



RESEARCH NOTE

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The Changing Size of the Commonwealth Public Service

Fewer than 150 000 people are employed in Commonwealth Government departments and agencies.

At June 1995 (and therefore before the recent cutbacks to the Commonwealth Public Service were announced) there were 146 200 *Commonwealth public servants* i.e., persons employed under the authority of the *Public Service Act 1922*.

These do not represent *total Commonwealth employees* however, as there are a further 217 200 employees of Commonwealth business enterprises (eg. Telstra) and Commonwealth administered universities. More than half (53 per cent) of all Commonwealth public servants are employed by just four agencies, viz. Departments of Social Security, Defence, Employment, Education and Training¹ and the Australian Taxation Office.

Commonwealth public servants account for less than one in ten public sector employees and represent only 1.8 per cent of total employed persons in Australia.

The great majority of public sector employees are employed by State Governments, outnumbering Commonwealth employees by almost three to one.

	Employment, June 1995*	
	Number	% of Total
Commonwealth Govt depts and agencies	146 200	1.8
Commonwealth business enterprises	217 200	2.6
Total Commonwealth	363 400	4.4
State Government	1 064 100	12.9
Local Government	155 800	1.9
Total Public sector	1 583 300	19.1
Private sector	6 690 300	80.9
Total employment	8 273 600	100.0

* In some cases, figures are as at March 1995 due to the unavailability of June figures.
Sources: Department of Finance, APS Statistical Bulletin; ABS, Employed Wage and Salary Earners (6248.0); ABS, The Labour Force (6203.0).

Most Commonwealth public servants are based outside Canberra.

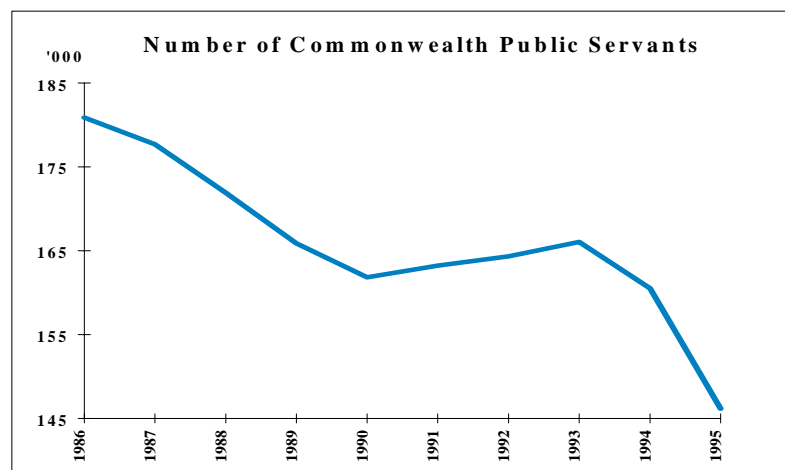
Although Canberra has the largest concentration of Commonwealth public servants of any State or Territory (28 per cent of the working population are Commonwealth public servants) less than one in three Commonwealth public servants are actually based in Canberra. In 1995, 101 600 Commonwealth public servants had jobs outside Canberra compared with 44 500 working in Canberra.

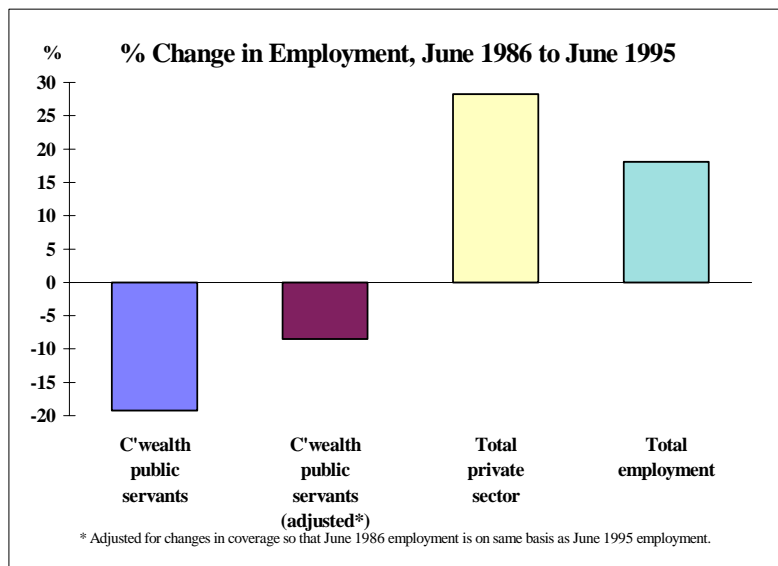
Of those public servants working outside of Canberra, the majority are in capital cities. A significant

number however, are based in regional centres. Exact figures are difficult to obtain but a rough estimate is that at least 15 per cent of Commonwealth public servants outside Canberra are based in regional centres².

Employment has been falling in the public sector but rising in the private sector.

The number of Commonwealth public servants has fallen sharply by 34 700, or 19 per cent, between 1986 and 1995. (In terms of the real wages bill of the Commonwealth Budget sector however, the fall has been much less at just 9 per cent over the period.) This compares with a 12





per cent fall in total public sector employment and an increase of 28 per cent in private sector employment.

Several factors can account for the decline in the number of Commonwealth public servants: the abolition of Commonwealth functions; the transfer of Commonwealth functions to other Government or private bodies (i.e., coverage changes under the *Public Service Act 1922*); improvements in productivity; and the increased use of consultants³ to undertake work previously performed by public servants. Of these factors, only coverage changes under the Act (e.g., the transfer of Commonwealth public servants to the ACT Government Service) can be separately identified and between 1986 and 1995 this accounted for a net reduction in

staff of 21 100. The fall in public service employment due to all factors other than coverage changes was therefore 13 600, or 8.5 per cent, over the period.⁴

Scope for reducing Government outlays through Public Service staff cuts.

The estimated wages bill (including Budget funded superannuation contributions) to be paid from the Commonwealth Budget sector in 1995–96 is somewhat less than \$6 billion, or approximately 4¾ per cent of estimated total Budget outlays.

As such, the scope for Budget savings from public service staff cuts is limited. For example, a uniform 10 per cent cut in public service employment would yield the Government a budget saving in direct labour costs of almost

\$600 million, or less than half of one per cent of total Budget outlays. The \$600 million figure however, represents gross saving and against this should be offset the cost of redundancy packages, retraining of retrenched staff, social security payments to retrenched staff, contracting out of services abandoned by the public sector, compensation to the States for functions transferred to them, and so on. In net terms therefore, Budget savings resulting from public service staff cuts could be quite small. Significant savings will only be made through the elimination or transfer of Commonwealth programs, with the impact on public service numbers being an adjunct to this process.

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¹ Renamed the Department of Employment, Education, Training and Youth Affairs on 8 March 1996.

² The estimate was based on location of Departmental staff data supplied by the Departments of Social Security, Employment, Education and Training and the Australian Taxation Office. These Departments together account for almost all regional office employment in the Commonwealth Public Service.

³ Service-wide figures are not available but individual departmental figures show a substantial increase in consultancy expenditure. For example, expenditure on consultants by the Department of Defence increased from \$1¼m in 1985–86 to \$53m in 1993–94; falling to \$13m in 1994–95. Expenditure on consultants by the Department of Finance was less than \$½m in 1987–88 compared with \$12m in 1994–95.

⁴ Total staff employed under the *Public Service Act* at June 1986 180 893
 Less reductions in coverage July 1986 to June 1995 26 069
 Plus additions to coverage July 1986 to June 1995 4 962
 Equals 159 786
 Total staff employed under the *Public Service Act* at June 1995 146 165
 Change in staff numbers June 1986 to June 1995 after adjusting for coverage changes 13 621