



**Treasurer  
Minister for Finance**

21 NOV 2013

Mr Tony Shepherd AO  
Chair  
National Commission of Audit  
c/o Department of Finance  
John Gorton Building  
King Edward Terrace  
PARKES ACT 2600

Dear Mr Shepherd *TS*

Further to the Terms of Reference for the National Commission of Audit ("The Commission") I am writing to provide guidance to the Commission on the Government's approach to public sector resourcing.

As you may be aware, recent advice from the Department of Finance has shown that the former Government's policy settings and savings measures were expected to result in around 14,500 total job cuts across the public service.

These reductions were largely untargeted, making no distinction between higher or lower priority areas of spending and having no regard to the financial health of different parts of government.

In contrast, our Government will ensure that any staffing reductions we implement will match the reforms we make to the size and shape of government flowing from the Government's consideration of the Commission's work.

Accordingly, I request that all of the Commission's proposed reforms are based on effective staffing and that these are linked to efficient services.

The Government's approach is that public sector reductions must be done responsibly through deliberate choices about priority areas, the proper functions of government and the opportunities to reform the way we can deliver services.

Yours sincerely

HON. J. B. HOCKEY MP

SEN. THE HON. MATHIAS CORMANN

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*Tabled 15/1/14  
Select Committee  
into AG CoA  
by Mr T. Shepherd  
A*