

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

4 – 6 June 2013

Question: BET 76

Topic: Public Service Cutbacks

Hansard Page: Thursday 6 June 2013, Page 38

Senator WATERS asked:

Senator WATERS: Indeed. As a result of the Public Service cutbacks in 1996 and their effects on the ACT economy, I understand that there was a fall in demand by about two per cent in the June quarter of 1996. Correct me if I am misinformed about that. Is there a risk that sharp cutbacks in Public Service employment could damage the ACT economy in the short to medium term?

Dr Gruen: I am not sure that we have 1996 data with us, but, as a general proposition, a significant decline in public sector employment in the ACT would have a commensurate effect on the ACT economy. I am not in a position to quantify it here, but, given the general proposition that a significant share of the ACT economy is the public service, it follows that, if you had a significant decline in the number of people working here in the public sector, that would have an impact on the ACT economy.

Senator WATERS: Are you in a position to go further into what you would consider a significant decline in numbers that might cause that outcome? What kind of proportion would we be talking about?

Dr Gruen: We could take the question on notice. I suspect it is a matter of public record how many public sector workers there are in the ACT. I do not have that number in my head.

Senator WATERS: No, nor do I.

Dr Gruen: I am sure it is a matter of public record.

Senator WATERS: Again, if you could reflect on the quantum or proportion of cuts that you think might have those sorts of economic outcomes—

Dr Gruen: Sure. I am happy to take that on notice.

Senator WATERS: Thanks very much, Dr Gruen.

Answer:

In the June quarter of 1996, State Final Demand in the Australian Capital Territory (ACT) fell by 2.3 per cent. In 1996-97, total employment in the ACT fell by 2.2 per cent.

The definition of a public servant is not closely aligned with the classifications in the Australian Bureau of Statistics labour statistics, however in 2011-12 there were around 64,200 people employed in 'Public administration and safety', accounting for around 30 per cent of ACT employment. This figure does not include public servants in industries that straddle both the public and private sectors such as Healthcare and social assistance and Education and training.

The impact on the ACT economy of any potential public sector cutbacks would depend on a number of factors such as the availability of employment in other industries, suitable skills and qualifications, and interstate labour mobility.