



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C1528
Date Referred: 16 March 2023 **Date Published:** 20/03/2023
Proposal Title: Cutting Waste – A leaner senior executive bureaucracy
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)	(4,964)	(122,763)	(238,070)	(251,153)	(616,950)
Depreciation					
Less: Offsets					
Revenue					
Net Operating Balance:	4,964	122,763	238,070	251,153	616,950

Capital Expenditure					
Capital Offsets					
Net Capital Expenditure:					

Net Lending/(Borrowing):	4,964	122,763	238,070	251,153	616,950
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Total State Sector Impacts

Net Lending/(Borrowing):	4,964	122,763	238,070	251,153	616,950
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Notes and costing assumptions:

The proposal is to cut the number of senior executive staff in the General Government and Budget funded sectors by 15 per cent through natural attrition, where possible, and to introduce a nominal wage freeze for 2 years, where this is permitted under existing contractual arrangements. Parliamentarians would also be included within the wage freeze.

The PBO has assumed:

- The proposed policy will apply to both the Senior Executive Service (SES) and equivalent positions.
- The cut in senior executive positions will commence from 1 April 2023 and will be achieved by a recruitment freeze, except in exceptional circumstances.
- There will be no forced redundancies and the reduction in the number of senior executive positions will be achieved through retirements and resignations.
- 10 per cent of senior executive positions will become vacant each year due to officers leaving the Government sector.
- Band 4 officers (ie CEOs) are excluded from the 15 per cent cut in the number of positions based on the assumption that the number of clusters will remain unchanged.

Notes and costing assumptions continued:

- Oncosts represent 20 per cent of the remuneration package of senior executives and Parliamentarians and represent items such as IT and back office support functions.
- The nominal wage freeze extends to 30 June 2025.

The PBO estimates savings under the proposal totalling \$616.9 million to the end of 2025-26.

Background

Based on Public Service Commission data there were 3,680 Senior Executives in the Government Sector in 2020-21. The PBO estimates the average salary of senior executives (excluding Band 4 CEOs) in 2022-23 is \$272,000.

Cluster Secretaries will have the flexibility to manage which positions are deleted and filled and would retain discretion to reallocate senior executives across clusters and agencies to maintain staffing capability in areas of government priority.

The PBO assumes that the relevant legislative and regulatory changes would be implemented to instruct the Statutory and Other Officers Remuneration Tribunal (SOORT) to incorporate the remuneration freeze in future determinations. The Public Service Commission advised that the above changes would require legal advice prior to implementation.

Risks

- The costing assumes that all senior executive positions falling vacant during the financial years are either deleted or filled by the transfer of another senior executive officer, with the position of the transferred officer being deleted. It is uncertain whether this assumption will prove to be feasible.
- The number of senior executives changes from year to year and the costing is based on the number of senior executives in 2020-21 which could vary from the current position.