



**PRIME MINISTER**

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NEW PUBLIC SERVICE AND STATUTORY AUTHORITY STAFF CEILINGS

As a result of recommendations made to me by the Public Service Board, by the Treasury and by my own Department, further revised staff ceilings have been approved for the Public Service and for Statutory Authorities financed wholly or partly from the budget.

These ceilings have been set taking fully into account the services that must be supplied to the Australian public.

They represent staff levels which the three departments believe to be appropriate in the light of decisions so far taken by the Government for the efficient and economic performance of the functions of the Commonwealth.

On 23 December the Treasurer announced immediate measures to restrain Commonwealth Government spending which indicated the Government's then intention to hold staff ceilings at the level they had reached at the end of November last year.

As a result of the searching reappraisal of priorities and programs already made, the Government believes it is now practicable to reduce staff ceilings further.

The total of such employment, including employment under the Public Service Act, to be reached by June 30 will now be 326,558.

This total represents a reduction of 17,480 on the level of employment which would have been reached under ceilings set by the previous Government for departments and authorities (including the Parliamentary Departments) which had previously been the subject of staff ceilings.

Employment under the Public Service Act would have increased by 2.8 per cent during the current financial year as a result of a decision by the previous Government.

Instead there will now be a reduction compared with July 1 last year of 3.3 per cent. This will result in approximately 9,800 fewer Public Service Act staff at June 30 than would have been the case if employment had risen by 2.8 per cent.

The wage and salary savings represented by this depends on a number of variables, such as the rate of increase that would have occurred, and the rate of decrease that will now take place.

A precise figure thus cannot be put on the savings, but they would be of the order of \$20 million during this financial year and over a full year on current average pay rates there would be a saving of some \$80 million dollars, with significant additional savings on overheads.

In the case of employment in those statutory authorities for which ceilings were set by the previous Government there will be approximately 7,680 or 4.5 per cent fewer staff at June 30 1976 than would have been the case. The wage and salary savings in this diverse area is not as readily identifiable as in the area of employment under the Public Service Act.

I am writing to all Ministers informing them of the importance placed on maintaining the revised ceilings in reducing overall Commonwealth expenditure.

Departments and authorities are expected to reach their revised staff ceilings by processes of natural wastage such as retirements and resignations.

Ministers and the Public Service Board have been asked to keep me informed as to any difficulty encountered in achieving the ceilings by June 30.

The Public Service Board, the Treasury and my own department are being asked to review further the revised staff ceilings in the light of additional information coming to hand in the weeks ahead, as the result of the Government's ongoing review of expenditure, and to bring forward suggestions of further reductions in such revised staff ceilings where appropriate.

The new levels for Public Service Act and statutory authority employment have been made necessary by the enormous and unreasonable growth of the public sector over the past three years. As evidence of this, at the end of December 1972 the Public Service totalled 134,465. This was exclusive of the Postmaster-General's Department which had a staff of 119,709 at the time and of statutory authorities.

At June 30 1975 the Public Service had reached 160,177 and would have gone on to reach 164,650 at June 30 this year if policies which then existed had continued. This is a growth of over 25,700 or 19 per cent in 2½ years in employment under the Public Service Act alone.

The new level for June 30 1976 will be 154,881 in Public Service Act employment and 171,677 for statutory authorities outside the Public Service Act and wholly or partly dependent on the Budget.