>	
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<sup>8</sup> There is a range of possible delivery models, e.g. built, owned and operated by a NSW government agency; built and transferred to a private operator; privately built for public operation; privately built and operated with government assuming risk or providing a guarantee in relation to future income (often applicable to public/private partnership arrangements), and so on. The policy should provide assumptions about the proposed delivery model.