



JOB CUTS = SERVICE CUTS



WHERE HAS THE PUBLIC SECTOR GONE?

1980-2003: THE THIRD DEGREE

The table below shows the size of the NSW resident population compared to the size of the NSW public sector workforce from 1980 to 2003, the variation in the figures from 1980 to 2003 and the proportion of public sector employees per 1000 head of population over that period

	1980	2003	VARIATION
Total NSW public sector FTE ¹ employment	321,732 ¹	291,264 ¹	-30,468 (9.5%)
Total NSW population ¹	5,171,527	6,682,053	+1,510,526 29%
Per 1000 head of population	60	40	-20 (33.3%)

¹ FTE – Full Time Equivalent – a standardised way of describing the size of the workforce based on the total number of ordinary time paid hours worked

¹ Figure obtained from a retrospective Table provided in the NSW Budget Papers 1986-87, Budget Paper No. 2:p198)

¹ Figure as at June, obtained from the NSW Premiers Department *Overview Report for the NSW Public Sector Workforce Profile 2003*: p8).

¹¹¹ ABS Cat No.3105.0.65.001 Australian Historical Population Statistics, Table 3

In overall terms over a period of 23 years, NSW public sector employment levels have sustained a cut of nearly 10% whilst the State’s population has grown by almost one third. From 1980 to 2003, public sector employees per 1000 head of population has dropped from 60 to 40, or a third less than in 1980.

Other indicators of employment decline

In the intervening years from 1980 to 2003, there have been fluctuations up and down, with an exceptional movement downwards during the years of the NSW Coalition Government’s edict of “small Government”.1988-1995. The Coalition Government’s first Budget (1988-1989) was delivered by the new Premier/Treasurer Nick Greiner. In his Budget Speech he made clear the new Government’s intentions regarding the public sector:

If the NSW Government is to grow and prosper, if we are to continue to use the organs of government to deliver basic services, then we must cut away the waste, overhaul the inefficient work practices and put the State's finances on a sound long-term footing.

It remains to be seen how cutting 50-60,000 jobs from the sector in "big bang" fashion could lead to improved services. This often meant contracting out the work of public servants and transferring them off to the contractor as a job lot eg the Government Cleaning Service which did not improve the service, in fact quite the reverse. Alternatively many public sector organisations were sold off outright and consultants and the corporate sector made a killing. The Coalition Government merely privatised the "waste and mismanagement", without accountability!

During these years (1988-1995) there were massive cuts to NSW public sector employment of some 15% which translated to a cut in FTE levels/jobs of 50-60,000. Meanwhile, over the same period, the size of the NSW population rose 7% as the Table below demonstrates:

	1988 Jun	1995 Jun	Variation
NSW PUBLIC SECTOR FTE	318,292	279,600	38,692
ABS POP	5,707,309	6,126,981	419,672 7%
P/s employment:1000 Head of pop.	55.8	45.6	-10.2

The June 1988 and 1995 figures come from the annual Budget Papers (Budget Paper No. 2 for 1989-1990 and 1996-1997 respectively). There was however a series of other Treasury publications on public sector employment statistics produced quarterly, which recorded the June 1988 figure as a much higher 328,049, adding an extra 10,000 to the downturn of 38,692 in public sector employment. The difference in the reported figures reflect the tendency for Treasury to retrospectively revise figures in subsequent publications. At a broad level of total employment variations over the long term they do indicate the general trend which is a sustained drop in public sector employment levels.

Under the Coalition Government, the Budget Papers record with a sense of achievement the race to the bottom of public sector employment levels when NSW is compared to the other States:

Budget Papers 1988-1989

In December 1987 NSW and Queensland both had 65 State Government employees per 1000 head of population, compared with an average of 71 employees in all States and an average of 81 employees in the four least populous States

Government employment in NSW grew by 3.7% between June 1983 and March 1988. By contrast, Government employment in the other five States rose by 8.4% and in the Commonwealth by 6.8% over this period...

Budget Papers 1989-1990

In December 1988 NSW had 63 State public sector employees per 1000 head of population compared with 61 in Queensland, an average of 70 employees in all States and an average of 80 employees in the four least populous States.

Public sector employment in NSW fell by 0.3% per year between June 1984 and March 1989. By contrast public sector employment in the other States rose by 0.8% per year and in the Commonwealth by 0.2% per year, over this period.

Budget Papers 1990-1991

In December 1989, NSW had 61 employees per 1000 head of population, the lowest of any State. The level was followed closely by Queensland and the ACT.

...Growth in NSW public sector employment over the last five years has been subdued, with a decline in employment from June 1988 to March 1990. This compares with an upward trend in employment growth for the other States

By 1996/1997 the proportion of public sector employees per 1000 head of population had dropped to 53.8. (As at June 2003 the figure is 43.)

Later Budget Papers record with a sense of detachment the accepted fact that the Government sector had shrunk in terms of the overall population

Budget Papers 1997-1998

...Expressing the level of State public sector employees relative to State population further emphasises the reduction since 1991 as it shows that a significantly smaller proportion of the population is now providing State government services.

Contemporary

In 1999 the NSW Premiers Department re-established a more accurate census of public sector employment: the NSW Public Sector Workforce Profile. A series of "Overview Reports" (1999-2004) compared to the ABS population statistics documents the employment trends over that period thus:

	1999	2000	2001	2002	2003
NSW PUBLIC SECTOR FTE	272,863	270,688	283,099	284,610	283,689
ABS NSW POP	6,411,370	6,486,213	6,575,217	6,634,110	6,682,053
P/s employment:1000 Head of pop.	42.6	41.7	43	42.9	43.6

The above figures support the observations in recent NSW Government publications that NSW public sector employee numbers have fluctuated, but "not changed to any great extent":

Over the last eight years while State Government employment has decreased as a proportion of employment in New South Wales, public sector employee numbers have fluctuated, but not changed to any great extent.

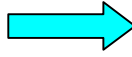
The pattern is consistent with a national trend since 1985 for general government employment to decline as a proportion of total employment, a trend shared by countries such as New Zealand, the United Kingdom and Germany. (2000 Overview Report: p4).

In a similar vein the NSW Council on the Cost and Quality of Government has noted that:

The General Government Sector/Workforce

Staffing is the largest input and cost driver in the general government sector, with the areas of health and education accounting for almost 70 percent of the sector's workforce. NSW general government sector employment grew from 240,007 full time equivalent (FTE) staff in 1997/98 to 245,922 in 2001/02, an increase of about 2.5 percent. In the same period the overall number of people employed in NSW (including part-time workers) grew by 8.8 per cent while the number of full-time workers in NSW grew by five percent. (NSW Council on the Cost and Quality of Government, [Overview of NSW Government Services 1997 – 2002](#), p18; 15.9.04 from http://www.ccqg.nsw.gov.au/Site07Jul2004/performance_reports/OverviewOfGovtServices/1997-2002/Chapter%205.pdf at

Other indicators of NSW public sector employment decline are provided in the NSW Workforce Profile series (1999-2004). This relates to the size of the NSW public sector workforce as a proportion of the total NSW labour force:

YEAR END JUNE	FTE i) Year Average	FTE ii) As at June	TOTAL P.S. EMPLOYEES AS @JUN 	PROPORTION OF THE NSW TOTAL LABOUR FORCE
1999	N/a	272,863	330,380	11.3%
2000	N/a	270,688	324,345	11.7%
2001	283,099	N/a	336,251	10.98%
2002	284,610	282,896	339,372	10.92%
2003	283,689	291,264	343,847	10.3%
2004	288,393	291,701	356,598	10.6%

Having established the indisputable fact of the shrinkage of the NSW public sector workforce in real numbers, and relative to both the total NSW labour force and population, it is noted that the demands on the workforce have increased. It now has to grapple with new challenges in an increasingly complex environment of service delivery to a growing and increasingly ageing population. The bulge of the baby boomer demographic is acknowledged by all jurisdictions as one of the major future challenges.

A NSW Premier's Department publication, *NSW Public Sector Workforce Planning Strategic Framework and Action Plan 2004-2006 (July 2004:p12, refer notes the changing nature of the role of the public sector:*

It is generally recognised that the public service is operating in a more complex environment, where the capacity to deal with ambiguity, multiple accountabilities and change is essential. An ongoing need is to develop capability for public sector employees to move beyond the boundaries of particular agencies and traditional hierarchical accountability structures. It requires an emphasis on negotiation, communication and leadership skills and a culture where innovation and forward thinking policy and service development are rewarded. (2004: p 12)

The ageing workforce is acknowledged by the NSW Public Employment Office to have industrial relations implications. (2004: p14) in that there will be labour shortages leading to a more competitive labour market. In this view there is agreement from the Commonwealth: that the future public sector will also have to deal with an ageing population and a shrinking workforce relative to that population. The Australian Public Service Commission in a recent publication - *The Australian Experience of Public Sector Reform, (Commonwealth of Australia 2003: p164; & 165 stated that::*

Given Australia's demographic changes in which the size of the working population will decline in relation to the total population, the public sector will face increasing competition for new entrants and pressures to retain its skilled employees. It will need to be more active and systematic in planning its workforce, identifying its skill and capability needs, and using performance management, career planning, recruitment policies and structured learning and development initiatives to ensure these needs are met.