

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mr. Higgins to the Treasurer

**Budget 2018/19 – Savings Measures**

1. Treasurer, please list all savings measures that the Government has put in place since 2016 and please detail how much has been saved, and from where and how?
  2. In a media release dated 20 April 2018 it is stated that Budget 2018 savings measures include a reduction from 2.5% to 2% for public sector wage increases that have not gone to ballot. Please detail how many public sector workers have been affected by this change and what the savings have been to date?
  3. In the same media release from the Treasurer on 20 April 2018 it also states that there will be a reduction in Departments' operational budget indexation to reflect CPI. Has this occurred and what has been the saving to date?
  4. Continuing on in the same press release it is stated that there will be "consideration of a position freeze within the public sector". Please list details of the actions taken during this "consideration" phase. Additionally, please update me on progress of the matter and when a decision will be made.
  5. Similarly it is stated that additional efficiencies from Territory Government owned corporations will be achieved. Please detail what these additional efficiencies are and what the saving has been.
  6. Likewise please detail what review was undertaken into "grant arrangements" and how much was saved owing to this review.
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## ANSWERS

### QUESTION 1:

Since the 2016 Pre-Election Fiscal Outlook, the Territory Government has commenced a range of budget improvement measures to reduce expenditure growth while also continuing to support employment and population growth.

Table 1 outlines the projected \$830 million expected to be realised by 2021-22 from budget improvement measures and other savings measures in the 2017 Budget and 2018 Budget. These savings have been factored into the forward estimates and individual agency funding appropriations.

**Table 1: Savings Measures Since 2016 PEFO**

Description	2017-18	2018-19	2019-20	2020-21	2021-22	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>2017 Budget</b>						
CPI Parameter (0% 17-18, 1.5% 18-19, 2.5% forward)	11 000	19 000	19 000	19 000	19 000	87 000
Productivity Improvements – Efficiency Adjustments <sup>1</sup>		1 000	3 000	3 000	3 000	10 000
Election Commitment Savings	23 500	23 540	24 100	24 100	24 100	119 340
Natural Attrition <sup>2</sup>	4 400	6 900	7 100	7 100	7 100	32 600
Operational Reforms <sup>3</sup>	17 580	32 240	32 350	32 350	32 350	146 870
Program Rationalisation <sup>4</sup>	5 520	6 320	6 450	6 450	6 450	31 190
Wages Parameter (3% to 2.5%)	12 000	23 000	36 000	48 000	48 000	167 000
<b>Subtotal</b>	<b>74 000</b>	<b>112 000</b>	<b>128 000</b>	<b>140 000</b>	<b>140 000</b>	<b>594 000</b>
<b>2018 Budget</b>						
CPI Parameter (1% 18-19, 2% 19-20, 2.5% forward)		4 000	8 100	12 200	12 200	36 500
Grant Review Measures		1 350	4 750	5 050	2 350	13 500
Repairs and Maintenance – Return to pre-stimulus levels		22 600	22 600	22 600	22 600	90 400
Sustainable Workforce Strategies		9 900	13 750	18 750	23 750	66 150
Territory Generation Efficiencies		3 000	3 000	3 000	3 000	12 000
Wages Parameter (2.5% to 2%)			1 100	2 200	12 700	16 000
<b>Subtotal</b>		<b>40 850</b>	<b>53 300</b>	<b>63 800</b>	<b>76 600</b>	<b>234 550</b>
<b>Total Saving Measures since 2016 PEFO</b>	<b>74 000</b>	<b>152 850</b>	<b>181 300</b>	<b>203 800</b>	<b>216 600</b>	<b>828 550</b>

1. Reduces the efficiency dividend discount on frontline agencies from 75 per cent to 67 per cent to drive efficiencies in back office functions.

2. Agencies not filling vacant positions in targeted areas.

3. Initiatives delivering savings through more efficient use of existing administrative resources and rationalisation of administration tasks to focus on core agency functions.

4. Savings through more efficient use of existing program resources and program rationalisation to focus on efficient delivery of priority programs and functions.

### QUESTION 2:

As part of the 2017 Budget, the wages policy was revised from 3 per cent to 2.5 per cent per annum. Table 1 outlines the expected savings.

As part of the 2018 Budget, the wages policy was further revised from 2.5 per cent to 2 per cent per annum for all new enterprise agreements that had not already gone to ballot or has not been agreed in-principle by 14 December 2018.

To date, the 2 per cent wages policy has not affected any enterprise agreements (as reflected in Table 1).

**QUESTION 3:**

As part of the 2017 Budget, agency consumer price index (CPI) indexation was reduced to nil in 2017-18, 1.5 per cent in 2018-19 and 2.5 per cent per annum thereafter. Table 1 outlines the expected savings.

As part of the 2018 Budget, CPI indexation was further reduced to 1 per cent in 2018-19, 2 per cent in 2019-20 and 2.5 per cent per annum thereafter, consistent with updated economic forecasts. Table 1 outlines the expected savings.

**QUESTION 4:**

On 24 July 2018, the Territory Government approved the implementation of a position freeze within the Northern Territory Public Service effective 1 August 2018. The position freeze required agencies to seek approval to undertake recruitment that would result in a new position being created (recruitment could still be undertaken to fill existing vacant positions).

The position freeze was superseded by a staffing cap announced on 12 March 2019. The staffing cap, including a cap on executive positions, has been set at agencies' 2018 annual average staffing levels over 2018 (total 21 118 FTE). This is around 300 FTE fewer than actual staffing numbers as at January 2019.

Agencies that exceed the cap will require approval to undertake any recruitment. The cap is not intended to impact critical frontline positions, however recruitment to these positions will need to be offset by efficiencies elsewhere to ensure the overall objective of capping staffing numbers is achieved.

**QUESTION 5:**

The additional efficiencies from government owned corporations referenced in the media release refers to savings from Territory Generation. As per its 2018- 19 Statement of Corporate Intent, Territory Generation has developed a formal work plan and identified operational efficiencies across its power stations and the re-organisation of its corporate services. Table 1 outlines the expected savings.

**QUESTION 6:**

As part of the 2018 Budget, a review of grant arrangements, including indexation and utilisation, was undertaken by the Territory Government. Table 1 outlines the expected savings from the review.

On 17 October 2017, Government announced development of GrantsNT, an online portal to streamline and assist Territorians and organisations to apply for grants. The new portal went live on 1 November 2018 and will be fully rolled out in line with agency grant program cycles. No savings are associated with this system.