

THE IMPACT OF STAFF CEILINGS
ON THE AUSTRALIAN PUBLIC SERVICE

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A Thesis submitted for the degree of
Master of Arts
of the Australian National University

July, 1983

This thesis is my own work and all sources used have
been acknowledged.

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ACKNOWLEDGEMENTS

In the completion of this study, I have incurred many debts of gratitude to a number of people and institutions. My sincerest thanks are to Dr Thomas B. Smith, friend and supervisor, who inspired me to undertake this study and whose thoughtful and apt advice throughout the project made it possible for me to complete this work. I am also grateful to Dr Patrick Weller for his occasional advice and help. I was also given help by many public servants who must remain anonymous. I owe gratitude to all of them.

The Administrative and Clerical Officers Association (ACOA) helped me in the collection of data for which I am highly grateful. I am particularly thankful to Sandra Ellims, Richard Doyle, P.A. O'Brien, and David Bunn.

I had the opportunity to present some of the prominent research findings of this study in a seminar in the Department of Political Science, Faculty of Arts. I am thankful to the Department for providing me this opportunity and to the participants of the seminar for their valuable comments.

Finally, I owe a debt of gratitude to my wife, Shahnaz, and daughter, Sahar, whose love sustained me throughout the study.

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CHAPTER I

INTRODUCTION

Staff ceilings have played a central role in regulating the size of the Australian Public Service since 1971. They have been in force throughout 1971-83 apart from two short periods: December 1972-June 1973 and January 1975-June 1975. Prime Minister Gorton imposed staff ceilings in February 1971 to limit the growth of the Public Service. The immediate reason was to curtail the public sector spending to curb inflation. Since then, successive governments, including the Whitlam-Labor Government, have applied staff ceilings as the principal measure to limit the Public Service growth. Judging from its influence on the management of human resources in the public sector and the consequential developments which have taken place in the Service, the introduction of staff ceilings can be viewed as one of the most significant administrative developments in the Australian Public Service in recent time. Staff ceilings have not only affected the growth of the Public Service but have also influenced its entire range of activities and operations. The administrators have been forced to think in terms of introducing organisational changes in the face of declining human resources. The rearrangement of priorities has taken place, although mainly as a consequence of pressure rather than of explicit decision. Competition amongst the public sector managers for sharing the limited resources has forced them to think of new management strategies. From the political standpoint, the staff ceilings have been used to satisfy an electorate which has increasingly become critical of the bureaucratic growth in recent years as a result of higher and higher

tax burden, rising inflation and increased bureaucratic intervention and 'intrusion' in their lives. The Whitlam Labor Government used staff ceilings as a measure to curtail public sector expenditure to contain inflation whereas the L-NCP coalition Government since 1975 have used staff ceilings as an important tool to reduce the size of the public sector in line with their philosophy of 'small government'. Although the Australian Labor Party consistently criticised the imposition of staff ceilings in the way they have been applied in the Service by the Fraser Government throughout 1975-83 period, the Hawke-Labor Government has not abandoned them. They also see some virtue to control an 'ever-growing government bureaucracy'. All these factors provided a positive motivation to undertake the present study.

The size and role of the public sector have become an issue of public debate in recent years.¹ A number of other Western countries, due to general criticism against 'big government', are also pursuing policies to reduce the size of their public sector and the size of their public bureaucracies. President Reagan in United States (since 1980) and Prime Minister Thatcher in Britain (since 1979) have been endeavoring to curtail the public sector growth. Japan has followed a policy of restraint on the growth of public employees since the 1967 financial year. In the United States, the strategy involves mainly applying funding cuts to the public sector organisations. Prime Minister Thatcher has applied funding cuts in conjunction with staffing cuts.

Japan has approached this question in a more planned way by enacting in May 1969 the 'Total Staff Number Law', stipulating the upper limits of the number of non-industrial staff of the ministries and

agencies. According to this law, the overall staff numbers of the employment area subject to this law cannot exceed the level reached at the end of 1967 financial year. Significant reductions in the public service in Japan have been achieved by following Personnel Reduction Plans. Currently Sixth Personnel Reduction Plan (1982-86) is in force and it envisages a reduction of 5 percent during the plan period. The Personnel Reduction Plan is approved by the Cabinet and 'is implemented by each ministry and agency through a rigorous and exhaustive review and study of their own operations'.²

The published research on the impact of staffing restraints in the public sector organisations to date is rare. The limited body of research studies available is mainly concerned with the funding cutbacks in the United States of America. The scarcity of literature on the cutback management is generally recognised. Jick and Murray, for example, on the basis of the review of the 'existing literature on organisational decline in public sector organisations' wrote in 1982: 'In spite of the pervasiveness of funding cutbacks in many public sector organisations since the early 1970s, however, there has been surprisingly little published research on how such organisations respond to externally imposed budget reductions'.³ In respect of impact studies, they wrote: 'There are as yet no longitudinal studies which trace the impact on public sector organisations of prolonged and severe reductions in funding'.⁴ Britain's experience with cutback management spreads over a relatively short period. Research studies on the impact of Prime Minister Thatcher's measures to reduce the size of the Public Service, excepting a few general articles about what

measures have been taken by Thatcher Government to achieve its objective of reducing the size of the public sector, is non-existent.

In Australia, although the staff ceilings have been applied in the Public Service since 1971, only one published paper is available which mainly describes the implementation process, tracing the historical developments in the systems and procedures to implement staff ceilings up to July 1975, developing some arguments for and against the staff ceilings and making some general references about the impact of staff ceilings on the Service. This paper was prepared by Kenneth Wiltshire for the Royal Commission on Australian Government Administration (1976) and is published in the Appendix, Volume One, of the Royal Commission's Report.⁵ Wiltshire's original paper on "Staff Ceilings" also contained some short case studies detailing the impact of staff ceilings on some organisations, but that part of the paper was not published. Another relatively more detailed study on the impact of staff ceilings on two Commonwealth Departments (Foreign Affairs, and Immigration and Ethnic Affairs) was conducted by Public Service Board's research staff (Patrick Weller and Alan Smart) in 1978.⁶ Two more papers by the Board's staff; 'Forward Staffing Estimates: Background and Implication' by Patrick Weller (1978),⁷ and 'Forward Staffing Estimates: Performance and Prospects' by Patrick Weller and A.M. Georges (1978)⁸ complete the list of research studies on staff ceilings conducted in Australia so far.

The present study is an attempt to assess the impact of staff ceilings on the Australian Public Service. Five organisations selected

for detailed study are: Department of Social Security, Department of Capital Territory, Australian Taxation Office, Environment Division of the Department of Home Affairs and Environment, and Australian Development Assistance Bureau. They were selected on the basis of a number of factors: size; growth rate; type of functions (for example, revenue, policy orientation, routine, service, etc.); nature of industrial relations; stability in terms of transferring in and out of functions or change in Administrative Arrangements, organisational and structural changes; organisational status, (eg. independent Department, autonomous, semi-autonomous, or integrated unit of an organisation). In respect of each organisation five general areas were examined. These include functions, staffing, management practices, capacity to deliver, morale, and industrial relations. To set the scene for an in-depth study of these organisations, an examination of the effectiveness with which the successive governments since 1971 have implemented the policy of staff ceilings and the development of systems and procedures designed to implement staff ceilings precedes the in-depth analysis of the selected organisations.

The sources of information for this study are the Annual Reports of the Public Service Board, Parliamentary Debates, Annual Reports of the selected organisations, Auditor-General's reports, various other Commonwealth Government publications, correspondence between the Departments and the Public Service Board or between the Public Service Board and the Prime Minister, internal memoranda and the minute papers of the organisations including that of the Public Service Board, correspondence between the organisations and the Public Service Associations particularly Administrative and Clerical Officers Association

(ACOA), ACOA correspondence between the Prime Minister, Ministers and the Public Service Board, organisations' internal reports, reports of various types of management and staffing reviews conducted by the organisations individually or in collaboration with Public Service Associations or Public Service Board or by outside consultants. The unpublished information was collected from the organisations, Public Service Board, and from the files of the ACOA. Interviews were also held with the concerned officers in the selected organisations and the Public Service Board. Relevant published research work, whatever little was available, and newspaper reports, etc. also have been used.

The problems faced in collection of data can be imagined from the type of information sources identified above. The research into the contemporary administrative issues and policies is fraught with innumerable difficulties. The public servants by training are secretive, cautious, and suspicious. No one likes to be quoted. They may be afraid of the repercussions, in many cases quite justifiably. To find contacts and then create rapport with them looked like an unsurmountable problem initially. Repeated assurances that their names would not be mentioned, persistent persuasion, and perseverance, however, paid some dividends.

The cooperation received from the organisations also differed, which is partly reflected by the space devoted to each organisation. The size, nature of problems faced by individual organisations, and the general organisational environment are, of course, the main considerations in the allocation of space for them in the Thesis. The Department of Social Security, in the light of above considerations,

has been examined in a separate chapter.

The study is divided into seven chapters. Chapter I provides a general introduction to the study. Chapter II presents an overview of the Australian Public Service by discussing prominent statistical changes which have taken place in the Service since 1970. Chapter III examines the effectiveness with which successive governments in Australia since 1970 have implemented the policy of staff ceilings in the Public Service. Chapter IV discusses the process of implementation of staff ceilings by tracing historical developments which have taken place since February 1971 in the systems and procedures to implement the staff ceilings. It indicates the main factors which have affected these developments and discusses the variation in staff numbers subject to the ceilings control. The present system of implementation of staff ceilings (as at March 1983) has also been outlined in this Chapter. Chapter V examines the impact of staff ceilings on the Department of Social Security. Chapter VI assesses the impact of staff ceilings on four organisations: Department of Capital Territory, Australian Taxation Office, Environment Division of the Department of Home Affairs and Environment, and Australian Development Assistance Bureau. Chapter VII concludes the study by deriving general conclusions from the findings of the study.

NOTES

1. For a detailed analysis of the causes of expansion of the public sector and the public bureaucracy, the fears aroused by the enlargement of administrative state, and the proposals made to harness the 'big government', See, Gerald Caiden, "The Challenge to the Administrative State", Policy Studies Journal, Vol.9, No.8, Special 4, 1980-81, pp.1142-1152.
2. The Administrative Management Agency, "Staff Number Control in Japan", International Review of Administrative Sciences, 2, 1982, p.160.
3. T.D. Jick, V.V. Murray, "The Management of Hard Times: Budget Cutbacks in Public Sector Organizations", Organization Studies, 3, Issue 2, 1982, p.141.
4. Ibid., p.163.
5. Kenneth Wiltshire, "Staff Ceilings", Report of Royal Commission on Australian Government Administration, Appendix Volume One (Canberra: Australian Government Publishing Service, 1976), pp.113-145.
6. Patrick Weller, Allan Smart, The Impact of Staff Ceilings, Public Service Board Research Section Project Papers, [1978].
7. P.M. Weller, Forward Staffing Estimates: Part I, Background and Implication, Public Service Board Research Section Project Papers, No.75, September, 1978.
8. P.M. Weller, A.M. Georges, Forward Staffing Estimates: Part II, Performance and Prospects, Public Service Board Research Section Project Papers, [1978].

CHAPTER II

AN OVERVIEW OF AUSTRALIAN PUBLIC SERVICE, 1970-82

This chapter seeks to present and analyse significant statistical trends and changes which have occurred in the Australian Public Service since June 1970. The topics covered are: Departmental Structures; Size and growth of Australian Public Service; Composition of Public Service Act employment; Civilian employment by sector, 1954 - 1982; and Number of public servants in relation to the population.

DEPARTMENTAL STRUCTURES

Continuous change in the departmental structures has been a prominent feature of the Australian Public Service during 1970-82. During this period, 43 departments were abolished, 42 created and 26 were renamed. Appendix A gives the details of these changes. In addition, a number of statutory authorities were created or abolished. The Attorney-General's Department is the only exception which has existed during 1970-82 period without undergoing abolition or recreation or a change in name. Moreover, the transferring of Commonwealth functions between departments had been an ongoing process and even the Attorney-General's Department was no exception in this regard. Significant amount of time, resources and efforts of the Service were consumed by these processes during all these years. Appendix A gives the details of name change, abolition, or creation of new departments since 1970. These changes have made it extremely difficult to have a comparative study of the allocation of human resources to various departments over the years.

SIZE AND GROWTH OF AUSTRALIAN PUBLIC SERVICE

The employment in the Australian Public Service comprising staff under the Public Service Act and under other Acts, in absolute terms, has increased from 333,881 at June 1970 to 409,565 at September 1982 (Table 2.1). This represents an overall increase of 75,684 or 22.67 percent. Most of this increase occurred during 1970-75, especially during 1972-75, when the Labor Government was implementing its new socio-economic programs. The Australian Public Service increased by 16,666 (4.99 percent) and 53,338 (15.21 percent) during 1970-72 and 1972-75 respectively. The Service experienced a slow growth rate between June 1975 and September 1982, and increased by only 5680 (1.4 percent). This slow growth was partly due the Fraser Government's policy of restraint in the Public Sector and partly due to the transfer of Commonwealth functions to Northern Territory Government and other State Governments, during this period.

Table 2.2 illustrates the magnitudes of annual growth rates since June 1970; the highest being 5.4 percent during 1974-75 and the lowest being minus 2.5 percent during 1975-76. The average annual growth rate during 1970-72, 1972-75 and 1975-82 are 2.49 percent, 5.07 percent and 0.1 percent respectively. The Service has expanded by 0.7 percent in the first quarter of 1982-83 ie. between June 1982 and September 1982.

During June 1970 - September 1982, there have been significant changes in the coverage of staff under various Acts. The staff under the Public Service Act contracted from 70.1 percent of the Australian

TABLE 2.1
AUSTRALIAN PUBLIC SERVICE EMPLOYMENT

Year at June	Public Service Act Staff			Staff under other Acts (B)	Total (C)	A percentage of C	B percentage of C
	Full-time	Part-time	Total (A)				
1970	229,380	4,715	234,095	99,786	333,881	70.1	29.9
1971	237,174	4,852	242,026	102,034	344,060	70.3	29.7
1972	244,361	4,933	249,294	101,253	350,547	71.1	28.9
1973	254,367	5,318	259,685	104,003	363,688	71.4	28.6
1974	266,752	6,653	273,405	109,666	383,071	71.4	28.6
1975	277,455	7,530	284,985	118,900	403,885	70.6	29.4
1976	157,765	2,533	160,298	235,280	395,578	40.5	59.5
1977	154,512	2,512	157,024	237,445	394,469	39.8	60.2
1978	155,995	2,652	158,647	249,289	407,936	38.9	61.1
1979	151,360	2,537	153,897	247,173	401,070	38.4	61.6
1980	150,743	2,679	153,422	248,397	401,819	38.2	61.8
1981	151,761	2,858	154,619	253,458	408,077	37.9	62.1
1982	151,024	2,948	153,972	252,811	406,783	37.9	62.1
Sept							
1982	151,978	2,946	154,924	254,641	409,565	37.8	62.2

Sources: (a) Public Service Act Staff - Public Service Board, Annual Reports, 1970 to 1981-82.

(b) Staff under other Acts - (i) Commonwealth Bureau of Census and Statistics, Employment and Unemployment, Reference No. 6.4, 1970 to 1974; (ii) Australian Bureau of Statics, Employment and Unemployment, Reference No. 6.4, 1975 to 1977; (iii) Australian Bureau of Statistics, Employment and Unemployment, Catalogue No. 6213.0, 1978; (iv) Australian Bureau of Statistics, Civilian Employees, Catalogue No. 6213.0, 1979; (v) Figures for 1980 were supplied by the Australian Bureau of Statistics as these were not published; (vi) Australian Bureau of Statistics, The Labour Force Australia, Catalogue No. 6203.0, June 1981 to September 1982.

TABLE 2.2

VARIATIONS IN AUSTRALIAN PUBLIC SERVICE EMPLOYMENT

Year	P.S. Act		Other Acts		Aggregate	
	No.	%	No.	%	No.	%
1970-71	+ 7931	+ 3.9	+ 2248	+ 2.6	+10179	+ 3.0
1971-72	+ 7268	+ 3.0	- 781	- 0.8	+ 6487	+ 1.9
1972-73	+10391	+ 4.2	+ 2750	+ 2.7	+13141	+ 3.7
1973-74	+13720	+ 5.3	+ 5663	+ 5.4	+19383	+ 5.3
1974-75	+11580	+ 4.2	+ 9234	+ 8.4	+20814	+ 5.4
1975-76	-124687	-43.8	+116380	+97.9	- 8307	- 2.5
1976-77	- 3274	- 2.0	+ 2165	+ 0.9	- 1109	- 0.3
1977-78	+ 1623	+ 1.0	+ 11844	+ 5.0	+13467	+ 3.4
1978-79	- 4750	- 3.0	- 2116	- 0.8	- 6866	- 1.7
1979-80	- 475	- 0.3	+ 1224	+ 0.5	+ 749	+ 0.2
1980-81	+ 1197	+ 0.8	+ 5061	+ 2.0	+ 6258	+ 1.6
1981-82	- 647	- 0.4	- 647	- 0.3	- 1294	- 0.3
Jun82-Sep82	+952	+ 0.6	+ 1830	+ 0.7	+ 2782	+ 0.7

Public Service employment at June 1970 to 37.8 percent at September 1982, whereas that under other Acts has increased from 29.9 percent at June 1970 to 62.2 percent at September 1982 (Table 2.1). At 30 June 1970 the Public Service Act staff numbered 234,095 which decreased to only 154,924 at September 1982. Major reductions in the Public Service Act staffing occurred during 1975-76 when 121,598 staff were transferred to Postal and Telecommunication Commissions established on 1 July 1975. The continued substantial decline from 1976 onwards has been due to the transfer of Public Service Act staff to Northern

Territory Public Service and the impact of staff ceiling restrictions. Table 2.2 details the magnitude of annual variations, in absolute terms, in the Public Service Act employment as well as employment under other Acts.

TABLE 2.3

CHANGES IN PUBLIC SERVICE ACT COVERAGE
1975-82 (FULL-TIME STAFF)

Year		Number
1975-76	-	112810
1976-77	-	611
1977-78	-	282
1978-79	-	5828
1979-80	-	1266
1980-81	+	4
1981-82	-	74

Net reductions 120864

Source: Public Service Board, Annual Reports, 1976 to 1981-82.

Table 2.3 depicts annual variations in the Public Service Act coverage from 1 July 1975 onwards; net reductions in the full-time staff to June 1982 being 120,864. The annual variations in the full-time Public Service Act staff after adjusting for these changes in the coverage since 1 July 1975 are given in Table 2.4 which shows real increases of 14,981 and 33,099 in the full-time Public Service Act staff during 1970-72 and 1972-75 respectively. During June 1975 - December 1982, the employment in this category decreased

TABLE 2.4

VARIATIONS IN EMPLOYMENT (FULL-TIME) UNDER PUBLIC SERVICE ACT, 1970-82

Year	Number	Percentage
1970-71	+ 7794	+ 3.4
1971-72	+ 7187	+ 3.0
1972-73	+ 10006	+ 4.1
1973-74	+ 12385	+ 4.9
1974-75	+ 10703	+ 4.0
1975-76 (a)	- 6880	- 4.2
1976-77 (a)	- 2643	- 1.7
1977-78 (a)	+ 1765	+ 1.1
1978-79 (a)	+ 1193	+ 0.8
1979-80 (a)	+ 640	+ 0.4
1980-81 (a)	+ 1014	+ 0.7
1981-82 (a)	- 663	- 0.4
June 1982-Dec 1982	+ 3064	+ 2.0

(a) Adjusted for changes in Public Service Act coverage.

Sources: (i) Public Service Board, Annual Reports, 1970 to 1981-82.
(ii) Public Service Board, Circular letter No. 81/7563 of
8 March 1983 from the Secretary to all Permanent Heads.

by 2,510. The reductions in the Public Service Act employees occurred in real terms only during three years, ie. 1975-76, 1976-77 and 1981-82, while during the remaining years the Public Service Act staff increased. Table 2.4 illustrates the magnitudes of annual variations in real terms. The Public Service Act full-time staff decreased in real terms by 6880, 2643 and 633 during 1975-76, 1976-77 and 1981-82 respectively. It increased by 1,765, 1,193, 640, 1,014 and 3064 during 1977-78, 1978-79, 1979-80, 1980-81 and June 1982 - December 1982 respectively.

The part-time Public Service Act staff decreased in absolute terms from 4,715 in June 1970 to 2,808 in December 1982, most of the decrease occurred as a result of changes in the Public Service Act coverage. The effect of changes in the Public Service Act coverage on the part-time staff cannot be calculated due to non-availability of relevant information.

COMPOSITION OF PUBLIC SERVICE ACT EMPLOYMENT

Table 2.5 depicts the distribution of full-time Public Service Act staff into the First, the Second, the Third and the Fourth Division since 1970. Over this twelve year period (1970-82), in absolute terms, while the First Division has expanded from 27 to 28, the Second Division from 728 to 1,304 and the Third Division from 61,669 to 66,423, the Fourth Division contracted from 166,958 to 83,369. The proportion of each Division to the total staff has also varied. The number of First Division Officers fluctuated over this period; the highest being 37 in 1973. The proportion of the Second

TABLE 2.5

FULL-TIME PUBLIC SERVICE ACT STAFF: DIVISIONAL COMPOSITION (a), 1970-1982

Year at June	First Division	Second Division		Third Division		Fourth Division		Total
	No.	No.	%	No.	%	No.	%	No.
1970	27	726	0.32	61669	26.89	166958	72.79	229380
1971	26	800	0.34	64779	27.31	171569	72.34	237174
1972	26	856	0.35	67666	27.69	175813	71.95	244361
1973	37	938	0.37	72169	28.37	181223	71.25	254367
1974	34	1143	0.43	75559	28.33	190016	71.23	266752
1975	36	1267	0.46	80521	29.02	195631	70.51	277455
1976	35	1251	0.79	61842	39.20	94637	59.99	157765
1977	31	1222	0.79	61390	39.73	91869	59.46	154512
1978	28	1260	0.81	62980	40.37	91727	58.80	155995
1979	30	1303	0.86	63715	42.10	86312	57.02	151360
1980	30	1344	0.89	65069	43.17	84300	55.92	150743
1981	30	1375	0.91	66278	43.67	84078	55.40	151761
1982	28	1304	0.86	66423	43.98	83269	55.14	151024

(a) Not adjusted for changes to Public Service Act coverage that occurred after 30 June, 1975.

Source: Public Service Board, Annual Reports, 1970 to 1981-82.

TABLE 2.6

FULL-TIME PUBLIC SERVICE ACT STAFF: DIVISIONAL COMPOSITION (a), 1975-82

Year at June	Divisional Group (Excludes First Division)						
	Second		Third		Fourth		Total
	Number	Percentage	Number	Percentage	Number	Percentage	Number
1975	1142	0.73	61889	39.66	93033	59.61	156064
1976	1232	0.82	60457	40.43	87860	58.75	149549
1977	1204	0.82	60023	40.82	85788	58.36	147015
1978	1242	0.84	61653	41.46	85806	57.70	148701
1979	1302	0.87	63503	42.33	85225	56.80	150030
1980	1344	0.89	65068	43.19	84257	55.92	150669
1981	1375	0.91	66277	43.68	84078	55.41	151730
1982 (b)	1304	0.86	66423	43.99	83269	55.15	150996

(a) Adjusted for changes in Public Service Act coverage.

(b) Not adjusted for reduction of the 74 staff from the Public Service Act coverage due to nonavailability of data.

Source: (i) Public Service Board, Review of Major Service Staffing Trends, 1981, Canberra, 1982.

(ii) Public Service Board, Annual Report, 1981-1982.

Division and the Third Division increased from 0.32 percent and 26.9 percent in 1970 to 0.86 percent and 43.98 percent in 1982 respectively. The Fourth Division decreased from 72.79 percent in 1970 to 55.14 percent in 1982.

As has been mentioned in the preceding pages, significant reductions occurred in the Public Service Act staff due to administrative changes. After adjusting for changes in Public Service Act coverage, the proportion of The Second, the Third and The Fourth Division to the total staff at June 1975 was 0.73 percent, 39.66 percent and 59.61 percent respectively. Table 2.6 details the number of officers in each Division and percentage to the total staff after taking account of these changes after 30 June 1975.

The percentage growth in Divisional Groups is given in Table 2.7. The growth pattern for the Second Division was particularly strong between 1970 and 1976, the highest increase being 21.86 percent during 1973-74. The Second Division increased at an average annual growth rate of 9 percent and 16 percent during 1970-72 and 1972-75 respectively. After adjusting for changes in coverage to Public Service Act employment, Second Division staff has increased by 14.2 percent since June 1975 (an average annual growth of 2 percent).

Third Division experienced a moderate growth throughout the period 1970-82. It increased at an average annual growth rate of 4.9 percent and 6.3 percent during 1970-72 and 1972-75 respectively. There were small decreases of 2.3 percent and 0.7 percent during 1975-76 and 1976-77 respectively. From June 1977, it has experienced growth at an average annual rate of 2.1 percent.

TABLE 2.7

ANNUAL VARIATION IN DIVISIONAL GROUPS, 1970-82 (FULL-TIME PUBLIC SERVICE ACT STAFF)

Year	Divisional Group (Excludes First Division)					
	No.	Second %	No.	Third %	No.	Fourth %
1970-71 (a)	+ 74	+ 10.2	+ 3110	+ 5.0	+ 4611	+ 2.8
1971-72 (a)	+ 56	+ 7.0	+ 2887	+ 4.5	+ 4244	+ 2.5
1972-73 (a)	+ 82	+ 9.6	+ 4503	+ 6.7	+ 5410	+ 3.1
1973-74 (a)	+ 205	+ 21.9	+ 3390	+ 4.7	+ 8793	+ 4.9
1974-75 (a)	+ 124	+ 10.8	+ 4962	+ 6.6	+ 5615	+ 3.0
1975-76 (b)	+ 90	+ 7.9	- 1432	- 2.3	- 5173	- 5.6
1976-77 (b)	- 28	- 2.3	- 434	- 0.7	- 2072	- 2.4
1977-78 (b)	+ 38	+ 3.2	+ 1630	+ 2.7	+ 18	0.0
1978-79 (b)	+ 60	+ 4.8	+ 1850	+ 3.0	- 581	- 0.7
1979-80 (b)	+ 42	+ 3.2	+ 1565	+ 2.5	- 968	- 1.1
1980-81 (b)	+ 31	+ 2.3	+ 1209	+ 1.9	- 179	- 0.2
1981-82 (c)	- 71	- 5.2	+ 146	+ 0.2	- 809	- 1.0

(a) Includes the staff of the former Postmaster General's Department.

(b) Adjusted for changes to Public Service Act coverage.

(c) Not adjusted for reduction of 74 staff from the Public Service Act coverage during 1981-82, as detailed figures for different Divisions are not available.

Sources: (i) Public Service Board, Annual Reports, 1970 to 1975 and 1981-82.(ii) Public Service Board, Review of Major Service Staffing Trends, 1981, Canberra, July 1982.

The Fourth Division staff increased steadily until 1975, at an average annual rate of 2.7 percent and 3.8 percent during 1970-72 and 1972-75 respectively. Since 1975, after taking into account changes in Public Service Act coverage, the Fourth Division decreased by 9764 (10.5 percent), at an average annual rate of 1.5 percent.

The imbalance in the growth pattern of various Division Groups experienced from December 1975 onwards is the result of the process of implementation of staff ceilings by the Fraser Government in the Australian Public Service. During 1975-77, the Fraser Government was able to reduce the Public Service Act staff by 9523 in real terms, more than seven thousand of these reductions occurred in the Fourth Division. In the subsequent years while the Second and Third Divisions generally expanded, the Fourth Division staff decreased. Two main causes are recognised for this imbalanced growth. Firstly, the tendency in the departments, also pointed out by the Board, is that they offer lower level positions for abolition and fill higher level positions (Chapter IV). This is understandable under the policy of restraint on staff numbers; the higher classification officer, in general, can be more useful in the face of increasing complexity to administrative and management, and policy advisory functions.

Secondly, under the policy providing for the staff ceilings to be achieved by natural wastage, as in the case of Australian Public Service, the reductions in staff can not be affected in a balanced way. Generally, the staff in their first year of service tend to leave the Service and most of them are at the base grade levels. So at lower

classifications, more people tend to leave the Service. And if there are restrictions on recruitment from outside the Service, the lower levels are bound to contract.

Table 2.8 illustrates the structural changes that have occurred in permanent, temporary and exempt employment categories of the full-time Public Service Act staff during the period 1970 to 1982. The most significant change has been a consistent increase in the percentage of permanent staff. It has increased from 66.5 percent of the total staff in 1970 to 81.2 percent in 1982. On the other hand, both the temporary and exempt categories have decreased from 7.6 percent and 25.9 percent in 1970 to 4.2 percent and 14.5 percent in 1982 respectively.

The permanent staff experienced an average annual growth rate of 6.7 percent during 1970-72 whereas the temporary and exempt categories decreased during the same period at an average annual rate of 10.3 percent and 1.5 percent respectively. During 1972-75, all staff categories expanded. Although the permanent staff increased by a much higher average annual growth rate of 5.9 percent compared to temporary and exempt categories which increased by 0.7 percent and 1.3 percent respectively. During 1975-82, the permanent staff increased by an average annual rate of 1.1 percent, while the temporary and exempt categories decreased by an average annual rate of 7.3 percent and 3.9 percent respectively. Table 2.9 gives the details of variations which occurred in the employment categories during 1970-82. It also clearly illustrates that most of the reductions which took place in real terms during 1975-82, occurred only in the temporary and exempt categories.

TABLE 2.8

COMPOSITION BY EMPLOYMENT CATEGORY (a) 1970 TO 1982 (FULL-TIME PUBLIC SERVICE ACT STAFF)

Year at June	Employment Category						Total
	Permanent		Temporary		Exempt		
	No.	%	No.	%	No.	%	
1970	152634	66.5	17318	7.6	59428	25.9	229380
1971	161531	68.1	16292	6.9	59345	25.0	237174
1972	173012	70.8	13752	5.6	57597	23.6	244361
1973	182020	71.6	13568	5.3	58779	23.1	254367
1974	192125	72.0	12863	4.8	61764	23.2	266752
1975	203592	73.4	14025	5.0	59838	21.6	277455
1976	116077	73.6	10447	6.6	31241	19.8	157765
1977	116082	75.1	9501	6.1	28929	18.7	154512
1978	119634	76.7	8867	5.7	27494	17.6	155995
1979	120703	79.7	6543	4.3	24114	15.9	151360
1980	122380	81.2	5444	3.6	22919	15.2	150743
1981	123546	81.4	5416	3.6	22799	15.0	151761
1982	122653	81.2	6411	4.2	21960	14.5	151024

(a) Not adjusted for changes in the Public Service Act coverage.

Source: Public Service Board, Annual Reports, 1970-1982.

TABLE 2.9

VARIATIONS IN EMPLOYMENT CATEGORIES, 1970-1982

Year	Permanent		Temporary		Exempt		Total
	No.	%	No.	%	No.	%	No.
1970-71	+ 8897	+ 5.8	- 1026	- 5.9	- 83	- 0.1	+ 7794
1971-72	+ 11481	+ 7.1	- 2540	- 15.6	- 1748	- 2.9	+ 7187
1972-73	+ 9008	+ 5.2	- 184	- 1.3	+ 1182	+ 2.0	- 10006
1973-74	+ 10105	+ 5.6	- 705	- 5.2	+ 2985	+ 5.1	+ 12385
1974-75	+ 11467	+ 6.0	+ 1162	+ 9.0	- 1926	- 3.1	+ 10703
1975-76 (a)	- 474	- 0.4	- 2720	- 24.6	- 3321	+10.6	- 6515
1976-77 (a)	- 47	0.0	- 765	- 9.2	- 1722	- 6.1	- 2534
1977-78 (a)	+ 3429	+ 3.0	- 483	- 6.4	- 1260	- 4.8	+ 1684
1978-79 (a)	+ 3705	+ 3.2	- 1137	- 16.0	- 1239	- 4.9	+ 1329
1979-80 (a)	+ 2155	+ 1.8	- 518	- 8.7	- 997	- 4.2	+ 639
1980-81 (a)	+ 1172	+ 1.0	- 23	- 0.4	- 88	- 0.4	+ 1061
1981-82	- 893	- 0.7	+ 995	+ 18.4	- 839	- 3.7	- 737

(a) Figures adjusted for the changes in the Public Service Act coverage.

Sources: (i) Public Service Board, Annual Reports, for 1970 to 1975 and 1981-82.

(ii) Public Service Board, Review of Major Service Staffing Trends, 1981, Canberra, July 1982.

At June 1982, women represented 35.31 percent of the full-time Public Service Act staff. The percentage of women in the full-time Public Service Act staff has consistently increased from 24.9 percent in 1970 to 35.31 percent in 1982. Apart from a substantial increase between June 1975 and June 1976 from 27.1 percent to 31.66 percent, the growth pattern has been moderate and fairly even over the years. The high increase during 1975-76 was the result of transfer of the staff of the former Postmaster General's Department out of Public Service Act coverage.

The increase in representation of women over the twelve year period is very significant in the permanent category of employment where they have risen from 21.26 percent in 1970 to 36.16 percent in 1982. Their representation in the exempt category of staff increased gradually from 23.47 percent in 1970 to 25.20 percent in 1975 and then declined consistently to 22.97 percent in 1982. In the temporary category of employment, their representation fluctuated during 1970-82 period, touching the peak of 61.53 percent in 1979. At June 1970, the percentage of women in the temporary employment was 53.69 percent which increased to 61.41 percent at June 1982. Table 2.10 details the variations in the percentage of women in employment categories since 1970.

The representation of women in Divisional Grouping has also improved over the twelve year period since 1970; the First Division being the only exception as there is still no woman in this Division. Their representation in the Second Division is still paltry 2.22

TABLE 2.10

PERCENTAGE OF WOMEN IN FULL-TIME PUBLIC SERVICE ACT STAFF :
(a) BY EMPLOYMENT CATEGORY, 1970-82

Year	Permanent	Temporary	Exempt	Total
1970	21.26	53.69	23.47	24.29
1971	21.65	54.64	23.52	24.47
1972	22.56	55.64	24.77	24.94
1973	23.05	57.48	24.92	25.32
1974	24.50	59.50	25.19	26.35
1975	25.37	59.94	25.20	27.09
1976 (b)	31.53	55.26	24.29	31.66
1977	32.47	57.67	23.22	32.29
1978	33.47	60.81	22.16	33.03
1979	34.24	61.53	22.58	33.56
1980	34.94	58.23	22.65	33.91
1981	35.54	58.12	22.93	34.45
1982	36.16	61.41	22.97	35.31

(a) Not adjusted for changes in the Public Service Act Coverage.

(b) These significant variations were due to transfer of the staff of the former Postmaster General's Department out of Public Service Act coverage on 1 July 1975.

Source: Public Service Board, Annual Reports, 1970 to 1982.

TABLE 2.11

PERCENTAGE OF WOMEN IN FULL-TIME PUBLIC SERVICE ACT STAFF (a):
BY DIVISIONAL GROUPING, 1970 - 82

Year at June	Divisional Grouping (Excludes First Division)			
	Second	Third	Fourth	Total
1970	0.28	15.53	27.63	24.29
1971	0.13	16.24	27.69	24.47
1972	0.12	16.61	28.28	24.94
1973	0.21	17.84	28.44	25.32
1974	0.35	18.22	29.74	26.35
1975	0.63	19.18	30.51	27.09
1976 (b)	0.96	20.07	39.66	31.66
1977	1.31	20.36	40.68	32.29
1978	1.51	21.31	41.53	33.03
1979	1.69	22.58	42.15	33.56
1980	2.00	23.14	42.74	33.91
1981	2.18	24.08	43.17	34.45
1982	2.22	25.20	43.90	35.31

(a) Not adjusted for changes in the Public Service Act coverage.

(b) The percentage of women substantially increased in various Divisions, particularly in the Fourth Division due to transfer of the staff of the former Postmaster General's Department out of Public Service Act coverage on 1 July 1975.

Source: Public Service Board, Annual Reports, 1970 to 1981-82.

percent. However, the number of women who are Second Division officers has increased from 2 in 1970 to 29 in 1982. Their representation in the Third and the Forth Division has substantially improved. In the Third Division it increased from 15.53 percent at June 1970 to 25.20 percent at June 1982. Similarly, in the Fourth Division, it increased from 27.63 percent at June 1970 to 43.90 percent at June 1982. Significant percentage increase of women in the Forth Division occurred between June 1975 and June 1976 (from 30.51 percent to 39.66 percent) mainly due to changes in the Public Service Act coverage during 1975-76. Table 2.11 illustrates the growth pattern by Divisional Groupings. It is clear from the Table 2.11 that an overwhelming majority of women still work at the lower levels of the Service.

Small gradual increases in the numbers of women in the Australian Public Service can be attributed to a number of factors, including changes to employment practices with regard to women (removal of marriage bar, maternity leave provisions, etc.), greater career awareness among women in the Service and the community generally, improved educational qualifications of women, and so on. The proportion of labour force who are women has also increased from 33.3 percent in May 1971 to 37 percent in May 1981.

CIVILIAN EMPLOYMENT BY SECTOR, 1954-82

This section discusses the relative size and growth of civilian employment in Government and Private sectors. The Government employment comprises employment in the Australian Public Service

TABLE 2.12

CIVILIAN EMPLOYEES (a): BY SECTOR, 1975 to 1982
(THOUSANDS)

(1) Year at June	Government					(7) Private	(8) Total
	(2) Australian Public Service (b)	(3) State	(4) N.T.	(5) Local	(6) Total		
1954					708.7	1996.5	2705.2
1955					736.6	2066.6	2803.2
1956					749.2	2122.6	2871.8
1957					755.6	2151.0	2906.6
1958					774.3	2167.9	2942.2
1959					793.8	2210.9	3004.7
1960					798.9	2327.6	3126.5
1961					824.1	2309.1	3133.2
1962					842.4	2371.1	3213.5
1963					862.5	2452.3	3314.8
1964					883.3	2577.4	3460.7
1965					906.2	2697.9	3604.1
1966	281.5	565.8		99.5	946.8	2937.7	3884.5
1967	295.2	576.1		99.3	970.6	3020.8	3991.4
1968	305.4	592.8		103.8	1002.0	3123.4	4125.4
1969	315.6	608.7		103.0	1027.3	3247.6	4274.9
1970	329.4	623.7		104.9	1058.0	3392.0	4450.0
1971	338.7	755.5		107.4	1201.6	3391.1	4592.6
1972	346.3	781.6		118.3	1246.2	3389.1	4635.3
1973	360.2	803.2		122.9	1286.4	3484.5	4770.9
1974	378.7	839.5		116.7	1334.9	3642.9	4477.8

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1975	398.7	895.9		141.0	1435.7	3494.2	4929.9
1976	391.0	919.5		121.3	1431.7	3501.1	4932.8
1977	388.8	952.5		124.0	1465.2	3471.6	4936.9
1978	402.1	968.2		126.9	1497.2	3424.6	4921.8
1979	395.9	981.8	9.9	127.5	1515.1	3465.9	4981.0
April '80	397.3	988.7	13.9	130.2	1530.1	3500.3	5030.4
1980	396.5	991.3	14.1	129.8	1531.7	(c)	
1981	402.8	1000.2	14.3	130.2	1547.5	(c)	
1982	402.1	1009.3	14.2	133.4	1558.9	(c)	
Sept. '82	404.6	1008.8	13.9	133.3	1560.5	(c)	

- (a) Excludes defence force, employees in agriculture and private domestic service, Papua New Guinea and other overseas employees.
- (b) The employment figures for Commonwealth as shown above differ from the totals of employment under the Public Service Act and other Acts in Table 2.1 because for persons employed under the Public Service Act overseas staff are included, also, some part-time employees are not included in this table to avoid double counting.
- (c) Following the publication of April 1980 figures, the Australian Bureau of Statistics suspended the publication of Civilian Employees series. The comparable figures for Private Sector employment are, therefore, not available after April 1980. For detailed reasons for suspension, see Australian Bureau of Statistics, Information Paper: Review of ABS Statistics, Catalogue No.6239.0, July 1981.

- Sources: (i) Commonwealth Bureau of Census and Statistics, Employment and Unemployment, December 1966.
- (ii) Australian Bureau of Statistics, Civilian Employees Australia, June 1966 Catalogue No.6214.0, June 1966 to June 1979.
- (iii) Australian Bureau of Statistics, Civilian Employees Australia, Catalogue No.6213.0, April 1980.
- (iv) Australian Bureau of Statistics, The Labour Force Australia, Catalogue No.6203.0, June 1980 to September 1982.

(under Public Service Act and under other Acts) and in States, Northern Territory and Local Governments. Table 2.12 details the size of employment on sectoral basis since 1954. It also gives details of employment in the sub-sectors of the Government sector since 1966. The figures for private sector are only available up to April 1980.

An analysis of Table 2.12 shows that the employment in the Government sector as a whole has consistently increased since 1954, excepting a marginal decrease during 1975-76. The employment in the Private sector also increased consistently from 1954 to 1970; it decreased marginally during 1970-71 and 1971-72, increased significantly during 1972-73 and 1973-74 and substantially decreased during 1974-75. There was a small increase in the employment level in the Private sector during 1975-76, followed by substantial decreases during 1976-77 and 1977-78, and again increases during 1978-79 and 1979-80. Table 2.13 details the magnitudes of variations in civilian employment since 1954.

The size of the Australian Public Service consistently increased from 1966 to 1975, after which it fluctuated. On the other hand, the State Governments' employment consistently increased during this period. The size of the local Governments' employment also increased generally.

It is also obvious from Table 2.13 that out of 26 years from 1954 to 1980, during 19 years an increase in the employment level in the Government sector is accompanied by an increase in the employment level in the private sector. During two years (1970-71 & 1971-72),

TABLE 2.13

VARIATIONS IN CIVILIAN EMPLOYEES : BY SECTOR, 1954-82

Year	Government					Private	Total
	Commonwealth	State	N.T.	Local	Total		
1954-55					+ 27.9	+ 70.1	+ 98.0
1955-56					+ 12.6	+ 56.0	+ 68.6
1956-57					+ 6.4	+ 28.4	+ 34.8
1957-58					+ 18.7	+ 16.9	+ 35.6
1958-59					+ 19.5	+ 43.0	+ 62.5
1959-60					+ 5.1	+116.7	+121.8
1960-61					+ 25.2	- 18.5	+ 6.7
1961-62					+ 18.3	+ 62.0	+ 80.3
1962-63					+ 20.1	+ 81.2	+101.3
1963-64					+ 20.8	+125.1	+145.9
1964-65					+ 22.9	+120.5	+143.4
1965-66					+ 40.6	+239.8	+280.4
1966-67	+13.7	+ 10.3		- 0.2	+ 23.8	+ 83.1	+106.9
1967-68	+10.2	+ 16.7		+ 4.5	+ 31.4	+102.6	+134.0
1968-69	+10.4	+ 15.9		- 0.8	+ 25.3	+124.2	+149.5
1969-70	+13.8	+ 15.0		+ 1.9	+ 30.7	+144.4	+175.1
1970-71	+ 9.3	+131.8		+ 2.5	+143.6	- 0.9	+142.7
1971-72	+ 7.6	+ 26.1		+10.9	+ 44.6	- 2.0	+ 44.4
1972-73	+13.9	+ 21.6		+ 4.6	+ 40.2	+ 95.4	+135.6
1973-74	+18.5	+ 36.3		- 6.2	+ 48.5	+158.4	+206.9
1974-75	+20.0	+ 56.4		+24.3	+100.8	-148.7	- 47.9
1975-76	- 7.7	+ 23.6		-19.7	- 4.0	+ 6.9	+ 2.9
1976-77	- 2.2	+ 33.0		+ 2.7	+ 33.5	- 29.5	+ 4.0
1977-78	+13.3	+ 15.7		+ 2.9	+ 32.0	- 47.0	- 15.0
1978-79	- 6.2	+ 13.6		+ 0.6	+ 17.9	+ 41.3	+ 59.2
Jun79-Apr80	+1.4	+ 6.9	+ 4.0	+ 2.7	+ 15.0	+ 34.3	+ 49.3
Apr80-Jun80	-0.8	+ 2.6	+ 0.2	- 0.4	+ 1.6	n.a.	
1980-81	+ 6.3	+ 8.9	+ 0.2	+ 0.4	+ 15.8	n.a.	
1981-82	- 0.7	+ 9.1	+ 0.1	+ 3.2	+ 11.4	n.a.	
Jun82-Sept82	+2.5	- 0.5	- 0.3	- 0.1	+ 1.6	n.a.	

there were marginal decreases in the private sector employment while the Government sector employment increased. It happened only during four years (1960-61, 1974-75, 1976-77 & 1977-78) that increases in Government sector employment were accompanied by decreases of some significance in the private sector employment; two of these years, ie. 1976-77 and 1977-78 experienced the Fraser Government's policies of restraint on the growth of the Public Sector. Only during 1975-76 a small negative growth in the Government sector employment (4,000) was accompanied by a similar increase (6,900) in the private sector employment. It is, therefore, clear from the Australian experience that an increase in the Government sector employment is generally accompanied by an increase in the private sector employment.

There have also been variations in the percentage of the civilian employees employed by each of the two sectors since 1954. The percentage of Government sector employment gradually decreased from 26.20 percent in 1954 to 23.78 percent in 1970. From 1971 onwards, it generally has increased to 30.42 percent at April 1980. Within the Government sector, the percentage of civilian employees in the Australian Public Service increased from 7.25 percent in 1966 to 7.40 percent in 1970, 8.09 percent in 1975, 8.17 percent in 1978 and 7.90 percent at April 1980. The percentage of employees in the Australian Public Service generally continued to increase inspite of staff ceiling restrictions; the highest percentage reached at June 1978 is particularly striking. Small decreases during 1978-79 and 1979-80 were possible only by transferring Commonwealth functions and associated staff to the Northern Territory Government during these years. The State Governments' employment consistently decreased from 14.56 percent in 1964 to 14.02

TABLE 2.14

PERCENTAGE OF CIVILIAN EMPLOYEES (a): BY SECTOR, JUNE 1954, JUNE 1960 &
JUNE 1966 - APRIL 1980

Year at June	Government					Private
	Commonwealth	State	N.T.	Local	Total	
1954					26.19	73.81
1960					25.55	74.45
1966	7.25	14.56		2.56	24.37	75.63
1967	7.40	14.43		2.49	24.32	75.68
1968	7.40	14.37		2.52	24.29	75.71
1969	7.38	14.24		2.41	24.03	75.97
1970	7.40	14.02		2.36	23.78	76.22
1971	7.37	16.45		2.34	26.16	73.84
1972	7.47	16.86		2.55	26.88	73.12
1973	7.55	16.83		2.58	26.96	73.04
1974	7.61	16.87		2.34	26.82	73.18
1975	8.09	18.17		2.86	29.12	70.88
1976	7.93	18.64		2.45	29.02	70.98
1977	7.89	19.33		2.52	29.74	70.26
1978	8.17	19.67		2.58	30.42	69.58
1979	7.95	19.71	0.20	2.56	30.42	69.58
April '80	7.90	19.65	0.28	2.59	30.42	69.58

percent in 1970 and then gradually increased to 18.17 percent in 1975 and 19.65 percent at April 1980. Employment in local Government represented 2.59 percent in 1966, 2.36 percent in 1970, 2.86 percent in 1975 and 2.59 percent in April 1980.

The percentage of employees in the Private sector increased from 73.82 percent in 1954 to 76.22 percent in June 1970. After this, the Private sector experienced a gradual contraction, employing 70.88 percent of the civilian employees at June 1975 and 69.58 percent at April 1980. Table 2.14 details the percentages of civilian employees by sector.

NUMBER OF PUBLIC SERVANTS IN RELATION TO THE POPULATION, 1966,
1970 - 1982

At 30 June 1982, there are 103.05 public servants per thousand of population in Australia. Table 2.15 details the break-up for the total government employment comprising of the Commonwealth staff under Public Service Act and under other Acts, and that of State, Northern Territory and Local Government. It shows that the number of public servants per thousand of population has generally shown an upward trend. The number of public servants per thousand of population increased from 81.73 in 1966 to 84.65 percent in 1970, 93.99 percent in 1972 and 103.71 percent in 1975. Their number decreased to 102.36 in 1976 again increased to 103.65 in 1977 after which their number fluctuated to 1981 above 104.

TABLE 2.15

NUMBER OF PUBLIC SERVANTS PER THOUSAND OF POPULATION 1966, 1970 - 82

Year	Commonwealth (a)	State	N.T.	Local	Total
1966	24.13	48.99		8.61	81.73
1970	26.60	49.69		8.36	84.65
1971	26.33	57.82		8.22	92.37
1972	26.35	58.75		8.89	93.99
1973	26.93	59.48		9.10	95.51
1974	27.92	61.18		8.50	97.60
1975	29.07	64.49		10.15	103.71
1976	28.18	65.52		8.64	102.36
1977	27.79	67.12		8.74	103.65
1978	28.41	67.43		8.84	104.68
1979	27.63	67.65	0.68	8.78	104.75
1980	27.35	67.47	0.96	8.83	104.61
1981	27.34	67.01	0.96	8.72	104.03
1982	28.80	66.51	0.94	8.80	103.05

(a) Includes Public Service Act Staff and Staff under other Acts.

Sources:

For Population figures

- (i) Commonwealth Bureau of Census and Statistics, Year Book of the Commonwealth of Australia, No.57, 1971.
- (ii) Australian Bureau of Statistics, Estimated Resident Population by Sex and Age: States and Territories of Australia, June 1971 to June 1981, Catalogue No.3201.0, 23 August, 1982.
- (iii) Australian Bureau of Statistics, Australian Demographic Statistics Quarterly, Catalogue No.3101.0, June 1982.

For Commonwealth Employment figures

Sources as indicated for Table 2.1.

For State, Northern Territory and Local Government employment figures

Sources as indicated for Table 2.12.

The number of public servants in the Commonwealth's employment consistently increased from 24.13 in 1966 to 26.60 in 1970, and 29.07 in 1975. Their number declined to 28.18 in 1976, and 27.79 in 1977 and again increased to 28.41 in 1978. From 1978 onwards, their number gradually declined to 26.80 at June 1982, mainly due to transfer of commonwealth employees to the Northern Territory and other State Governments. During 1978-79 and 1979-80, 7697 staff were transferred from the Public Service Act staffing area to the Northern Territory Government and also some more staff from non-Public Service Act staffing area. There were also transfer of public servants to other states from Public Service Act staffing area as well as non-Public Service Act staffing area. The Northern Territory Public Service numbered 9.9 thousands at June 1979, expanded to 14.2 thousands at June 1982. If only the staff of the Northern Territory Public Service were included in the Australian Public Service, the number of public servants in the Commonwealth employment per thousand of population for 1979, 1980, 1981 and 1982 would be 28.31, 28.31, 28.30 and 27.74 respectively.

The number of State public servants per thousand of population consistently increased from 48.99 in 1966 to 49.69 in 1970, 58.75 in 1972, 64.49 in 1975 and then fluctuated above 67 between 1976 and 1981. Their number declined to 66.51 in 1982. The number of Local Government public servants per thousand of population ranged between 8 and 9 throughout the 1966-82 period, excepting 1973 and 1975 when their number was 9.10 and 10.15 respectively.

SUMMARY

In the preceding pages, we have discussed certain significant statistical trends from 1970 onwards in the Australian Public Service. It has been seen that the Commonwealth Departments have been undergoing continuous restructuring due to machinery of government changes which have been taking place during 1970-82 period. This not only has consumed a significant amount of time, effort and resources of the nation, it has also added a very complex dimension in the study of comparative growth of staff numbers in various departments over the years.

The overall size of the Australian Public Service (comprising the staff under the Public Service Act as well as under other Acts) has increased by 22.67 percent between June 1970 to September 1982. The Service experienced a growth of 4.99 percent and 15.12 percent during 1970-72 and 1972-75 respectively. From June 1975 to September 1982, the growth in the Service is only 1.4 percent. During the 1975-82 period, the Service experienced a high growth as a result of the implementation of Whitlam Labor Government policies. The 1975-82 period experienced a slow growth due to Fraser Government's policy of maximum restraint on the increase of staff members.

The Public Service Act staff contracted considerably during 1975-82. This has been mainly due to transfer of staff out of Public Service Act coverage to other Acts particularly to Postal and Telecommunication Commissions and also to the Northern Territory and

other State Government Public Services. Fraser Government's policy of strict application of staff ceilings has also partially slowed down the growth of the Service.

The composition of the Public Service Act staff has also undergone significant changes during 1970-82 period. The proportion of Fourth Division to the total Public Service Act staffing decreased from 72.79 percent in 1970 to 70.51 percent in 1975, to 59.99 percent in 1976, and to 55.14 percent in 1982. The sharp decline in the proportion of Fourth Division during 1975-76 was mainly due to transfer of the staff of former Postmaster General's Department to Postal and Telecommunication Commissions in July 1975 and partly due to strict application of staff ceilings. The gradual decrease for the remaining years also has been due to the imposition of staff ceilings. In real terms also, the Fourth Division has contracted over the years. The Second and Third Divisions have expanded in real terms over these years mainly due to the imposition of staff ceilings; other factors being the introduction of new technology, and the ever increasing complexity of the administrative, management and policy advisory functions of the Service.

The proportion of the women in the Service has increased; mainly due to the transfer of the staff of former Postmaster General Department out of Public Service Act coverage and partly due to some other factors such as removal of discriminatory personnel practices against women and an increase in the proportion of women in the labor force. They have increased from 24.29 percent in 1970 to 24.94 percent in

1972, to 27.09 percent in 1975, to 31.66 percent in 1976 and to 35.31 percent in 1982.

The proportion of women in the permanent staff category in the Service has also gradually increased over the years since 1970. This has happened partly due to an increasing tendency in women to seek permanent employment and also due to transfer of the staff of former Postmaster General's staff out of Public Service Act coverage. They have increased from 21.26 percent in 1970 to 31.53 in 1976 and to 36.16 percent in 1982.

The majority of women still work at lower levels of the Service. No woman so far has been elevated to the First Division. Their proportion in the Second, Third and Fourth Divisions has, however, increased from 0.28 percent, 15.53 percent and 27.63 percent in 1970 to 2.22 percent, 25.20 percent and 43.90 percent respectively in 1982. The proportion of women in the Fourth Division increased from 30.51 in 1975 to 39.66 percent in 1976 due to the transfer of the staff of former Postmaster General's Department out of Public Service Act coverage. The later years experienced small gradual increases.

A comparative study of growth pattern in the Government and private sector employment in Australia since 1954 to 1980 shows that generally an increase in the Government sector employment is accompanied by an increase in the private sector employment. The proportion of Government employment to the total employment in the country has also varied; it decreased gradually from 26.20 percent in 1954 to 23.78 percent in 1970, and then generally increased during

the 1970-80 to 26.88 percent in 1972, 29.12 percent in 1975 and 30.42 percent in 1980. There was a significant increase during 1970-71 when it increased to 26.16 percent mainly due to a change in definition of State employees. The proportion of State and Commonwealth employment generally increased. In spite of the Fraser Government's policy of small government, the proportion of total Commonwealth employment kept increasing during 1975-80. An ever increasing demand by the people upon government to provide more and more services has resulted in the expansion of Public Service. The Government has assumed a wide range of new functions over the years in various fields, for example, Aboriginal Affairs, Health, Education, Employment, Youth Affairs, Science, Environment, etc. There is also a greater emphasis on the improvement of the quality of services provided by the Government. The proportion of Commonwealth employment to the total employment was highest in 1978 (ie during the Fraser Government's "small government") when it touched the peak of 8.17 percent.

The number of public servants in relation to population has registered a significant increase since 1966. The number of total public servants per thousand of population increased from 81.73 in 1966 to 84.65, 93.99, 103.71 and 104.68 in 1970, 1972, 1975 and 1978 respectively. Their number is 103.05 at June 1982.

The number of Commonwealth employees per thousand of population has also increased from 24.13 in 1966 to 26.60, 26.35 and 29.07 in 1970, 1972 and 1975 respectively, and decreased to 26.80 at June 1982. The decrease in the number of Commonwealth public servants in the

years from 1979 onwards has been mainly due to transfer of commonwealth functions to Northern Territory and other State Governments.

CHAPTER III

THE STAFF CEILINGS POLICY : AN OVERVIEW

Successive Governments in Australia since 1971 have applied staff ceilings to control the size of the Australian Public Service. It was the Liberal-National Country Party (L-NCP) Coalition Government of the Prime Minister John Gorton that first adopted the staff ceilings policy in February 1971 and which was subsequently pursued by the Whitlam Labor Government during 1972-75 and the Fraser Liberal-National Country Party Coalition Government during 1975-83. This chapter discusses the salient policy statements of the various governments as well as that of the opposition pertaining to staff ceilings during three periods; June 1970 - December 1972, December 1972 - December 1975 and December 1975 - March 1983. This will provide a background for the detailed history of the implementation of staff ceilings to be discussed in Chapter IV.

THE FIRST PERIOD (1970-72)

The Prime Minister John Gorton in a ministerial statement on 16 February 1971 announced the introduction of staff ceilings in the Australian Public Service in an effort to arrest inflationary trends in the economy. He argued that according to the assessment by the Cabinet 'one of the first lines of attack on rising costs and prices' should be to restrict the public sector spending, particularly by affecting economies in administrative expenditures.¹ Although the Liberal Party of Australia had committed itself to 'effective

supervision of public expenditure to eliminate inefficiency, extravagance and waste'² far back in 1960, the imposition of a limit on the growth of Australian Public Service seemed to be a spontaneous response to curb inflation.

The Liberal-Country Party coalition Government continued to pursue the policy of imposing limits on the growth of the Public Service as long as it remained in office up to December 1972. It was in line with the official platform of the Liberal Party of Australia approved by the Federal Council in 1971 which re-emphasised the need for 'effective supervision of public expenditure to eliminate inefficiency, extravagance and waste', and 'prevention of bureaucratic control'.³

The Australian Labor Party (ALP) criticised the measures announced on 16 February 1971 by Prime Minister Gorton to curb inflation.⁴ The Leader of the Opposition Mr Whitlam while criticising the Government policy inter alia remarked: 'From the Prime Minister, we have the cheap and easy line that the first line of attack against inflation is against "spending by Governments"' ⁵ The ALP, however, had not adopted any specific policy at that time in respect of regulating the growth of the Public Service.⁶

THE SECOND PERIOD (1972-75)

In^{ex} December 1972, the Australian Labor Party came into power under the leadership of E.G. Whitlam. The new Government lifted the staff ceilings. Prime Minister Whitlam, however, directed the

Board to 'keep the overall growth rate of the Public Service under review'.⁷ A number of new initiatives were taken by the Government and also major changes were affected in the organisation and functions of many government departments.⁸

At the end of 1972-73, following a review of staff growth the Government decided that 'some controls on growth were desirable'⁹ and imposed a limitation on the growth of the Public Service. This was the first time that the ALP Government adopted the policy of staff ceilings in respect of Public Service growth. This policy was enunciated more clearly by Prime Minister Whitlam in his opening address to the Premier's Conference in Canberra on 7 June 1974. In respect of Government spending he stated:

Today, however, we are considering issues relating to Government spending. As I have said, Government spending is not more inflationary than private spending, as our wilder critics seem to allege. But neither is it less inflationary. In order to help break inflationary expectations, we must now slow the rate of increase in Government spending As part of the battle to contain inflation we will be following a policy of restraint in our own spending'¹⁰

Prime Minister Whitlam announced various decisions of his Government in this regard, such as the imposition of staff ceilings in the Australian Public Service with a growth ceiling of only 1 percent per annum for the full-time Public Service Act operative staff. The staff ceilings control also was extended for the first time to the non-Public Service Act staff employed by authorities and they were to apply a 'similar level of restraint' in this area of staffing as applied for the Public Service Act staffing area.¹¹

Prime Minister Whitlam reaffirmed the continuation of staff ceilings policy on 12 November 1974 in his statement on the economy in the Parliament. He stated: 'The staff ceiling control on the Australian Public Service will be retained'¹² In a separate statement to the press, he further emphasised the retention of staff ceiling control wherein he stated that:

The staff ceiling control on the Australian Public Service which was announced in my statement to the Premiers' Conference on 7 June will be retained, so that the healthy influence on departmental efficiency of the disciplines of internal priority review and staff redeployment will be maintained. The Government proposes, however, an extension of the trainee intake to the Public Service by up to 450 so that additional appropriate opportunities are made available for vocational training, and an additional intake of 1,000 youth and school leaver recruits to base-grade office categories so as to maintain an intake more consistent with recent years. These special intakes will lift the staff growth ceiling of the Public Service above the previously announced figure.¹³

Although Prime Minister Whitlam had been emphasising the need for restraints in public sector spending and announced a ceiling growth of only 1 percent in Public Service Act full-time staff, not all his Ministers were enthusiastic to pursue this policy. As the details regarding the history of the implementation of staff ceilings will be discussed in the following chapter, only a few instances will be discussed here. The lack of co-operation on the part of Ministers in this regard was exhibited in the departmental bids received by the Board representing 4.6 percent increase as revealed by the Board's Chairman (A.S. Cooley) in a Minute Paper of 17 July 1974 to the Prime Minister. The Minute Paper revealed: 'The Board is aware that Ministers have in many cases made representations relating to staff

ceiling issues in support of figures provided by their Permanent Heads'.¹⁴ In another Minute Paper to the Prime Minister, the Board's Chairman stated that:

The process of consultation with Permanent Heads ... has highlighted the concern of Ministers and Permanent Heads to recruit additional staff to tackle new and/or expanded Government initiatives. Little or no acknowledgement has been given to the scope that exists for rigorous examination of current work priorities and practices and the scope that exists for the redeployment of staff numbers in many cases.¹⁵

Another Minute Paper of 22 October 1974 from the Chairman of the Public Service Board to the Minister Assisting the Prime Minister in Matters relating to the Public Service indicated that increases sought in their respective ceilings by various departments and authorities [Attorney-General's (517 approved), Postmaster General's (576 approved), Schools Commission (25 approved), Tourism and Recreation (19 approved), Aboriginal Affairs (144 approved), Capital Territory (5 approved), Health (204 approved), Industries Assistance Commission (62 approved), Labor and Immigration (500 approved), National Library (22 approved), Social Security (indefinite), Trade Practices Commission (94 approved), Treasury (41 approved)] amounted to 2209 excluding an indefinite increase sought by the Department of Social Security.¹⁶

Some of the Ministers took the matter to the Cabinet. For example, Cabinet Decision No. 2564 with regard to the Australian Legal Aid Office 'noted that the staff ceiling needs to be removed from the Office or a separate staffing provision made to give effect to its decision'.¹⁷ In respect of Postmaster General's Department, 'Cabinet

Decision No. 2585 (and associated verbal instructions) authorised the Department to work within financial restrictions and to disregard the 1 percent staff ceiling approved earlier for the Department'.¹⁸ Similarly, 'Cabinet Decision 2918 agreed that the ceilings on staff engaged in employment, training and related areas of the Department of Labor and Immigration be removed'.¹⁹ The Department of Social Security through Cabinet Submission No. 1453 also sought 'exclusion from staff ceilings for staff employed on unemployment benefit activities'.²⁰ The Public Service Board and the Department of the Prime Minister and Cabinet both were the staunch supporters of policy of staff ceilings. The Permanent Head of the Department of the Prime Minister and Cabinet (J.L. Menadue) in a submission to the Prime Minister advised that:

The Public Service Board has suggested to Mr Bowen that the question of re-establishing a ceiling in the Department of Labor and Immigration be raised again. The opportunity to do so may come when the question of raising the ceiling of the Department of Social Security is discussed in Cabinet. In that event I feel strongly that the principle of ceilings for Departments and authorities should be maintained.²¹

On 7 January 1975 when Prime Minister, Whitlam and the Minister Assisting the Prime Minister in matters relating to Public Service (Mr Bowen) were both out of the country, the Cabinet decided that 'all staff ceilings in the Australian Public Service be removed and that all departments and statutory authorities be requested to create maximum employment opportunities within the limits of their appropriations'.²²

The Public Service Board and the Department of the Prime Minister and Cabinet were both apprehensive of this decision.

Commissioner J.C. Taylor, in an internal departmental note to the Chairman of the Public Service Board on 10 January 1975 wrote:

... I raised the question whether the Prime Minister would wish to have the decision (regarding the removal of staff ceilings) reversed upon his return. Mr Menadue (Permanent Head, Department of the Prime Minister and Cabinet) said that he had not spoken to the Prime Minister and did not know his thinking, nor that of Mr Bowen. I mentioned the need for the Board to advise departments and it was agreed that, pending the return of the Prime Minister and Mr Bowen, the question should be approached cautiously.²³

The Prime Minister, however, stood by the Cabinet Decision. This was revealed by Mr J.L. Menadue (secretary, Department of the Prime Minister and Cabinet) in a letter of 27 February 1975 to Sir Frederick Wheeler (Secretary to the Treasury) that stated:

We have spoken further to the Prime Minister about interpretation of Cabinet Decision 3106 of 7 January 1975, relating to the creation of maximum employment opportunities within the limits of Departments' 1974/75 appropriations. The Prime Minister was quite firm that the Cabinet Decision in question should be followed²⁴

The Government, however, re-imposed staff ceilings for 1975-76 and announced in July 1975 a growth ceiling of 1.5 percent for the full-time Public Service Act operative staff. The Government's announcement also indicated the possibility of some further reductions in the staff growth in the light of Budget Cabinet considerations.²⁵ The Treasurer, Bill Hayden in his Budget speech stated: 'Our measures to restrain the growth in spending apply particularly to staff growth'.²⁶

The Government's concern for applying restraint in the public sector expenditure was a result of increasing criticism by the opposition due to rising levels of inflation and unemployment in the country which was also recognised by Prime Minister Whitlam in his address to the Premiers on 7 June 1974. 'Liberal propaganda alleged that Labor's expansion of the public service and treatment of it as a 'pace-setter' in wages and conditions had contributed significantly to inflation'.²⁷ Liberal claims, though exaggerated, had some foundation. The Public Service had expanded at a higher rate (as has been seen in Chapter II) compared to that of Liberal rule prior to December 1972. The 1975-76 Budget presented by the Treasurer Hayden was thus an effort to restrain the expenditure in the public sector.

The opposition during 1972-75 had all along been advocating more stringent restraints on the public sector spending and limiting the Public Service growth. It always criticised the Labor Government for creating high inflation in the country by heavy spending in the Public sector. The 1974 Platform of the Liberal Party of Australia undertook for:

Providing continuous review of the Public Service to determine the relevance of each department and its functions, to maintain personnel standards and goals to encourage efficiency and job satisfactions.

The maintenance of a balance between the growth of private enterprise and the Public Service with competitive conditions of service.²⁸

The Leader of the opposition, John Malcolm Fraser, while discussing the 1975-76 Budget in the House of Representatives on 26 August 1975, blamed the Labor Government for creating high inflation

and unemployment in the country by expanding the public sector. He said:

The principal source of this crisis has been the immense growth in Government spending since 1972 The principal job of this Budget should be to combat inflation. To do that it must restrain Government spending If inflation is to be cut back, the over expanded demands of the government must be cutback. This requires further reduction of government spending Let me now illustrate what we would have done to reduce expenditure if we had been drawing up this Budget we would have stopped the build-up of public servants in Canberra by imposing a zero growth limit on the Public Service²⁹

The above extracts from the speech in Parliament of the Leader of the Opposition, Mr Fraser, show his commitment to the idea that public sector is unproductive and that big government is the source of inflation and other evils suffered by the private sector. The Liberal-National Country Party Coalition opposition, throughout the 1972-75 period pursued this policy and strived to implement that policy during 1975-83 when they were in power.

THE THIRD PERIOD (DECEMBER 1975 - MARCH 1983)

The Liberal-National Country Party (L-NCP) coalition came into power in December 1975. As has been demonstrated in the preceding section, they believed in reducing the size of the public sector. The L-NCP Coalition Government under the leadership of an 'orthodox'³⁰ liberal Malcolm Fraser was, therefore, quick to initiate actions to achieve the above objective. The Treasurer (Phillip Lynch) announced on 23 December 1975 a Government decision (a) freezing the total staff numbers (operatives and inoperatives) reached at the end of November

1975, and (b) constituting an IDC on staff ceilings, comprising the representatives from the Public Service Board and the Departments of the Prime Minister and Cabinet and the Treasury to prepare a joint report to the Prime Minister on revised staff ceilings.³¹ This later development was a shift from the prior practice when the Public Service Board was solely responsible for matters relating to staff ceilings. The revised staff ceilings for Public Service Act and non-Public Service Act staff of the departments and authorities were announced by the Prime Minister in February 1976. The Government applied the policy of staff ceilings very strictly throughout the remaining period of the financial year 1975-76 by taking various measures that will be discussed in Chapter IV, and was able to effect significant reductions in the Australian Public Service. The Treasurer reaffirmed on 20 May 1976 in Parliament, the L-NCP Coalition Government's commitment 'to halt the massive increase in government spending and the growth in the public sector, and in the process reverse the trend to big government and to centralised bureaucracy'.³²

Prime Minister Fraser remained very firm in applying strict staff ceilings control throughout his Government by issuing instructions and guidelines to his Ministerial colleagues and departments, as will be seen in the next chapter. He centralised authority to ultimately decide staff ceiling matters in his hands by barring the Cabinet from taking decisions on staffing.³³ This was a very significant development compared to the ALP Government practice during 1972-75 when an individual Minister could take up the staff ceilings matters to the Cabinet, making it difficult for the Prime Minister to implement effectively the policy of staffing restraints..

The Prime Minister Fraser re-affirmed his commitment to the philosophy of small government from time to time, and urged his Ministers to strictly apply the staff ceilings. The following extracts from his letter of 4 August 1978 to all Ministers throw light on the approach he adopted in this regard:

In my previous letter I emphasised the need for maximum restraint in all staffing matters. I hardly need mention that even greater efforts will now be needed to achieve the revised staffing levels. All Ministers and heads of organisations will need to give close attention to determining how the revised ceilings will be achieved - whether by dropping or deferring programs, reducing the level of staff activity in some areas, or redeploying staff within their area of responsibility I realise that there will undoubtedly be complaints from affected organisations and some sections of the community about the further reductions. We must, however, regard these as unavoidable in the present circumstances.³⁴

While announcing the Review of the Commonwealth Functions (RCF) on 6 November 1980, the Prime Minister Fraser said:

It has been the Government's continuing aim since 1975 to maintain strict control over the size of the public sector and of the Public Service.

The Government remains committed to the principle that growth in the private sector, not expansion of the public sector, is the right course if permanent reductions in unemployment and increases in prosperity and wealth for the community as a whole are to be achieved. The imposition of limits on the staffing of Public Service departments and authorities has been an important weapon in restraining the growth of government Associated with the announcement of Sunday of a reduced Ministry and fewer departments, the Government's policy of strict controls on staffing levels in Commonwealth employment will continue³⁵

The Governor-General's speech at the opening of Thirty-second

Parliament on 25 November 1980 coherently articulated the 'liberal philosophy'. Opening the Parliament, the Governor-General said:

... my Government does believe profoundly that it is vitally important that the power and functions of the State should be limited and contained. It does believe that the State is likely to be in many ways an inefficient and wasteful provider and that many services can be better supplied in other ways. And it does believe that the expansion of private enterprise is the best means to achieve the well-being and health of the society³⁶

Prime Minister Fraser declared in United States of America while addressing the Chicago businessmen that:

The great majority of Australians now accept that it's right to cutback on bureaucracy and waste in government; to reduce government spending; and to return to people, through lower taxes, a greater say in how their own earnings are to be spent. The maintenance of the tightest expenditure control is a continuing task for government'.³⁷

Prime Minister Fraser further advocated his 'liberal philosophy' while announcing Review of Commonwealth Functions decisions in the Parliament on 30 April 1981 when he said:

Only individuals have full knowledge of their own needs, wants and priorities; politicians, officials and bureaucrats neither have this knowledge nor can ever have it. This is why government must not be intrusive and why strong and efficient government must not grow into big and bureaucratic government. Big government concentrates power, loses a perspective on its own limitations, and leaves less room for people to make their own choices....³⁸

It was in the light of this 'liberal philosophy' and an ideological commitment that the L-NCP coalition Government headed by Prime Minister Fraser implemented its policy of staff ceilings. The

Whitlam Labor Government, on the other hand, though recognising the need for curtailing the public sector expenditure and consequently the size of the Public Service, did not subscribe to the above philosophy. This basic difference in the approaches followed by the ALP Government and the L-NCP Coalition Government is the main factor affecting the effectiveness with which the two governments implemented the policy of staff ceilings. Prime Minister Fraser was consistently criticised by the dissident back-benchers in the federal Liberal Party led by John Hyde (member for Moore, Western Australia) on the 'government's failure to match its rhetoric with action'.³⁹ At one point of time, some 30 back-benchers had been identified in the media as belonging to the 'laissez-faire liberal group' joining Hyde in 'criticising the Prime Minister's (Fraser) lapses from anti-interventionalist philosophical principles'.⁴⁰ The work of the Committee of Review of Commonwealth Functions (Lynch Committee) was the 'consequence of libertarian thought on the Fraser Government'.⁴¹ Prime Minister Fraser unlike Mr Whitlam, did not encounter opposition from his Ministerial colleagues in implementing the policy of restraint on the public sector expenditure. One critic rather cynically commented: 'Once, a Minister was gauged by the amount of power he had, and the way in which he expanded it, or defended it. It was a matter of pride not to lose functions. In the new order, however, Ministers win Brownie points for shedding functions'.⁴² This may be an overstatement, but the people like Mr Carlton (Minister for Health), Senator Chaney (Minister for Social Security) and Mr Lynch (Minister for Industry and Commerce) did subscribe to the philosophy of 'small government'.⁴³

The Fraser Government, however, adopted a low key attitude in pursuing its 'small government' policy towards the end of the 1981-82 financial year. The 1982-83 Budget speech of the Treasurer showed a glaring contrast from those of the preceding years as there was no mention of staff ceilings in it. As will be seen in chapter IV, the Government also failed to implement its decisions taken in the context of RCF recommendations and announced in Parliament on 30 April 1981. The staff savings expected to be realised in the context of RCF decisions (16,000 to 17,000) were nowhere visible as late as March 1983. On the other hand, it allowed a growth of more than five thousand in the Public Service Act staffing area well before the usual February (1983) review of staff ceilings. It failed to materialise the sale of the Commonwealth assets indicated in the RCF decisions and also reversed certain other decisions such as the privatisation of the Motor Vehicle Testing Centres in Canberra.

The decreased emphasis on reducing public sector spending might have been motivated by the election needs of the Party. In his policy speech for the March 1983 Federal elections, Prime Minister Fraser announced various measures to increase public sector spending. The media was skeptical of this shift in policy as to whether it was an election expediency or a genuine conversion. The Canberra Times commented that:

The Prime Minister, Mr Fraser, has discovered, like President Reagan in the United States, the benefits to be derived from public sector spending. The evidence was in his policy speech last night which promised \$567 million worth of new initiatives and proposals in 1983-84, measures which would cost \$19 millions in this financial year. But Mr Fraser's discovery, unlike

President Reagan's which simply recognised social and economic necessity, has been prompted as much by his own electoral needs, which means that the Prime Minister's conversion may not be lasting.⁴⁴

Prime Minister Fraser had already announced in the Parliament on 23 September 1982 the Review of Commonwealth Administration to be headed by J.B. Reid involving 'a major examination of Commonwealth administration'.⁴⁵ The Review Committee submitted its report to the Prime Minister on 26 January 1983. In respect of staff ceilings, the report stated:

Staff ceilings have controlled staff numbers, and led to streamlining of operations and improvements in efficiency. But there are signs of strain. In the last decade a growth period has been followed by years of tight restraint. Permanent Heads gave many instances of the effects of arbitrary cuts, and argued for rational resource allocation. So did the staff organisations, the ACOA (Administrative and Clerical Officers Association) taking it somewhat further in proposing abolition of ceilings altogether. We acknowledge that staff ceilings are a fact of life and provide a desirable discipline. We do not propose their removal⁴⁶

The Report recommended that:

- (a) Staff ceilings be kept under review in the context of revised arrangements for salary and other administrative expenditure appropriations;
- (b) any further substantial cuts in staff ceilings be allied with decisions on relative priorities or reductions in functions;
- (c) adequate time be allowed for departments to achieve significant reductions in a planned fashion; and
- (d) departments exercise their permitted flexibility in allocation of their overall ceiling'.⁴⁷

On 8 February 1983, Prime Minister Fraser announced that:
'Cabinet had overwhelmingly supported the implementation of most
of the recommendations of the Review of Commonwealth Administration'.⁴⁸

The media report, however, did not include the recommendations in
relation to staff ceilings in the list of the RCA recommendations the
Government had announced as accepted.

The ALP in Opposition did not approve the way the Fraser
Government implemented the policy of staff ceilings during 1975-83;
although, it emphasised in its platform the need for having a control
on the 'ever-growing Public Service'. The ALP platform approved by
the 32nd National Conference held in 1977 expressed the

... belief that a commitment to creative government
intervention in social affairs need not lead to an
ever-growing Public Service, but seeking the need for a
Public Service which is no larger than necessary for the
efficient, economical and effective carrying out of
public business.⁴⁹

The ALP pursued the above policy throughout the Fraser
Government period. The Opposition maintained: 'The public is
suffering because of the way in which staff ceilings have been
applied The rigidity of staff ceilings has cut the level of
administrative efficiency.'⁵⁰ On another occasion, while raising the
issue of staff ceilings in Parliament as a matter of public
importance, the opposition alleged that:

Statements that the Public Service staff ceilings have
been applied efficiently are statements of nonsense.
The Public Service is not working efficiently. The
service it provides to the public is declining. The
efficiency and capacity of Public Service to provide
that service are declining. If the policy continues to
be applied in the manner in which it is being applied we

will find that the service will totally disappear in many areas.⁵¹

The Leader of the Opposition, Bill Hayden, while condemning the staff ceilings in his press statement on 17 November 1980, said:

Staff ceilings of this sort do not promote efficiency and economy; quite the reverse. They are arbitrary and wasteful Staffing levels are calculated on criteria designed to achieved maximum efficiency with fair workloads. These criteria have been tossed aside for the sake of political grandstanding and yet another attempt to make public servants the scapegoats for Government failures To reduce staff before reducing the workload is an administrative absurdity from which the public is bound to suffer.⁵²

On 9 February 1983, the new Leader of the Australian Labor Party, Bob Hawke, presented Labor's 'Quality of Government' policy. In respect of management of staffing levels in the Public Service, the policy stated: 'Dissatisfaction with the present staff ceiling system is extensive, acute and justified. The Hawke Labor Government will replace it with a system of human resource budgeting, which will involve the following elements:

- (a) Control over staffing will revert to the normal financial control exercised over other items of government expenditure, ie. departments will have to keep within their budget allocation for salary and overtime with supplementation for unexpected salary increases considered on a case-by-case basis.
- (b) Desirable staff levels will be prepared for each department and issued to them, but this will be on an indicative basis only, with each department having flexibility to vary numbers as the need arises as long as it does not exceed its parliamentary appropriations.
- (c) Staff numbers will not be calculated on an arbitrary basis but as part of overall human resources planning based on the number and skills of staff needed to carry out the functions of the department. In the annual consideration of staff numbers, consultation with the unions will take place, and they will be asked to point

to particular areas of difficulty (and of excess capacity) and to make recommendations on training programs required to prepare staff for their duties.⁵³

In regard to staff ceilings, the ALP Platform adopted in 1982 states: 'In place of staff ceilings introduce manpower budgeting arrangements to better relate the staffing and establishment management to government policies and priorities'.⁵⁴

The same ALP National Conference in a resolution on 'Machinery of Government', however, noted that the Machinery of Government section of the Platform provided that '... a commitment to creative government intervention need not lead to ever-growing government bureaucracy'.⁵⁵

The above policy differs with that of L-NCP coalition in terms of its total 'human-resources planning', 'indicative' not 'firm' staffing levels for the departments, management of staffing levels within the parliamentary salary appropriations, and union consultation. It will take some time before the implementation of such a policy can be evaluated. In the first instance, however, it is likely to influence the unions positively to reduce the union-management confrontation which has existed during Fraser Government era.

SUMMARY

Successive Governments in Australia have pursued the policy of staff ceilings to control the size of the Australian Public Service since February 1971. The Liberal-National Country Party Coalition

Government introduced the policy of staff ceilings in February 1971 in an effort to control public sector expenditure to curb inflation, and followed it until Whitlam Labor Government came into power in December 1972. The ALP Government lifted staff ceilings in December 1972 with the instructions to the Public Service Board to keep the overall growth rate of the Public Service under review. But at the end of the 1972-73 financial year, the Government decided to re-introduced staff ceilings to keep the 'ever-growing' Public Service under control. The Prime Minister Whitlam endeavoured to pursue this policy strictly during 1972-75 period in the face of not much support from some of the his Ministerial Colleagues as has been discussed in a preceding section of this chapter. The staff ceilings were again lifted in January 1974 by the Cabinet when the Prime Minister Whitlam and the Minister Assisting the Prime Minister in matters relating to Public Service, Mr Bowen were out of the country. The staff ceilings were re-introduced by the Whitlam Labor Government for 1975-76 financial year. The implementation of staff ceilings, thus took place in a stop/go manner during 1972-75 Labor Government.

The Liberal-National Country Party Coalition Government, Headed by Prime Minister Fraser, had an ideological commitment to reduce the public sector and consequently to reduce the public sector expenditure and the size of the Public Service. The Fraser Government, therefore, applied the staff ceilings policy very effectively even in the face of strong opposition from the Public Service Unions and criticism from the ALP opposition. Towards the end of 1981-82 financial year, however, the Fraser Government forced by the high level of unemployment adopted a soft approach in the implementation of staff ceilings.

The Hawke Labor Government has committed itself to 'introduce manpower budgeting arrangements' in place of staff ceilings although conscious of an 'ever-growing government bureaucracy'. It has also committed itself to introduce a system of consultation with Public Service Unions in respect of staffing levels. The new systems and procedures are still in the process of their initial stage of implementation and it is, therefore, too early to offer any comments.

NOTES

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3. The official Federal Platform of the Liberal Party of Australia, 1971, p.11.
4. Parliamentary Debates, House of Representatives, 1971 op.cit., pp.274-342.
5. Ibid., p.281.
6. The ALP Platforms for 1967 - 1973, for example, do not contain any policy statements in respect of Public Service growth.
7. Public Service Board, Annual Report, 1973 (Canberra: Australian Government Publishing Service, 1973), p.2.
8. Ibid., p.1.
9. Public Service Board, Annual Report, 1974 (Canberra: Australian Government Publishing Service, 1974), p.3.
10. E.G. Whitlam, Opening Speech at the Premiers' Conference held in Canberra on 7 June 1974, pp.7-8.
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12. Commonwealth of Australia, Parliamentary Debates, House of Representatives, 12 November 1974, p.3366.
13. Prime Minister (E.G. Whitlam), Press Statement No.366, 12 November 1974.
14. Minute Paper of 17 July 1974 from the Chairman of the Public Service Board (A.S. Cooley) to the Prime Minister, p.1.
15. Minute Paper of 21 July 1974 from the Chairman of the Public Service Board (A.S. Cooley) to the Prime Minister, p.2.
16. Minute Paper of 22 October 1974 from the Chairman of the Public Service Board (A.S. Cooley) to the Minister Assisting the Prime Minister in matters relating to the Public Service (Mr Bowen), Attachment 'A', pp.1-5.
17. Ibid., p.2.
18. Minute Paper of 7 November 1974 from the Chairman of the Public Service Board to the Prime Minister, Attachment 'A', p.2.
19. Minute Paper (I) of 20 November 1974 from the Chairman (A.S. Cooley) of the Public Service Board to the Minister Assisting the Prime Minister in matters relating to the Public Service.

20. Minute Paper (II) of 20 November 1974 from the Chairman of the Public Service Board to the Minister Assisting the Prime Minister in matters relating to the Public Service.
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23. Commissioner J.C. Taylor's Note of 10 January 1975 to the Chairman of the Public Service Board re Staff ceilings.
24. Letter from Secretary (J.L. Manadue), Department of the Prime Minister and Cabinet to Secretary to the Treasury (Sir Frederick Wheeler) of 27 February 1975.
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27. P.G. Tiver, The Liberal Party: Principles and Performance (Milton, Qld: The JACARANDA Press, 1978), p.159.
28. The official Federal Platform of the Liberal Party of Australia, October 1974, p.10.
29. Australia, Parliamentary Debates, House of Representatives, 26 August 1975, pp.519-27.
30. For detailed discussion on Malcolm Fraser's 'ideological commitment to 'orthodox liberalism'', see Tiver, op.cit., pp.251-262.
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33. Letter of 4 May 1978 from the Prime Minister to all Ministers.
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34. Letter of 4 August 1978 from the Prime Minister, Malcolm Fraser to all Ministers.
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41. Ibid., p.11.
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43. Sawer, op.cit., pp.9-12.
44. The Canberra Times, 16 February 1983.
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50. Australia, Parliamentary Debates, House of Representatives, 26 April 1977, p.1260.
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54. The Australian Labor Party, Platform, Constitution and Rules, 1983, p.123.
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CHAPTER IV

IMPLEMENTATION OF STAFF CEILINGS

The purpose of this chapter is to trace the history of the implementation of staff ceilings in the Australian Public Service and the development of systems and procedures of the implementation process. The ceilings were first applied to the Public Service Act staffing area and then extended to certain staff employed under other Acts. An effort has been made to present in the following pages a detailed account of the implementation machinery and process, identifying the main developments in the system and techniques as well as the main factors that have shaped their development. The salient features of the present system of implementation of staff ceilings (as at March 1983) are also outlined. Only those factors which are internal to the system, for example, reactions of those who are directly involved in the implementation process, are highlighted in this chapter. The external factors, for example, Public Service Associations' involvement that have also played a role in the development of the system, and the impact of staff ceilings on the Public Service will be discussed in chapters five and six. Separate sections are devoted to discuss three major developments, namely, the Scheme of Forward Staff Estimates (FSE), Redeployment, and the Review of Commonwealth Functions (RCF) that have affected the process of implementation of staff ceilings very significantly. Salient developments in the system of Establishment Control, used in conjunction with staff ceilings to limit the Service growth, are also highlighted in a separate section of this chapter.

TABLE 4.1

VARIATIONS IN FULL-TIME STAFF (a) SUBJECT TO STAFF CEILINGS, 1970-82

Year	Public Service Act Staff		Non-Public Service Act Staff		Total	
	No.	%	No.	%	No.	%
1970-71	+ 6247	+ 2.7				
1971-72	+ 7187	+ 3.03				
1972-73	+10006	+ 4.09				
1973-74	+12385	+ 4.87				
1974-75	+10703	+ 4.01				
1975-76	- 6880	- 4.17	- 3099	- 1.8	- 9979	- 3.0
1976-77	- 2643	- 1.68	- 507	- 0.3	- 3150	- 0.97
1977-78	+ 1765	+ 1.14	+ 786	+ 0.45	+ 2551	+ 0.78
1978-79	+ 1193	+ 0.79	- 1110	- 0.64	+ 83	+ 0.03
1979-80	+ 640	+ 0.43	+ 495	+ 0.29	+ 1135	+ 0.35
1980-81	+ 1014	+ 0.67	+ 2115	+ 1.25	+ 3139	+ 0.98
1981-82	- 663	- 0.44	- 194	- 0.6	- 857	N/A

(a) Figures adjusted for changes in coverage.

N/A Not Available.

Source: (i) For all figures except Non-Public Service Act Staff for 1975-76 and 1981-82 Public Service Board, Annual Reports, relevant years.

(ii) For Non-Public Service Act Staff for the year 1975-76 and 1981-82, Review of Commonwealth Administration Secretariat, Staff Ceilings, Discussion Paper on Options, No.23, p.11.

The variations in full-time staff subject to staff ceilings since 1970 are given in Table 4.1.

HISTORICAL DEVELOPMENTS

THE FIRST PERIOD (1951, JUNE 1970 - DECEMBER 1972)

The staff ceilings were first applied to the Australian Public Service in 1951 when Prime Minister Menzies instructed the Public Service Board to submit a report to the Government for reducing the Government employment by 5 percent. Following the Board's report in August 1951, a reduction of 8,500 was decided by the Government which was achieved by the end of September 1951 mainly by the retrenchment of temporary and exempt staff.¹ The staff ceiling imposed in 1951 was 'aimed at redistributing resources within the work force at a time when demand for manpower exceeded supply'.² So the purpose of staffing restraints imposed at that time was different to what they have been applied for since 1971. The staffing restraints continued during early 1950s and the full-time Public Service Act staff between 1951 and 1954 fell by an average of 5.4 percent per annum, most of which occurred in 1951.³

The staff ceilings were reintroduced by Prime Minister John Gorton in 1971. On 16 February 1971 while outlining the measures his Government was taking to control rising inflation, he announced in the Parliament that Public Service Board had advised him that his 'instructions for restraints on establishment increases could benefit the health and soundness of the Commonwealth Service' and had suggested to place 'a limitation' on the Service employment increases. He further announced that he had accepted the Board's recommendation that

'departmental increases in employment which will be kept to the minimum, should not exceed at 30th June 1971 an overall increase in the Service of 3.4 percent as compared with the number employed under the Public Service Act on 30th June 1970'.⁴ The immediate stated cause of this decision was to control the likely inflationary effects of the Commonwealth Conciliation and Arbitration Commission's award of a 6 percent increase in wages and salaries. The then Cabinet believed that 'one of the first lines of attack on rising costs and prices' was to restrict government spending.⁵ The Public Service Board provided the advice for the imposition of staff ceilings in response to the Prime Minister's instructions of 5 January 1971 to the Board for restraints on establishment increases. The Board did not initiate action in this respect on its own. This was disclosed by Prime Minister Gorton in the House of Representatives while replying to a question.⁶ So the introduction of staff ceilings was a decision primarily aimed at controlling inflation which 'could benefit the health and soundness' of the Public Service.

On receipt of the Prime Minister's instructions of 5 January 1971, the Board informed all Permanent Heads of the 'Government's policy restraint in the Commonwealth Service'⁷ through a circular letter of 15 January 1971. Subsequently, on 29 January 1971, the Board placed a temporary embargo on the recruitment of school leavers for positions of Clerk Class I in the Third Division which remained in force until the departments received their respective ceiling allocations.⁸

Following the Government's decision on 16 February 1971 of a growth ceiling of 3.4 percent, the Board 'advised each Permanent Head

of the maximum permissible levels for both full-time and part-time employment which had been authorised for his department to end June 1971'.⁹ These ceilings were determined on the basis of departmental staffing estimates already submitted by them. The Board kept a reserve of 0.2 percent with it for subsequent distribution if required. The ceilings were applied to total staff including operatives as well as inoperatives (Inoperatives being those staff absent for more than 12 weeks of the year on various forms of leave).¹⁰ To ensure that departmental staffing remained within or consistent with ceiling limits, the Board monitored month by month the staffing levels in each department for the remaining four months of the financial year 1970-71. Recruitment to all categories of staff could be made only on the basis of certifications by departments that the particular recruitment would not cause to exceed the overall staff ceiling for the concerned department. During 1970-71, the Public Service Act full-time staff increased by 2.7 percent and the part-time staff by 2.9 percent.¹¹

The staff ceilings for 1971-72 were announced by the Treasurer on 17 August 1971 in the Budget speech. He announced that Government had decided 'to limit the growth in the numbers employed full-time under the Public Service Act to 3.1 percent'.¹² The Board then advised each Permanent Head of the ceiling applied at June 1972 for the full-time staff for his department. This year, the ceilings were applied to the total full-time staff. No ceiling was applied to the part-time staff. The Board also did not keep any reserve with it. The Board monitored the staffing levels in each department month by month, and the recruitment could proceed on the basis of certifications as in the previous year.¹³ During 1971-72, full-time and part-time

staff under the Public Service Act increased by 3.03 percent (Table 4.1) and 1.67 percent (Table 2.1) respectively.

The staff ceiling for 1972-73 was announced by the Prime Minister McMahon in July 1972 authorising a growth ceiling of 3 percent for the full-time Public Service Act staff. This year, the Board allocated an overall growth ceiling to the individual departments only for full-time operative staff and undertook to handle inoperative staff by itself under the overall Service wide ceiling cover.¹⁴

THE SECOND PERIOD (DECEMBER 1972 - DECEMBER 1975)

In December 1972, there was a change in Government. The staff ceilings were lifted by the Whitlam Labor Government. Prime Minister Whitlam, however, directed the Board to 'keep the overall growth of Public Service under review' and that 'the Government would decide any actual limit to be placed on growth' after assessing the situation in the light of its new initiatives.¹⁵ But the Government did not decide to apply any growth limit during the remaining part of the financial year 1972-73, and total full-time and part-time Public Service Act staff increased by 4.09 percent (Table 4.1) and 7.8 percent (Table 2.1) respectively.

At the end of financial year 1972-73, the Whitlam Government reviewed the growth of the Public Service and decided that 'some controls on growth were desirable',¹⁶ and announced in July 1973 an overall growth ceiling of 5 percent for full-time Public Service Act staff during 1973-74. The ceiling was applied by the Board to the

full-time operative staff. The actual growth during 1973-74 for total full-time staff under the Public Service Act was 4.87 percent (Table 4.1). The part-time staff increased by 6.3 percent (Table 2.1). The ceilings were administered by the Board in the manner adopted in the previous years. A significant development, however, took place during 1973-74 when the Treasury for the first time 'pruned down departments' salary estimates to accord with the staff ceilings fixed by the Board'.¹⁷

In the face of criticism by the Opposition and rising inflation, Prime Minister Whitlam undertook to restrain public sector spending during 1974-75. On 7 June 1974 in his opening address to the Premiers' Conference held in Canberra the Prime Minister announced:

In 1974-75 we intend to apply a ceiling increase of 2.6 percent on the growth of full-time staff employed under the Public Service Act. After allowance for an increase in the number of staff expected to be on various forms of leave, the ceiling increase in 1974-75 on total operative staff employed under the Public Service Act will be 1 percent These staff ceilings do not of course take into account any transfer of Government employees into or out of the Australian Public Service ... The stringent restraint on the growth of staff numbers in the Australian Public Service will be reflected not only in the salary costs, but also in non-salary administrative costs A similar level of restraint will be applied to staff numbers employed by authorities that do not come under the Public Service Act.¹⁸

This was the first time that the ceilings were announced in a split form, viz. operatives and inoperatives, and before the departments were asked to submit their annual staffing bids to the Board. The Government also indicated its intentions to apply staff ceilings to the employment area under other Acts. The specific ceiling growth for the

Public Service Act employment announced in Prime Minister's speech was recommended by the Board before the conference.¹⁹

The Public Service Board then asked Permanent Heads to submit revised estimates as at the end of June 1975 of Public Service Act staffing in their respective Departments (and outriders) by 21 June 1974. The following information was required to be included in the departmental estimates:

Current establishment including: Total number of offices created as at date of submission of the estimate; Total number of positions provided under other approvals (eg. industrial ceilings, day labour, exempt/wages staff and other positions not created under Section 29 of the Public Service Act); Total number of positions involved in recommendations issued but not yet submitted to Executive Council - give separate figures for creations and abolitions.

Anticipated staff at 30.6.74.

Anticipated establishment at 30.6.75 includes: Proposed number of offices to be created; and Proposed number of positions to be provided under other approvals such as industrial ceilings, day labour, etc. as listed above.

Anticipated staff at 30.6.75.

Supporting summary providing brief details of anticipated establishment and staffing net increases for 1974/75 for each division or major branch of your Department together with a statement of main reasons for increases in each case'.²⁰

The letter requiring the departments to furnish above information also indicated that inoperative staff was to be handled by the Board's Office under the overall Service-wide ceiling cover.

The bids received by the Board amounted to 4.6 percent growth in the operatives. Therefore, the Board advised the departments vide its

letter of 5 July 1974 to submit revised staffing estimates or any additional supporting material by 12 July 1974. Only a few of them rearranged their priorities, majority of them argued for and insisted to maintain their original bids. The Minister for Health, Mr Everingham, for example, backing up his Permanent Head who had sought 13.4 percent increase in a letter of 24 July 1974 to the Minister Assisting the Prime Minister in Matters relating to the Public Service wrote:

Mine is one of the best integrated departments with extensive and effective relationships with several others which are vital to government efficiency ... To curtail its reasonable attempts to fill vacant establishment positions will have adverse effects on most aspects of government.²²

Similar justifications for their claims were received from many other departments. The Board, however, pruned the departmental estimates in the light of 'new initiatives forecast, other new initiatives already in train, previous growth, relative importance of the government programs - as the Board sees them' and the size and the stage of development of departmental structures, and submitted its recommendations to the Prime Minister.²³ The provisional staff ceilings approved by the Special Minister of State on behalf of the Prime Minister represented 1.3 percent growth in operatives. Each Permanent Head was advised of his department's ceiling in a letter of 2 August 1974 from the Board's Chairman. The Departments also were directed to restrict their non-salary and administrative costs and not to resort to regular overtime as an offset to staffing restraints. It was expected that those restraint measures would 'lead departments to more intensive examination of measures for the streamlining of

procedures and the redeployment of staff from low priority to higher priority work'.²⁴ On 20 August 1974, a meeting was also held between the concerned officers of the Board and those of the departments to explain and discuss various flexibilities available for the implementation of the ceilings.²⁵

The provisional ceilings for June 1975 provoked strong protests from the departments, some of which even at the Ministerial level. The Minister for Transport, Mr Charles Keith Jones, in his letter of 19 August 1974 to the Prime Minister, not only complained about a small growth ceiling allowed to his Department, but also highlighted the desirability of having more frequent consultations prior to setting of staff ceilings. He wrote:

... I must say that I was surprised that the Department of Transport was given a staff ceiling representing less than 0.41 percent growth, compared with an overall growth of 1% for the Public Service as a whole. In terms of the need to implement our new initiatives, Transport must rank in the upper bracket of Departments. I am sure, however, that you will agree that it does not appear to have received a share of the projected growth appropriate to that ranking. Had there been adequate consultation between the Public Service Board and my Department, and between our colleague the Special Minister of State and myself, before the ceilings were determined, I expect that the result would have been different.

In the circumstances which I have outlined, I believe that there is every justification for the staff ceiling of my Department to be revised and I would be grateful if you would lend your support to that action.²⁶

The Prime Minister, however, remained firm in the implementation of staff ceilings. Although in a few cases some departments were able to get approval for some increases to implement new cabinet-approved initiatives or to service increased clientele population. For example,

Australian Bureau of Statistics got approval for penetration of the ceiling for trainees and for some increase in the staff ceiling to carry out survey of import orders. Similarly, the Department of Social Security got approval for the exclusion of staff employed on unemployment benefits. The Department of Labour and Immigration was allowed to increase the staffing level in the Department to cope with the unemployment situation.²⁷

On 27 August 1974, Public Service Board issued a memorandum to all departments reviewing and consolidating previous Public Service Board memoranda on the subject of staff ceiling administration and outlining the operating arrangements for 1974-75. The memorandum covered the following main points²⁸:

- (i) The staff ceilings were determined by the Government from time to time. For 1974-75, the ceilings would apply to the operative staff. Inoperative staff would be managed by the Board's Office under a Service-wide ceiling cover.
- (ii) With few exceptions, staff ceilings were framed as total departmental figures. Allocation of staff within the department was the responsibility of the Permanent Head.
- (iii) Under certain circumstances staffing levels could exceed authorised limit during the year temporarily only on Board's approval and in any case should not be exceeded as at end of the financial year.
- (iv) In exceptional circumstances, the staff ceiling of a department could be increased but it required prior approval of the Government on the recommendation of the Public Service Board.
- (v) Departments must submit PSB Form 39 - Monthly Return of Staff Employed by the 19th day of the following month.
- (vi) Departments were required to submit with all recruitment demands a certification that the proposed recruitment action would not cause the approved staff ceiling to be exceeded.

- (vii) Departments were required to include with proposals for the creation of new positions a certification that immediate staffing of the proposed new position/s is necessary and can proceed within the overall departmental staff ceiling.
- (viii) The Board urged the departments to give careful consideration for long-term trainee-staff requirements.

Prime Minister Whitlam in his speech of 7 June 1974 to the Premiers also announced to apply restraint to non-Public Service Act staffing area. To implement staff ceilings in this employment area, an Interdepartmental Committee (IDC) was established in July 1974 by the Department of Prime Minister and Cabinet comprising the representatives from the Department of the Prime Minister and Cabinet, Special Minister of State, the Treasury, and the Public Service Board which reported to the Special Minister of State. On the recommendation by the Special Minister of State, the Prime Minister approved staff ceilings for the concerned organisations and advised them of their respective ceilings in September 1974.²⁹

On 7 January 1975, while the Prime Minister was out of the country, in order to create employment opportunities for school leavers and avoid further addition to already high level of unemployment, Cabinet decided to remove 'all staff ceilings in the Australian Public Service' and to request all the departments and statutory authorities 'to create maximum employment opportunities within the limits of their appropriation'.³⁰ The Board communicated this decision of the Cabinet to the departments in a letter of 15 January 1975, emphasising at the same time the need for 'continued critical analysis by Departments and the Board of programs, priorities and staff establishment mechanisms in order to optimise the recruitment and allocation of staff resources'.³¹

This resulted in a high growth in the Service during 1974-75 representing a growth of 4.01 percent (Table 4.1) and 13.18 percent (Table 2.1) in the full-time and part-time staff respectively employed under the Public Service Act.³²

The Public Service Board announced the introduction of Forward Staffing Estimates (FSE) in a letter of 25 January 1975 from its Chairman to Permanent Heads of all the departments. The development of this scheme is discussed in a later section of this chapter. Under this scheme, the Board asked the departments and authorities (vide its letter of 28 January 1975) to submit to the Board by 30 April 1975 their forward staffing estimates for a triennium, allocating operative staff to individual programs/activities for each of the ensuing three years and allocating a priority level (ie. high, medium, low) to each program/activity for year one of the three-year cycle. The Ministerial endorsement of the programs and priorities was emphasised.³³ On 25 March 1975, the Prime Minister wrote to all the Ministers emphasising the importance of this scheme and particularly stressed the need of ministerial endorsement of the programs and priorities and sought their cooperation for the success of the new procedures. The Prime Minister also indicated in his letter that 'on the basis of the information provided this year the Board intends to prepare by the end of June a consolidated picture of departmental programs and their staffing needs for 1975-76'.³⁴

However, inspite of this emphasis by the Prime Minister, the response from the departments was not encouraging. In a research paper of the Public Service Board, the situation is described as under:

Many of the departments were late in their presentation of their FSE; two or three never provided them at all. The final returns, as one comment put it, clearly indicate a lack of responsibility and realism on the part of departments. If all departmental bids had been met, the Public Service would have grown by 7.8 percent in 1975/76, 5.8 percent in 1976/77 and 3.5 percent in 1977/78. If inoperative staff were included, the growth in 1975/76 would have been a clearly unacceptable 9.1 percent. Some parts of the scheme did not work at all. A few departments, notably Defence and Treasury, did not get ministerial endorsement. Defence and Treasury also refused to give any priority rating to their programs. Most of those who did rate their programs (that is 23 out of 32) declared that all their programs had top priority. Only seven put less than 70 percent of their programs in the top priority category.³⁵

The Board, on the basis of the analysis of the FSE, recommended to the Prime Minister a growth ceiling of 1.5 percent of operative staff for Public Service Act staffing area. The proposal was accepted and the departments were advised of their individual ceilings in July 1975.³⁶ It was also announced that 'some further reduction in Australian Government employment may be determined by the Government in the light of Budget Cabinet considerations'.³⁷ An overall growth ceiling of 2.2 percent was fixed for the non-Public Service Act staff subject to ceilings control.³⁸

Again there were strong protests from some departments against their approved provisional ceilings. The Permanent Head of the Department of Social Security, for example, expressed his dissatisfaction over the ceiling approved for his Department in his memorandum of 29 July 1975 to the Board's Chairman.³⁹

THE THIRD PERIOD (DECEMBER 1975 - MARCH 1983)

There was change of Government in December 1975 and the Liberal-National Country Party coalition came into power. The new Government decided to revise the staff ceilings in the light of its policy of curtailing the growth of the public sector, and consequently the size of the Public Service. On 23 December 1975, the Treasurer announced the Fraser Government's decision to freeze the total number of (operatives and inoperatives) Public Service Act staff at the 30 November 1975 level (ie. 158,765) and the establishment of an Interdepartmental Committee (IDC) comprising the representatives from the Public Service Board and the Departments of the Prime Minister and Cabinet and the Treasury 'to prepare a joint report to Prime Minister (Fraser) on revised ceilings for individual departments and authorities under the Public Service Act'.⁴⁰ On the basis of this joint report, the Prime Minister announced on 9 February 1976 a ceiling for 30 June 1976 of 154,881, representing a reduction of 3884 on the staffing level at 30 November 1975. He also announced a separate ceiling for the staff under other Acts. The reductions were to be achieved by natural wastage, ie. resignations, retirements, etc. The IDC was asked to keep the departmental ceilings under review in the light of the Government's ongoing review of expenditure, and subsequently further downward adjustments were made on its recommendations. An overall staff ceiling at 30 June 1976, after allowing for changes in Public Service Act coverage and other variations in departmental ceilings, was 159,327.⁴¹ At 30 June 1976, the number of full-time staff was 157,765 and part-time staff was 2533 (Table 2.1). Allowing for Public Service Act coverage, there was a real decrease of 4.2 percent in the number of

full-time staff (Table 4.1). The decrease in part-time staff, in absolute terms, was 66.3 percent, most of which was due to changes in the Public Service Act coverage. A number of staff were declared surplus to the needs of some departments during the year, redeployment of which necessitated the formulation of special recruitment and placement procedures by the Board, the details of which are discussed in the later section of this chapter.

On 9 April 1976, the departments were asked to submit Forward Staffing Estimates for the ensuing three-year cycle by 26 May 1976. The analyses of the year-one figures were used for the provision of guidelines for setting staff ceilings in the Budget context as well as by IDC on staff ceilings to submit report to the Prime Minister.⁴² On 14 June 1976, the Prime Minister announced ceilings for 1975-76 which required an overall reduction of 1.2 percent in the Commonwealth staffing area covered by the staff ceilings; 1.6 percent reduction for Public Service Act staffing area, and 0.9 percent for non-Public Service Act staffing area. The staff ceiling was revised in the light of the Government's Budget decisions, and the Treasurer, in his Budget speech announced that total reduction for the employment area covered by ceilings would be of the order of 2.5 percent.⁴³

The Public Service Board's Annual Report for 1977 gives an interesting account of the implementation of the staff ceilings during 1976-77. It states that:

In the Budget Speech on 17 August 1976, the Treasurer announced that the Government had decided upon an objective of achieving a further reduction of 2 percent in staff ceilings for Public Service Act staff during 1976-77, making the objective in this area a 3.7 percent

reduction in all. The Government requested that the ceiling objective for the year be reached as soon as possible. This was achieved by early December 1976.

In January 1977 the Board advised the Government that, on indications available to it at that time and having regard to normal lags in recruitment activity, total staff in the Service could be some 500 to 700 below the ceiling fixed by the Government for the end of the year. At the same time the Board indicated its view that a further reduction in ceilings for 1976-77 should not be made so that staffing imbalances could be corrected by appropriate recruitment action. The Board also asked that decisions on staff ceilings for 1977-78 not be taken until it had received and examined departments' forward staffing estimates.

On 14 January the Treasurer announced that a figure of up to 700 lower than the ceiling determined by the Government would be taken as a new ceiling objective for end June 1977. Actual staffing at 30 June 1977 was 580 below the approved staffing level for that date. The Treasurer also said that the Government would be regarding the actual aggregate staff numbers at 30 June 1977 as the ceiling objective for 1977-78; in aggregate the provisional ceilings require staff numbers to be reduced below the actual staff level achieved at 30 June 1977.⁴⁴

It is obvious from the above quote that the Government did exactly opposite to what was recommended by the Board by announcing on 14 January a new ceiling objective for end June 1977 'a figure of up to 700 lower' than the earlier objective and 'regarding the actual aggregate staff numbers at 30 June 1977 as the ceiling objective for 1977-78' without waiting for the outcome of the examination of the department's forward staffing estimates. It also fixed the provisional staff ceilings in May 1977 for 1977-78 at a lower level to what was announced on 14 January 1977. It is also not comprehensible how a reduction of 3.7 percent was achieved by early December 1976. Because overall reduction in staff numbers during 1976-77 after allowing for changes in Public Service Act coverage was 2643 ie. 1.7 percent. The reduction in the part-time staff Public Service Act staff during the

year was 0.83 percent (Table 2.1). The full-time staff employed under other Acts and subject to ceilings control decreased in real terms by 507 during the year. The total reduction in the staffing area subject to ceilings control amounted to 0.97 percent against the Government objective of 2.5 percent (Table 4.1).

During 1976-77, special recruitment controls were introduced also by the Board so as to meet ceilings (details in the section on Redeployment). The Board kept the achievement of ceilings under close review and required the departments to submit their Forms PSB-39 (monthly returns) by the end of the first week following the close of each month. The departments were also advised to maintain forward estimates of their intake and losses for the remainder of 1976/77. They were requested to record their estimates for each of the remaining quarters of 1976-77 'in a standard form, update these every month and submit to the Board following submission of monthly returns (Form PSB-39) beginning with the August 1976 return of PSB-39'.⁴⁵ They were also advised that 'proposal to adjust departmental establishments to meet the 1976-77 program requirements should not be forwarded until staff and financial allocations are finalised'.⁴⁶ During 1976-77, a number of representations were made by the ministers to the Prime Minister and by departments to the Board regarding staffing problems, which were examined by the IDC on Staff Ceilings and reported to the Prime Minister. Consequently, some departments were allowed increases in their staff ceilings, while some others were allowed to exceed their ceilings temporarily to enable them to meet peak workloads.⁴⁷

However, these increases were not adequate and the Service was experiencing great difficulties in carrying out its functions. The staffing restraints were also affecting the efficiency of the Service adversely in longer terms. The Public Service Board, in its Annual Report for 1977, stated that it had been informed at various times throughout the year 'of difficulties in providing prompt and efficient services to the public, maintaining professional and technical services, meeting peak workloads and in the expeditious handling of correspondence'.⁴⁸ The report also pointed out the following adverse effects of staffing restrictions which would affect the efficiency of the Service in the longer term:

The reduction of staff by a process of natural wastage has effected the structure of the Service in a number of ways and has resulted in a much greater reduction of staff in Fourth Division than in the Third Division. The greater impact on the Fourth Division is due to both the higher proportion of temporary and exempt staff in that Division and the fact that turnover rates for these staff are higher than for permanent staff. The uneven incidence of natural wastage has created imbalances in the structure of the Service which, if unchecked, could disrupt the stability and efficiency of staffing.

It is evident that there has been reluctance on the part of some departments to take staffing action which might result in the transfer or promotion of officers from other departments, thus increasing difficulties in meeting their ceilings. Such techniques militate against the mobility of staff between departments; mobility should play a significant part in ensuring the best usage of the skills and talents available in the Service.

In order to meet immediate commitments, some departments have considered it necessary to divert resources away from training and staff development programs thus impeding the development of essential knowledge and skills.

In a number of areas of the Service it has been necessary to curtail review activities directed towards the achievement of long term economies.⁴⁹

The departments were requested to submit their forward staffing estimates for the next three year cycle by 28 January 1977 in a circular of 14 December 1976.⁵⁰ But 'as late as 24 February 1977, several departments had not sent in their FSE'.⁵¹ The Board reported to the Government on staffing outlook for 1977-78 on the basis of forward staffing estimates submitted to it in February 1977 and its own assessment. Subsequently, Government approved provisional staff ceilings for 1977-78 after considering a report from the IDC on staff ceilings and staffing guidelines for departments and authorities for 1977-78 in conjunction with an officials' report on estimated expenditure for 1977-78. The report of IDC on staff ceilings for 1977-78 also included recommendations on staffing levels for parliamentary departments and statutory authorities staffed outside the Public Service Act, as the Board was also made responsible from March 1977 for the administration of staff ceilings for the employment area outside the Public Service Act under ceilings. This brought uniformity in the machinery and procedures applied to both the staff under the Public Service Act and under other Acts subject to ceilings control. As mentioned earlier, the provisional staff ceilings advised to the departments in May required the aggregate staff numbers to be reduced below the actual level achieved at 30 June 1977. The Treasurer in his 1977-78 Budget speech on 16 August 1977 announced a further revision of provisional staff ceilings implying a 'reduction of over 3000 - or about 1 percent in staffing in those areas of Government employment covered by ceilings during 1977-78'.⁵²

Ever since the Fraser Government came into power in December 1975, the staff ceilings were being applied to the total staff. Due to

this, a number of departments and authorities due to uneven impact on them in the case of 'non-discretionary' area of inoperative staffing, maternity leave, sick leave, long service leave, etc. were facing significant difficulties. They also did not have much flexibility to grant leave without pay in the long term interests of the Government and staff development. In view of these reported difficulties, the Prime Minister in October 1977 decided to exclude inoperative staff from the ceiling effective 27 October 1977 onwards.⁵³

In January 1978, the Interdepartmental Committee (IDC) on Staff Ceilings comprising of representatives of the Departments of the Prime Minister and Cabinet and Finance⁵⁴ and the Public Service Board was disbanded and the administration of staff ceilings was made entirely Board's responsibility 'although Finance still had to be consulted'.⁵⁵ However, in May 1978 IDC was effectively reconstituted, officially termed as 'a group of senior officials from the Departments of the Prime Minister and Cabinet, Finance, the Treasury and the Public Service Board' 'to review the provisional staff ceilings for 1978-79 aiming at achieving significant reduction in staff numbers'.⁵⁶

During 1977-78 a number of departments and authorities sought increases in their staff ceilings. Ceiling increases totalling 3,100, apart from adjustments due to revised administrative arrangements, were approved by the Government after consideration of the Board's reports based on the examination of these representations.⁵⁷ During 1977-78, after allowing for reductions in Public Service Act coverage, there was real increase of 1765 (1.09 percent) in the full-time staff under the Public Service Act (Table 4.1) and also an increase of 6.09 percent in

the part-time staff (Table 2.1). After allowing for various changes in the coverage, the staff under other Acts subject to ceilings also increased by 786 during the year (Table 4.1)

On 25 October 1977, the Board issued a revised memorandum to the departments and authorities setting out the arrangements which would apply to the preparation and processing of forward staffing estimates for 1978-79 to 1980-81. It emphasised the Board's desire for increased consultation with the departments. They were asked to submit their staffing estimates by 27 January 1978.⁵⁸ The Board reported to the Government in March 1978 on the outlook for 1978-79 staffing needs based on the estimates submitted by the departments and authorities expressing its concern for projected staff requirements 'both for the remainder of the 1977-78 and for 1978-79'.⁵⁹ The increases sought by the departments and authorities for 1978-79 amounted to a growth of 3.8 percent (over 9000) in the full-time staff in Public Service Act and 2.4 percent for non-Public Service Act staff. The Government did not consider these estimates in line with its policy of restraint. The departments and authorities were, therefore, asked in a circular letter of 31 March 1978 from Board's Chairman to all Permanent Heads to revise their staffing estimates by program for 1978-79 and submit two sets of estimates; one assuming zero growth and the other assuming a reduction of two percent at approved ceilings for 30 June 1978. They were told that the Prime Minister had 'expressed extreme concern about trends in relation to staff ceilings'.⁶⁰ They were also asked to indicate in relation to staffing variations for programs the potential for adopting revised policy options, deleting, deferring or 'slipping' specific activities and changing existing standards of service and

administrative procedures. The letter also contained the following advice for the Permanent Heads:

If more staff are needed to meet inescapable commitments on some programs (eg., on over-the-counter service) it will be necessary to achieve reduction elsewhere in order to meet the overall target. The Prime Minister has indicated that before agreeing to an increase in ceiling for any department or authority there must be evidence that the whole of the organisation has been looked at with a view to transferring staff from areas from which they can be spared. In addition, even if increases in staff are not sought, all departments must review immediately their existing activities to seek ways of increasing productivity and reduce to a proper level any areas where greater effort is being applied than is consistent with current Government policy or where there is overcapacity Would you please indicate what consequences might be expected as a result of actions taken to meet staffing targets This underlines the need for us to look again at the possibility of redeployment of resources from lower priority areas....⁶¹

They were also informed that Cabinet had decided that:

provisional ceilings for 1978/79 are to be determined and conveyed to departments and authorities no later than 20 April.

against the background of continuing expenditure restraint Ministers are to examine staff allocations within their departments and authorities with a view to have staff reallocated to new or expanding programs and activities.⁶²

Regarding increases for the remainder of 1977-78, they were told to reconsider any outstanding ceiling representations for 1977-78 as the Prime Minister had indicated to have no increases in the staff ceilings 'except in the most extreme circumstances'.⁶³ They were asked to submit their revised estimates by 10 April 1978. Ministerial endorsement was required for any departmental submissions as a result of this review.

The response of the departments regarding priority rating of the program consequences of the cuts was limited: 'Most of the departments simply said that the figures could not be calculated or they gave bland figures that did not mention program consequences of the cuts. One Minister even instructed his department not to respond to the request for details of the 2 percent cuts'.⁶⁴ The assumptions of zero growth of 2 percent reduction were developed by the Board 'as a statistical device intended to assist Permanent Heads in ordering their priorities'; the Government had not given any specific figures to the Board.⁶⁵

The provisional ceilings for 1978-79 advised to the departments and authorities in April 1978 were decided by the Government on the recommendation of the Board based on these new estimates. As indicated earlier, the provisional ceilings were further reviewed by a 'group of senior officials' in May 1978. On the basis of this review report submitted to the Government in May 1978, a number of reductions in the provisional ceilings were decided. The revised provisional ceilings were advised to all the ministers in a letter of 2 June 1978 from the Prime Minister. It was also indicated by the Government that 'during 1978-79 departments and authorities would be expected to absorb future new functions and workload increases within existing ceilings unless it was quite unreasonable to do so'.⁶⁶

The 'group of senior officials' further reviewed the provisional ceilings in July in the context of the Government's Budget strategy. Following this review, the Prime Minister in his letter of 4 August

1978 advised each Minister of 'further reductions totalling 1587 from the previously approved aggregate ceilings' for the total Commonwealth staff subject to ceilings and the revised ceilings applying to his department and to authorities within his portfolio, and reaffirmed Government's policy of maintaining maximum restraint in all staffing matters.⁶⁷ The Prime Minister's letter of 4 August 1978 further reads as follows:

I ask Ministers to regard all outstanding requests for variation of ceiling, whether addressed to me or to the Public Service Board, as having been determined within the framework of this review.

In my previous letter I emphasised the need for maximum restraint in all staffing matters. I hardly need mention that even greater efforts will now be needed to achieve the revised staffing levels. All Ministers and heads of organisations will need to give close attention to determining how the revised ceilings will be achieved whether by dropping or deferring programs, reducing the level of staff activity in some areas, or redeploying staff within their area of responsibility. Any cases where it appears that retrenchment action may need to be considered should be brought to my notice at the earliest possible time.

I realise that there will undoubtedly be complaints from affected organisations and some sections of the community about further reductions, we must, however, regard these as unavoidable in the present circumstances.

In the case of your department it is likely that such sizeable reduction will only be achieved by taking further hard decisions on programs and priorities and through the placement elsewhere in the Public Service of existing staff who may become surplus to requirements. The department should consult the Public Service Board fully on the placement of such staff as soon as relevant decisions on programs and priorities have been taken.

I have asked the Public Service Board to undertake a general review of staffing levels in February 1979 and to report on any adjustments to ceilings which might prove necessary in the light of experience.⁶⁸

A significant development which took place in the administration of staff ceilings during 1978-79 was the practice of publishing the staff ceilings for the Public Service Act staff of the individual departments and authorities in the Board's annual report. So far, the staff ceilings for individual organisations were kept secret.

There was a further review of staff ceilings in the context of Government's Budget decisions and the Treasurer announced in his 1978-79 Budget speech an overall reduction in staff of 2600 or about 0.8 percent in staffing area covered by ceilings implying 0.4 percent reduction in the Public Service Act staffing area, and 1.2 percent reduction in the non-Public Service Act staffing area.⁶⁹ As directed by the Prime Minister, the Board after having consultations with departments and authorities reported to the Prime Minister in February 1979 on the allocation of staff under ceilings set for 30 June 1979. During 1978-79, except for urgent cases, requests for increases in the ceilings received from the departments and authorities were held over by the Board until the February review to enable each claim to be considered against Service-wide needs and priorities. Approvals for real ceiling increases of 933 were given by the Government, making a new objective requiring a reduction of about 0.1 percent at 30 June 1979 compared to the staffing level at 30 June 1978. However, at 30 June 1979 the number of full-time staff under the Public Service Act represented a real increase of 1193 (ie., 0.8 percent) during the year. The part-time staff decreased by 128 or 4.8 percent in absolute terms, without taking account of the changes in the Public Service Act coverage. The non-Public Service Act staff subject to ceilings decreased in real terms by 1110 (0.6 percent) during the year (Table

4.1). The Treasurer, however, in his Budget speech of 1979-80 announced that 'last year there was a further net reduction of 780 in areas subject to staff ceiling',⁷⁰ which is obviously different from Board's figures mentioned above.

During 1977-78 and 1978-79, the Treasurer in Budget speeches had been using figures in aggregate terms, perhaps due to its public appeal as the Public Service Act staff was not decreasing in real terms. Major reductions were achieved by the Liberal-National Country Party Coalition Government during its first eighteen months in Office between December 1975 and 30 June 1977, especially during first six months (between December 1975 and 30 June 1976). After that, in real terms, there has been increases in the Public Service Act staffing area. The Government had also been extending ceilings to more areas of Commonwealth employment, and 'by 30 June 1979, 322,540 (some 82 percent of Commonwealth Government civilian employees) were covered by staff ceilings'.⁷¹

In February 1979, the Public Service Board reported to the Government on staffing requirements for 1979-80 on the basis of preliminary analysis of forward staff estimates submitted by the departments and authorities by the end of January 1979. After usual consultations between the Board and departmental officers, a further report recommending provisional ceilings in the light of government decisions about overall staffing levels and policy objectives and priorities was submitted to the Government in April 1979. This report

also included 'a summary of implications of the recommended ceilings for each organisation as expressed to the Board's officers during the consultation process'.⁷² The provisional ceilings approved by the Government for 1979-80 were advised to the departments and authorities in May 1979 with the request that organisations with reduced ceilings should achieve the revised staffing levels as quickly as practicable. In some cases, it necessitated restriction of recruitment. The ceiling administration was again to be based on the expectation that small increases in workload should be absorbed. To link control on part-time staffing more directly to needs, the staff ceilings were also set for the part-time staff for the first time. 'Formerly the standing arrangement was that numbers of part-time staff in any year were not to exceed the number employed at the close of the previous year'.⁷³

From 1979-80, arrangements were also introduced for departments and authorities experiencing seasonal or other variations in workload to allow them to manage their staff numbers 'in accordance with an agreed average monthly staffing level consistent with the end year ceiling'.⁷⁴

The provisional staff ceilings were reviewed following the 1979 Budget and again in February 1980. In his 1979-80 Budget speech, the Treasurer announced to retain the overall ceiling for 1979-80 'at about the same level as in 1978-79'.⁷⁵ During the year, approval for real increases in the ceiling totalling 1188 were given in the Australian Public Service.⁷⁶ A number of new organisations were also provided with separate ceilings which were formerly counted for staff ceiling purposes within their controlling Departments.⁷⁷

At 30 June 1980, full-time staff under the Public Service Act was 150,743 representing real increase of (640) 0.4 percent. The part-time staff was 2679 and represented an increase of 5.6 percent.⁷⁸ During 1979-80 the full-time staff of non-Public Service Act employment are under ceiling also increased by 495, representing an increase of 0.3 percent (Table 4.1).

During 1979-80, sixteen departments managed their staff numbers 'by means of agreed average end-of-month staffing levels, consistent with the end-of-year ceilings'.⁷⁹ The fluctuation of end-of-month staffing levels above or below the 30 June ceiling could occur in accordance with the following provisions:

for the financial year as a whole the average of the twelve end-of-month staffing levels is not to exceed the approved level,

staff numbers at 30 June are not to exceed the staff ceiling approved by the Government. The end-of-year ceiling is the primary control over staffing levels, and

every effort is made to keep numbers down and to make staffing economies and offsets wherever possible.⁸⁰

The departments and authorities were advised in the FSE memorandum issued on 31 October 1979 that there would be 'little or no overall growth in Commonwealth Government employment during 1980-81' and were urged 'to adopt a realistic approach to the preparation of their estimates' as in the past many organisations 'have submitted bids for staff numbers well above levels which the Government has been prepared to endorse'.⁸¹ They were asked to submit their FSE returns by 22 January 1980. On the basis of the information received, the Board reported to the Government on the outlook for 1980-81. According to the Public Service

Board's Annual Report for 1980-81:

The report noted that many departments and authorities had presented convincing forecasts of increased workload, based on increased client populations, or on the volume of business to be conducted. In addition, in many cases an increased staffing level was requested to implement Government decisions. The Board concluded that, unless functions were abandoned or given less emphasis, the requested increases could not be absorbed wholly within the existing staff ceilings'.⁸²

The Board recommended to the Government individual staff ceilings 'consistent with options requested by the Government',⁸³ in March 1980. The provisional staff ceilings as approved by the Government were advised to the departments and authorities in April 1980. The Board received a substantial number of representations against the provisional ceilings seeking staff increases. But they were advised that 'although authorised activities, standards of service, workload and productivity were all important considerations in setting approved staffing levels', they also involved a balanced sharing of limited resources and were urged 'to concentrate their efforts on ways and means of living within the ceilings approved'.⁸⁴

In his 1980-81 Budget speech, the Treasurer announced a growth ceiling of 'less than 1 percent'.⁸⁵ Following the Budget, the Board reported to the Government for variations in the provisional staff ceilings in the light of Government's Budget and other relevant decisions. Another report was submitted by the Board, at Government's request, after the Federal Election of October 1980 'consolidating all ceilings issues then outstanding'.⁸⁶

On 6 November 1980, the Prime Minister announced the 'Review of the Commonwealth Functions and of Public Service Staffing Levels and this overtook the normal processes of setting the staff ceilings. The departments and authorities were notified of 'holding arrangements' pending the outcome of the reviews which required them in some cases not to exceed the provisional ceilings already notified and in others not to exceed end September staffing levels. 'In those cases where revised ceilings had been notified, the organisations concerned were advised that, should they wish to put the view that the ceiling level could not be sustained, they should explain why the programs and activities of the organisation could not continue to be performed within the revised figure by redeploying staff from lower priority areas, or through dropping, or winding down, existing functions'.⁸⁷

The departments were advised of the interim ceilings for 1980-81 in mid-December which were decided on the basis of a further report by the Board to the Government and 'were subject to review in the light of the Review of Commonwealth Functions and the normal February review process', and to be implemented with careful regard to the following principles: 'the quality of services to the public was not to be reduced; and recruitment was to proceed at planned levels - the intake of new staff during the period December 1980 to January 1981 was not to be reduced as a means of achieving the revised ceilings'.⁸⁸

The final staff ceilings for 30 June 1981 approved by the Government after the February review represented an overall increase

of 0.9 percent over the 30 June 1980 ceilings for the Public Service Act area. For various reasons, ceilings were increased by 1256 during the year. Separate staff ceilings were determined for a number of new organisations which were previously counted for staff ceiling purposes within their controlling departments. The number of organisations using staffing averages for full-time staff to cope with seasonal or other workload peaks increased to 24 at 30 June 1981.⁸⁹

At 30 June 1981, the number of full-time staff employed under the Public Service Act represented a real increase of 1014 (0.7 percent) during the year. The number of part-time staff at 30 June was 2858 (Table 2.1) representing an increase of 321 or 6.7 percent during the year. The non-Public Service Act Staff subject to staff ceilings also increased, in real terms, by 2115 or 1.3 percent during the 1980-81 (Table 4.1).

Following 1980-81 Budget, the Government also decided that 'organisations employing apprentices should have separate "apprentice" ceilings which are not interchangeable with the "core" ceiling'.⁹⁰

On 30 April 1981, Prime Minister Fraser announced the decisions of the Government taken in the context of the Review of Commonwealth Functions (RCF) in a ministerial statement in the House of Representatives, expecting to achieve a reduction of 10,000 to 11,000 in Commonwealth Government employees plus a further 2 percent reduction over a two-year period in the employment area subject to staff ceilings (details regarding RCF are discussed in a later section), leading to a total reduction 'of the order of 16,000 to 17,000'.⁹¹

On 30 October 1980, the departments and authorities were requested by the Board to submit their forward staffing estimates' returns by 21 January 1981. They were told that:

The Prime Minister has indicated that reallocation of staff within departments should be pursued more rigorously and emphasis will need to be placed on assessing the minimum staffing requirements for established activities, on redeploying resources away from lower priority and non-essential work and on improving productivity' [and] should work on the assumption that the Government will continue to apply a policy of maximum restraint on staffing levels during 1981-82.⁹²

The provisional ceilings for 30 June 1982 were approved by the Government on the basis of usual reports by the Board in February and April 1981 and taking into account the implications of the RCF decisions, and were advised to the departments on 22 May 1981. The provisional staff ceilings for 30 June 1982 were reviewed in the light of 1981-82 Budget decisions. The Treasurer (Howard) in his Budget speech announced that 'Provisional staff ceilings provided for a reduction of about 9,000, of almost 3 percent, in staff under ceilings control during the course of 1981-82'.⁹³ A further review was undertaken in February 1982 as usual. The ceilings for some departments and authorities were also subjected to separate ministerial review. The revised firm ceilings notified to the departments and authorities represented an overall decrease of 1.6 percent over the final 1981 ceilings for the Public Service Act area. However, at 30 June 1982 the number of full-time operative staff was 728 above the ceiling set for 30 June 1982. Total number of full-time staff at 30 June 1982 was 151,024 representing a real decrease of 663 (ie. 0.4 percent) during the year.⁹⁴ The number of part-time staff at

30 June 1982 was 2948 (Table 2.1), representing an increase of 90 or 3.1 percent. The non-Public Service Act staff subject to ceilings decreased by 0.6 percent (Table 4.1).

This was a very poor achievement comparing it with the objectives set out in the context of RCF decisions announced on 30 April 1981 by the Prime Minister. He wanted to achieve a reduction of 16,000 to 17,000 over the period of two years in the areas subject to ceilings; it also was much less than the Treasurer's announcement of a reduction of 9,000 during 1981-82.

During 1981-82, 'the system of approved average monthly staffing levels which had been operating prior to June 1981 was replaced by the provision of either indicative end month staffing plans or separately identified "man-year" allocations for organisations with seasonal requirements'.⁹⁵ A large number of non-Public Service Act staff of certain statutory authorities were also excluded from the ceilings control during the year. The area of Commonwealth employment subject to staff ceilings at the beginning of 1982-83 was reduced to only about 45 percent as compared to about 82 percent at 30 June 1979.⁹⁶

The FSE memorandum for the 1982-83 round for setting staff ceilings was issued on 30 October 1981 which required the departments and authorities to submit information 'on the deployment of existing staff and on estimated staff requirements for the remainder of 1981-82 and for 1982-83' by 15 January 1982.⁹⁷

The provisional ceilings for 1982-83, which were approved by the Government on the basis of usual reports and recommendations by the Board in February/March and April/May after normal consultations with the departments and authorities, were advised to them in May 1982. The provisional ceilings were reviewed in the context of Budget decisions. Curiously enough departing from previous practice, the Treasurer (Howard) did not mention staff ceilings in his Budget speech delivered on 17 August 1982 in the House of Representatives. Staff increases were also allowed to implement Freedom of Information legislation. Total increases in staff ceilings approved for only the full-time Public Service Act staff before the February review represented an increase of 6935 staff over the staffing levels at 30 June 1982.⁹⁸ Further increases were expected as a result of the February Review process. The increases approved as indicated above, thus, off-set almost all reductions in the full-time Public Service Act staff achieved since June 1975 (Table 4.1).

FORWARD STAFF ESTIMATES

This section discusses the development of the scheme of Forward Staff Estimates (FSE) from its introduction in January 1975 to November 1982 identifying the main factors shaping its progress and the main changes that have taken place.

The Public Service Board announced the decision to introduce this scheme on 25 January 1975 in a letter from its Chairman to Permanent Heads of all departments. The details of the scheme were provided in a memorandum of 28 January 1975 from the Secretary of the Board. The

purpose of the scheme was 'to improve the coordination of manpower resources with financial and other resources, and to improve planning of manpower requirements and analysis of service growth'.⁹⁹

A variety of factors contributed to the introduction of the scheme. The Government had been concerned for some time to improve the forward planning of its programs and the assessment of the full manpower and financial implications of proposals coming forward for decision. The setting and administration of staff ceilings required more information about the allocation of staff to programs and also about the priority levels of the program as seen by the departments and authorities. The Bulk Establishment Scheme (see details in the Section on Establishment Controls) which was progressively introduced in the Service was more suitable for an expanding Public Service and was not an effective control mechanism.¹⁰⁰ In December 1974, a joint working party on manpower planning comprising of the representatives of the Board and the Departments of Transport, Housing and Construction, Manufacturing Industry and the Postmaster General's Department also recommended in its report for 'the establishment of manpower planning systems in departments'.¹⁰¹ Finally, the Treasury had already introduced the Forward Financial Estimates (FFE) Scheme which 'provided an example and also a challenge since it created a fear that unless the Board acted in some manner the Treasury might monopolise the field of forward planning'.¹⁰²

The new scheme required the departments and authorities to submit their forward staffing estimates for a full triennium, allocating total departmental operative staff to individual programs/activities

either proposed or existing, and allocating each program a priority level (high, medium or low) for the first year of the triennium. Ministerial endorsement of programs and priorities was necessary. They were also required, where possible, to provide workload indicators or other quantitative data in support of estimates of staff needed. The estimates were required to be submitted to the Board by 30 April 1975 using a set of three types of prescribed forms, and the discussions between the departments and the Board were to be held from May 1975 onwards.¹⁰³

The Board's memorandum gave no formal definition of the term 'program/activity', but gave certain guidelines 'that had been developed after discussions with the Treasury and were closely related to the Treasury's views on program definitions'.¹⁰⁴ The program structure was required to 'be consistent with the Treasury's "functional classification" and capable of aggregation to coincide with that classification at least at the broad function level'.¹⁰⁵

The memorandum also required the departments and authorities to submit their Bulk Establishment proposals for 1975-76 after the Budget as, in the Board's opinion, satisfactory consideration of establishment needs was practicable only after the determination of appropriate staffing levels and financial allocations. Prior to this the Bulk Establishment proposals were due by April each year. The estimates for the first year of the triennium in effect substituted the old annual bids of the departments which were generally due in June each year and contained establishment and staffing estimates for the coming year only in aggregate terms.¹⁰⁶

Not all parts of the scheme worked well in its first year of introduction. As has been discussed in the preceding section, problems were experienced in respect of priority rating of programs, ministerial endorsement and in meeting the deadline. There was also incompatibility in the timing of FFE (Forward Financial Estimates) introduced by the Treasury and FSE; the former being collected in late January each year.

The second FSE memorandum was issued on 9 April 1976 after revising in the light of the first year's experience. This memorandum required the departments and authorities to submit their forward staffing estimates only for 1976-77 by 26 May 1976. Due to change in Government in December 1975, most of the programs had undergone or were undergoing substantial analysis. The memorandum did not mention the requirement of ministerial endorsement, because the ministers had reviewed all their programs in the preceding months and it was thus thought unnecessary to ask them to re-endorse the programs. However, the departments and authorities were required to allocate priority to each program by using a new four - point priority (A, B, C, D) scale. The memorandum demanded for the first time full workload justification for all programs (whether or not increases in staff were sought) as 'estimates provided in 1975 in many cases omitted objective workload data even though large increases in staff were sought',¹⁰⁷ and also details of any planned redeployment of full-time staff into or out of each program, required monthly staffing estimates and end-of-year figures, information in respect of part-time staff, consultants, and overtime, and estimates of inoperative staff in addition to estimates of full-time operative staff. As in the first

year, proposals to adjust departmental establishments were not to be issued until staffing and financial allocations were finalised.¹⁰⁸

The third FSE memorandum was issued on 14 December 1976 asking the departments and authorities to submit their returns by 28 January 1977. This change in time table was 'an attempt to make the FSE coincide with the FFE, which were collected earlier and were to be prepared into a submission for Cabinet consideration in March 1977'.¹⁰⁹

This memorandum again required estimates for a triennium. It emphasised 'the need for consistency in approach to both financial and staffing estimates' and urged the departments 'to apply continuing restraints on their future staff needs consistent with the restraints applied to their estimates of expenditure for the period'. The modifications in the program structure were to be made only to take account of new program changes in existing programs, changes in administrative arrangements or further developments to accommodate the integration of financial and manpower resource planning. The departments and authorities were asked to ensure that the program formats were adopted to conform to a set of guidelines 'to facilitate ready comparison with financial estimates and the associated functional classification'.¹¹⁰ The indication of the relevant financial appropriation code against each program was also required.

The memorandum of 14 December 1976 also re-emphasised the need for better supporting information about the intensity and timescale of programs. It also stated that 'priority information previously supplied by departments has not been particularly useful in

considering manpower allocations. To a large extent this has been due to the broad nature of the program structure adopted and the lack of specific objectives and time scale'.¹¹¹ It requested the departments to assign different priorities to varying intensities of programs or different target dates. The ministerial endorsement was again required. It included for the first time 'Staff and Establishment Indicative Annual Cycle' indicating the time table for all the related events.

Although the information sought from the departments and authorities was considerably increased in the 14 December 1976 memorandum, the Board was still not sure of the uses the FSE would be put and 'the precise usefulness of them was still debated at the time when the returns were due'.¹¹²

In its report presented on 1 March 1977, the Task Force on Forward Estimates, established to review the recommendations of Royal Commission on Australian Government Administration (1976) on forward estimates, 'accepted the idea that the FSE should be presented to Cabinet at the same time as the FFE'.¹¹³ This placed the Board's officers under tremendous pressure as the departmental returns were late; several of them had not been received even by 24 February 1977. Insufficient time given to the departments was the reason for these delays. This also affected the quality of the returns. However, 'After a hurried exercise, a Submission based on the FSE was presented to the Cabinet with the FFE on 15 March, and was used as a basis for the staff ceilings eventually promulgated on 24 May. At least to an extent the time tabling and consideration of the FSE and the FFE had been brought together'.¹¹⁴

The FSE memorandum for 1978/79 - 1980/81 issued on 25 October 1977 showed further refinements. It required the returns to be submitted by 27 January 1978. So the departments were given sufficient time to submit their returns. The memorandum also gave 'Indicative Annual cycle' for staff and establishment estimates including timetable for departmental staffing plans on quarterly basis. It placed more emphasis on consultations between the Board's Office and departments during the preparation of the estimates, during the analysis of the estimates and following decisions on staffing levels. Prior to this, the discussions could be held only after the submission of returns. The departments were expected to develop 'comprehensive plans for the achievement of the approved staffing levels' in the light of 'particular characteristics of their staff wastage/workload patterns, and the recruitment market'.¹¹⁵

The memorandum again urged the departments not to make further changes in the program format except where they had to take particular account of new programs and changes to existing programs, changes in administrative arrangements, the requirement for coordination of financial and manpower resource planning to ensure that program formats facilitated ready comparison with financial estimates and associated functional classification, and improved identification of workload/performance indicators. It required the departments 'to apply the same degree of restraint to their future needs as is applied to their estimates of expenditure' making full allowance for prospective improvements in productivity, decreased emphasis on some specific programs and possibilities for staff

redeployment from lower to higher priority areas, re-emphasised 'the importance of the best possible presentation of relative priorities', and ministerial endorsement of programs and priorities. Other information requirements remained unchanged.¹¹⁶

So far, the Board had not been mentioning the specific uses of the information received from the departments and authorities through the FSE returns. But the FSE memorandum issued on 31 October 1978 specified that the information would be used for: 'a report on the allocation of staff under ceilings set for 30 June 1979, consideration of the ceilings which will apply at 30 June 1980, [and] manpower planning purposes'.¹¹⁷ The memorandum also sought the following additional information this year:

The procedures used within departments for allocating priorities and reviewing staff deployment against approved ceilings; and the actions taken following such reviews.

Decisions that have been taken to postpone or discontinue activities, to reduce standards of service, or to redeploy staff;

What further scope exists for deferring or discontinuing lower priority activities, revising standards of service, and so on.¹¹⁸

The arrangements for consultation, time-table for staffing and establishment management, requirements in respect of program formats facilitating comparison with financial estimates and the associated functional classification system, ministerial endorsement of programs and priorities and staffing arrangements for seasonal or other variations etc. all remained almost the same as in the previous year. The submission of returns by 31 January 1979 was emphasised with the warning that late submission would 'seriously reduce the opportunity

for consultation with departments before the Board reports to the Government'.¹¹⁹

The 1979 FSE memorandum was issued on 31 October 1979 after further revisions. This year the Board discontinued to seek a detailed breakdown of estimates by program for the whole triennium. It was pointed out that 'Experience over a number of years has indicated that, while the breakdown of estimates by program is valuable for immediate staff ceiling purposes, it is not of practical use for longer term manpower study purposes'.¹²⁰ This decision of the Board seems to be the result of a study conducted by the Board's officers in 1978, which pointed out that no one of the six departments studied by them paid much attention to years 2 and 3 estimates. In respect of their use in the Board's Office, the study pointed out that:

No DSD officer suggested that they were taken seriously. There was no analysis of how accurate the figures might be, no discussion and no recapitulation of the previous year's forecast. The overwhelming importance of year 1 figures is emphasised in internal papers and, as far as the present practice of the Board is concerned, the figures for year 2 and 3 may as well not be there.¹²¹

The memorandum, therefore, required the departments and authorities to submit a detailed breakdown of full-time and part-time staff by program for the year one ie. 1980-81 and only total estimated full-time and part-time staff members at 30 June 1982 and 1983 and the information was to be used for: 'a report to Government on the allocation of staff under ceilings set for 30 June 1980; and consideration of the ceilings which will apply at 30 June 1981'.¹²²

This year, for the first time all organisations also were required to submit information 'on any categories of staff who in the past may not have been included in staffing estimate'.¹²³ The arrangements about program formats and information requirement were similar as in the previous year. The returns were to be submitted by 22 January 1980 by using prescribed forms.

The FSE memorandum issued on 30 October 1980 set out the arrangements for the preparation and processing of forward staffing estimates for 1981/84 and also outlined the 'annual cycle' of staff and establishment management, which were similar to those of the previous year, with the exception that 'annual cycle' was spread over a longer time period (November 1980 to March 1982). From this year, however, the departments with apprentice requirements and overseas staffing (Australia based staff on long term posting overseas or locally engaged staff) requirement were asked to provide necessary information in respect of these categories of staff. In respect of coordination between the FFE and the FSE, it stated that:

'Provisional ceilings will again be used in preparing draft estimates for the Department of Finance. Departments and authorities should thus ensure that the financial appropriation sought for staffing from the Department of Finance is consistent with the provisional ceilings approved and other relevant information provided in the forward staff estimates'.¹²⁴ It contained some more instructions for the coordination between the FFE and the FSE. Other information requirements remained the same as in the previous year. They were required to submit their estimates, endorsed by the concerned ministers, by 21 January 1981 using 7 types of forms.

The FSE memorandum issued on 30 October 1981, placed at Appendix C, was again similar to that of the previous year. The information requirements and staff and establishment arrangements were almost identical. However, it emphasised the need for 'achieving an objective of a two percent reduction, over and above reductions resulting from specific decisions of the Review of Commonwealth Functions, in the area subject to staff ceilings over the next two years'.¹²⁵ They were asked to make their submissions, endorsed by the Minister responsible, by 15 January 1982.

The FSE memorandum for 1983/84 was delayed and was issued on 18 November 1982 (Appendix B). It urged that the departments 'continue with the efforts to optimise their use of staff and, if seeking more staff, need to be able to show that essential work cannot be done within present staffing levels'.¹²⁶ It sought information 'on the deployment of existing staff and on estimated staff requirements for the remainder of 1982/83 and for 1983/84' to be used for 'a report to Government on the allocation of staff ceilings for 30 June 1983, and consideration of the ceilings which will apply for 30 June 1984'.¹²⁷ The information requirement about years 2 and 3 was dropped. The memorandum, however, indicated that 'in order to provide an indication for three years ahead, of the prospective budgeting situation based on ongoing programs and activities only, the Department of Finance is seeking information in the forward financial estimates (FFE) on total estimated staff member at 30 June 1985 and 1986 as well as 1983 and 1984'.¹²⁸ So after eight years of experimentation, the FSE seems to be a modified replacement of 'annual bidding'. The major difference

of course, is that the old annual biddings were made in aggregate form and staff was not estimated by programs.

The 1982-83 FSE memorandum mentioned that:

Board's memorandum 81/52211 of 25 December 1981 noted that some departments had in the past made it a practice to employ temporary staff from the beginning of the month up to the day prior to the day on which departments are required to report to the Board on their end month staffing levels. The Board, while recognising that there are legitimate needs for short-term temporary staff eg. relief purposes, continues to be concerned about the above practice'.¹²⁹

To stop this malpractice, the Board sought information on 'intra-month' temporary staff usage and requirements. The number of forms were also reduced from seven to three and a summary statement.

REDEPLOYMENT

This section discusses the redeployment activity which has taken place since December 1975. The Commonwealth Employees (Redeployment and Retirement) Act, 1979 and the related regulations have also been summarised in this section.

Following the election in December 1975, the new Government started implementing its policy of reducing the size of the Australian Public Service. By various measures discussed in the preceding pages, the Government was able to achieve a real reduction of 4.2 percent by 30 June 1976 in the number of full-time Public Service Act.

staff. 'As a result of Government decisions, a number of staff became surplus to the requirements of their departments'.¹³⁰ The reduction was to be achieved by a process of natural wastage such as resignations and retirements. This created problems for the departments as the natural wastage did not occur according to the requirements. Some departments experienced difficulty in achieving their ceilings, while many others were well below their ceilings; the actual staff figure at 30 June 1976 being 1562 below the overall ceiling for the Service.¹³¹ The Board, thus, initiated the following special procedures for the recruitment and the redeployment of the surplus staff:

instituted special monitoring arrangements to check progress in reduction of staff;

initially discontinued the recruitment of staff unless justified by exceptional circumstances, and subsequently authorised recruitment to meet the essential needs of departments;

required departments wishing to advertise a vacancy or fill a position by promotion to submit details to the Board, subsequently changed to a process of monitoring gazette notification of vacancies and promotions except for positions in the Second Division, so that consideration could be given to the placement of surplus staff; and

set up a small unit within the Board's Office to handle work associated with the redeployment of surplus staff.¹³²

The Public Service Board notified the departments of the procedures to be followed during 1976-77 in respect of redeployment of surplus staff in its memorandum of 17 August 1976. It required the departments to inform the Board regarding any surplus staff along with their respective qualifications and experience as soon as it became clear to the departments and indicated that the Board would consult

with the relevant staff organisations in this respect. In regard to the placement of surplus staff on transfer, the Board emphasised that the primary criterion was 'the competence of an officer to perform the duties in questions and not the normal "relative efficiency" criterion applicable to provisional promotions'.¹³³ The claims of surplus officers for transfer were to be considered before the claims of officers for promotion. The departments also were expected to give consideration to the placement of officers available for redeployment before a vacant position was filled on a higher duties basis. To fulfill their responsibility for redeployment of surplus staff which primarily rested with them, the Board also suggested to the departments the following actions to be taken by them:

Transferring existing staff to other positions, to facilitate the placement of surplus staff in resultant vacancies that may provide a more suitable "match"; and
advertising a vacancy immediately it becomes vacant, rather than staffing the job from within on a temporary performance basis'.¹³⁴

The staffing of vacant positions notified in Gazette could proceed in a normal way (ie. open competition) only after the Board's Office or the Public Service Inspectors were satisfied that the departments had 'properly and adequately considered the claims of the surplus staff'.¹³⁵

During 1975-76, the need was seen 'to update redeployment and retirement provisions in the Public Service Act and in other legislation governing employment in the Commonwealth sector'.¹³⁶ Section 20 of the Public Service Act emphasised the continuity of

employment of public servants and required the surplus staff to be relocated within the Service wherever practicable, but provided for retirement in cases where no alternative positions were available.¹³⁷ The Government, therefore, introduced the Commonwealth Employment (Redeployment and Retirement) Bill, 1976 in the Parliament on 8 December 1976 so as to rationalise and coordinate provisions relating to the retirement and redeployment of staff.¹³⁸

On 1 September 1977, the departments were informed by the Board of the Public Service Arbitrator's Determination No. 509 of 1977, particularly drawing their attention to the Clause 2 of the Determination which states as follows:

Where it appears to the Public Service Board that a situation of redundancy has occurred or is likely to occur affecting members of an association party to this Determination, the Public Service Board shall immediately advise the Association concerned to this affect and forthwith provide all relevant details and arrange discussions with officers of the Associations'.¹³⁹

The Determination No. 509 of 1977 also provided for the various procedural details and the courses of action to be taken in respect of all important aspects of redundancy situation such as notice of redundancy, notice of transfer or termination, finding of other employment, provision of income maintenance, right of appeal, etc. Redundancy situations were to be managed in accordance with the principles contained in this Determination.¹⁴⁰

The redeployment of staff since 1979 is handled under the Commonwealth Employees (Redeployment and Retirement) CE(RR) Act, 1979

and within the framework established in July 1977 by the Determination No.509 of 1977. The CE(RR) Act provides for:

redeployment of staff who can be used more effectively elsewhere,

retirement of staff both voluntarily (from the age of 55) and at management initiative, and

rights of appeal to an independent tribunal for staff affected by management decisions.¹⁴¹

Under CE(RR) Act 1979, an employee may be declared eligible for redeployment:

where he or she is in a class of employees whose numbers are greater than is considered necessary for the available work;

when he or she is physically or mentally incapable of performing the duties of his or her position; and

for any other reason that may be specified in regulations to be made after the Board has consulted with staff organisations and reported to the Governor-General'.¹⁴²

The Permanent Head of a department has to inform the Public Service Board immediately of any redundancy situation in his Department which may occur under the following circumstances:

The functions of a functional unit of his Department are altered by the addition, deletion or variation of functions as a result of changes to the Administrative Arrangements Order;

any function or activity of a functional unit of his Department is changed or terminated or the priority accorded to any function or activity within his Department is altered;

a review or examination of a functional unit of his Department indicates that there may be a greater number of officers or employees in that functional unit of the Department;

the workload of a functional unit of his Department or the staffing provision of his Department changes significantly.¹⁴³

The departments and authorities have, however, 'the prime responsibility for finding positions for staff whose services cannot be used efficiently' and the Board becomes responsible for the redeployment of the staff only 'when the opportunities for redeployment within the organisation have been exhausted'.¹⁴⁴

The CE(RR) Act 1979 applies 'to officers and employees of the Australian Public Service except those on probation, temporaries with less than one year's service, employed under a contract of employment for a term of less than 1 year or term of years, employed in an honorary capacity only, or remunerated by fees, allowances or commission only'.¹⁴⁵ This Act also applies to a number of statutory authorities and at 30 June 1982 the number of such authorities was 21.¹⁴⁶

From December 1975 to 31 October 1979, some 1827 staff were declared surplus. Of these, 1378 were redeployed, 233 separated from the Service and 216 remained unplaced. Most redeployment activity occurred in A.C.T., to be followed by Victoria and New South Wales. Table 4.2 gives the summary of redeployment activity from December 1975 to 31 October 1979.

According to Public Service Board Annual Report 1980-81, the number of staff redeployed by the Board since January 1976 to June

TABLE 4.2

SUMMARY OF REDEPLOYMENT ACTIVITY - AUSTRALIA WIDE - FOR THE PERIOD DECEMBER 1975 TO 31 OCTOBER 1979

ALL DEPARTMENTS	ACT	NSW	NT	QLD	SA		VIC	WA	TOTAL
					SA	DRC			
Permanently placed	346	105	21	54	17		127	21	
Temporary placed	22	13	8	4	12		35	6	1378
Re-allocated within department	82	107	1	32	27	143	118	12	
Promoted elsewhere	12	9		6	5		19	1	
	462	234	30	96	61	143	299	40	1378
Resigned	46	24	16	14	6		16	5	
Retired	5	13		7	6	57	10	5	233
Death	1				1		1		
	52	37	16	21	13	57	27	10	233
Unplaced	7	50	4	6	38	42	63	6	216
TOTALS	521	321	50	123	112	242	389	56	1827

Source: Public Service Board exhibit on CE(RR) Act proceedings; Attachment to letter No. PM.RD 98/2/3 of October, 1977 from Paul Munro, Federal Secretary of ACOA to Branch Secretaries. Public Service Board provided the information to him.

1981 was 'approximately 1620', in addition to those redeployed as a result of their refusal to be transferred to Canberra. During 1980-81, however, 180 staff remained unplaced.¹⁴⁷ Out of 148 staff declared surplus during 1981-82, 59 were redeployed, 40 separated voluntarily from the Service, 48 remained unplaced; one officer applied successfully against his declaration.¹⁴⁸ This brings the number of staff redeployed to June 1982 approximately to 1679, and of those who were declared surplus approximately to 2300. During 1981-82, the Board consulted the staff organisations 'on over 20 new redundancy situations involving some 670 potential or actual surplus staff'.¹⁴⁹

REVIEW OF COMMONWEALTH FUNCTIONS

On April 1981, Prime Minister Fraser in a Ministerial Statement in the Parliament announced the Government's decisions on the recommendations of the Cabinet Committee on Review of Commonwealth Functions (RCF). This section discusses the background, objectives and the implementation of the RCF decisions in the context of reducing the number of Commonwealth employees.

The Liberal-National Country Party Coalition Government, immediately after it came into power in December 1975, started implementing its policy of pruning back an 'overgrown public sector' by reducing the number of Commonwealth employees. It was able to reduce the number of the full-time Public Service staff, in real terms, by 6880 to 30 June 1976 by taking various measures as discussed in the preceding sections.

In addition, non-Public Service Act staff subject to ceilings reduced by 3099 during the same period. During 1976-77, the reductions achieved, in real terms, amounted to 2643 in the Public Service Act staffing area and 682 in the staffing area under other Acts. In spite of Government's policy of restraint, there were real increases of 1765, 1193 and 640 during 1977-78, 1978-79 and 1979-80 respectively in the full-time staff under the Public Service Act. The non-Public Service Act full-time staff subject to ceilings control also increased in real terms by 786 and 495 during 1977-78 and 1979-80 respectively, and decreased by 1110 during 1978-79. The number of Commonwealth employees in the area subject to ceilings control thus increased in real terms by 3769 during the three-year period 1977-80.

The Government extended gradually the Ceilings Control to a number of statutory authorities in an effort to find new areas for effecting reductions and at 30 June 1979 about 82 percent of the Commonwealth employees (as discussed in an earlier section) was covered by the ceilings. This helped the Government during 1978-79 to balance the increases in Public Service Act staffing (1193) area by achieving reductions in the non-Public Service Act staffing (1110) area. But this could not be repeated during 1979-80 when both the staffing areas increased.

The Public Service Board also argued in 1979 that there was no extra fat left. Its 1979 Annual Report stated: 'The Board is of the view that, at 30 June 1979, the overall level of staff ceilings was appropriate to the quality and quantity to services required from the

Australian Public Service. That assessment applied also to the staff ceilings set for 1979-80'.¹⁵⁰ The Commonwealth employment in the staffing area subject to ceilings control increased in real terms by 1135 during 1979-80 and even this was possible only in the face of 'a series of strong reactions from some departments and authorities'.¹⁵¹

The Board's report on the outlook for 1980-81 which was prepared 'in the light of the Government's policy of continued restraints on staffing' again noted in March 1980 that 'unless functions were abandoned or given less emphasis, the requested increases could not be absorbed wholly within the existing staff ceilings'.¹⁵²

The Fraser Government was again returned to the office in October 1980. At that time, some sections of the press were very critical of the Fraser Government's past performance in checking the growth of Public Service and suggested to affect more reductions. For example, The Australian in its issue of 20 October 1980 wrote:

For five years, Mr Fraser has promised us small government, and has given us the reverse. That is not only bad for his reputation, it is a drain on the economy, an unnecessary burdon for the taxpayer to support. He now has the perfect opportunity and reason to honour his pledge of small government,¹⁵³

On 22 October 1980, The Australian speculated:

A major shakeup of the Commonwealth Public Service is about to be ordered by the Prime Minister, Mr Fraser, in accordance with a promise he made four years ago to cut the waste of taxpayer's money by trimming the size of the bureaucracy ... until now it has been almost impossible to impose any real check on growth.¹⁵⁴

The Prime Minister (Fraser), perhaps influenced by the Board's latest suggestions as well as media criticism and more importantly to implement his 'small government' policy, announced on 6 November 1980 the Review of Commonwealth Functions (RCF) by a Committee of Senior Ministers to be chaired by the Minister for Industry and Commerce, Mr Lynch. Other members of the Committee were the Minister for Primary Industry, Mr Nixon, the Treasurer, Mr Howard, the Minister for Finance, Senator Dame Guilfoyle, and the Minister for Employment and Youth Affairs, Mr Viner - all Cabinet Ministers. The Committee was to:

- (a) Review the functions of all Commonwealth departments and other associated agencies to provide recommendations for reduction, elimination or alteration;
- (b) identify areas where Commonwealth activities overlapped those of the States or 'unnecessarily intrude on the private sector';
- (c) help avoid Public Service intrusion into areas of activity capable of being performed efficiently by the private sector;
- (d) ensure that the Government's 'policy of strict controls on staffing levels in Commonwealth employment will continue';
- (e) ensure that in subsequent changes, 'the less well-off in the community are protected, that activities are concentrated on areas of greatest need and that the quality is maintained of those services which are properly provided by the Commonwealth'.¹⁵⁵

While announcing the Review, the Prime Minister said that the 'review is a useful further step in the Government's continuing commitment to restrain the size of the public sector'.¹⁵⁶ The Ministerial Committee was supported by a Secretariat of senior

officials to which the Office of the Public Service Board also contributed.¹⁵⁷

During 1980-81, in addition to normal process of setting and administering the staff ceilings, special measures (discussed in earlier sections) were taken to restrain the Service growth following the announcement of RCF by Prime Minister, Fraser on 6 November. In spite of these additional restraints, the number of full-time Commonwealth employees subject to ceilings control increased by 3129; Public Service Act staff by 1014 and staff under other Acts by 2115.

The Committee faced resistance not only from the bureaucracy, but also from some of the ministerial colleagues, and its work took 'much longer than at first hoped'.¹⁵⁸ The Sydney Morning Herald, on the basis of information provided by an official connected with the committee reported on 23 January 1981:

Senior Public servants are obstructing the work of the so-called "razor gang" which is seeking ways to reduce staff levels in the Public Service ... some ministers are also resisting its investigations because they fear the abolition of their portfolios ... the tactics included giving the Committee detailed submissions on how to save small amounts of money without really going to the heart of the Committee's investigations.... ... members of the Committee are no longer optimistic that they can break down the barriers of self-preservation being erected by public servants and ministers.¹⁵⁹

The Sydney Morning Herald report further mentioned that the Prime Minister had also written in November 1980 to all ministers asking for their co-operation, and that the Committee was 'set against a

background of election pledges to end big government and reduce the size of the bureaucracy'.¹⁶⁰

The Government's decisions on the recommendations of the Cabinet Committee on Review of Commonwealth Functions were announced by Prime Minister Fraser on 30 April 1981 in a Ministerial Statement to Parliament. 'Altogether some 350 decisions' were announced. The decisions related to the transfer of certain functions to the private sector, regulation and assistance schemes, taxation concessions, transfer of various functions to the States, further steps for expenditure restraints particularly on capital works, abolition and restructuring of certain Commonwealth functions, curtailing expenditure on research activity, selling of assets, discontinuing or reducing the frequency or review of the various types of statistical collections, and conducting reviews into a number of areas of Commonwealth activity 'in order to further tighten administration and achieve a more efficient and effective service'.¹⁶¹ In respect of staff savings the Prime Minister said:

Cumulatively these decisions will have a major impact on the size of the Commonwealth bureaucracy. The re-allocation of functions between Commonwealth and States and between Government and the private sector together with the decisions in relation to the Commonwealth's own activities, will result in reduction in the order of 10,000 to 11,000 in the number of Commonwealth Government employees. Over and above the specific staff savings resulting from the reduction or abolition of functions, the Government has decided that it should work at achieving an objective of a further 2 percent reduction in the number of Commonwealth Government employees in the area subject to Staff Ceilings over the next two years ... on the basis of staffing assessments made so far it is expected that this will lead to a total reduction in staffing of the order of 16,000 to 17,000. These estimates exclude further possible savings from the major reviews into Defence administration,

Telecom and the National Capital Development Commission and from other reviews and examinations of functions.¹⁶²

The Prime Minister termed the Review of Commonwealth Functions 'the most significant and far reaching Ministerial undertaking of its kind ever undertaken by a Federal Government'¹⁶³ and promised 'higher economic growth', more jobs, 'a reduction in the relative size of the public sector' and 'higher real incomes for Australians'.¹⁶⁴ Even before the announcement of RCF decisions, the Prime Minister, Fraser, while speaking in his weekly electorate broadcast defended the RCF exercise and said that RCF decisions would be a 'confirmation of the Government's commitment to strong, effective and limited government'.¹⁶⁵

But the critics had a different view. The Australian Financial Review commented:

The salient fact about the Razor Gang (RCF) report is simply this that the full year savings of \$560 million which it hopes to produce amount to a mere 1.5 percent of the estimates of the government outlays for 1980-81 contained in the last August 1980-81 Budget.

The mountain has laboured and brought forth a mouse. After one has read the long list of trivial proposals, bureaucratic point scoring and minor by-ways in the attachments to the speech which Mr Fraser made in Parliament yesterday only a few items stand out as having any significance at all. None of them shows any real effort by the government to grasp the nettle of small government.¹⁶⁶

In respect of staff reductions to be achieved by normal wastage, namely resignation, retirements and lower recruitment, it further commented that:

The result is predictable. The best and the brightest in the Public Service will be encouraged to move into the private sector or retire early, taking handsome superannuation entitlements. The less efficient, the immobile, the institutionalised will become even more powerful. The net result will be a decline in the efficiency of the Public Service, the minority of hardworking, dedicated officials surrounded by those clinging to their sincerer.¹⁶⁷

The Australian termed the exercise 'a shaving, not a slashing exercise'.¹⁶⁸ The leader of the opposition, Mr Hayden deplored the review as 'a massive liquidation sale of national assets and public confidence'.¹⁶⁹

The Public Service Board initiated special procedures (discussed in earlier sections) for the implementation of RCF decisions. However, the Board itself was skeptical of the staff savings expected to be achieved in the context of RCF decisions. The Board's Annual Report for 1980-81 stated:

With regard to the ultimate decision by the Government to "work at achieving an objective of a further 2 percent reduction in the number of Commonwealth Government employees in the area subject to ceilings over the next two years", the Board's assessment is that this will require shedding of functions, or reduction of activities, additional to those determined in the RCF context, if the Service is to operate efficiently and without excessive strain.¹⁷⁰

No comprehensive report has been available so far by the Government on the implementation of RCF decisions. How many of them have been implemented is anybody's guess. The Australian Financial Review reported on 11 January 1982 that 'even after nine months of

Government's decision to sell a wide range of Government authorities and businesses to private sector, not one sale has taken place'.¹⁷¹ To date the situation in this regard remains unaltered. The following comments by an experienced public servant, former Secretary to the Department of Foreign Affairs, Mr Allen Renouf regarding the implementation of RCF decisions best describes the situation:

One is still waiting to see what in the way of eliminating functions the report of the "razor gang" will produce. The end result may never be known, for many reports to governments are forgotten and buried. It would not be surprising for this to happen with the "razor gang's" report as the government has already reaped the political dividends from it.

But, of course, the report is only the first step, what is now being done, and what alone is meaningful to the public, is how the report is to be implemented. Upon this aspect, battle was joined some time ago and judged by the months that have since elapsed, it is a battle royal. At the moment, the results of the whole exercise, are still unknown.¹⁷²

The savings in staff numbers expected to be achieved in the context of RCF decisions are, however, nowhere near the targets. The Prime Minister, Fraser in his Statement to the Parliament referred to a staffing reduction of the order of 16,000 to 17,000. In the first year, that is, during 1981-82, the number of Commonwealth employees in the staffing area subject to ceilings control decreased by a mere 857; a reduction of 663 for Public Service staff and a reduction of 194 for staff under other Acts (Table 4.1). During 1981-82, a number of statutory authorities were excluded from staff ceilings control, reducing the Commonwealth employment area under ceilings control from 82 percent in 1979 to about 45 percent. Many organisation, for instance, DSS and Taxation Office, successfully

represented to get exemption from the across the board 2 percent cut (Chapters V&VI). For 1982-83 the Government had already approved an increase of 6935 in the staff ceilings only in the full-time staff under Public Service Act, before the February review (discussed in the previous section). More increases were expected as a result of the February review. In addition, there might have also been increases in the Commonwealth employment not covered by the ceilings control and contributing about 55 percent of the total employment. Only in the first six months of the financial year 1982-83, the total Commonwealth employment increased by 3064. The implementation of RCF decisions in the Context of reducing the number of Commonwealth employees was, therefore, nowhere in sight well before the Labour Government came into power in March 1983.

ESTABLISHMENT CONTROL

Establishment control is another device apart from staff ceilings which is applied to manage the size of the Australian Public Service. Establishment of a department is defined as 'its staffing framework, setting out the number and arrangements of positions allocated at different salary classification levels to carry out approved departmental functions'.¹⁷³ The responsibility for controlling 'a department's establishment and through this staff numbers and classification levels, is shared by the Permanent Head and the Public Service Board'.¹⁷⁴ Section 29 of the Public Service Act defines their respective powers and responsibilities in matters of staffing and position classification.

A department's establishment comprises of:

- (a) permanent positions created by the Governor-General in Council, on recommendation from the Public Service Board following a report from the permanent head, and
- (b) provision for temporary (including industrial/day labour) staff, approved by the Board at the request of the department.¹⁷⁵

For management purposes, the Establishment of a department is divided into (a) active establishment, and (b) reserve establishment. Active establishment 'comprises those positions which have been allocated to branches and sections for staffing, and approvals to engage temporary and exempt staff'.¹⁷⁶ Reserve establishment 'comprises those positions which need not, or cannot, be staffed in the immediate future'¹⁷⁷ and are held in a reserve pool.

The Public Service Board sets separate figures in respect of active and reserve establishments for each department. The size of the active establishment for a department is decided after consulting the concerned department and taking account of its staff ceilings, the number of inoperative and unattached staff, and staff turnover rates. The departments are required 'to keep active establishment to levels consistent with their actual staffing levels, by withdrawing to the reserve pool any vacant positions which are unlikely to be used in the near future for reasons of need, lack of suitable staff available, or setting of internal priorities in conformity with the agency's staff ceilings'.¹⁷⁸ From 1980 onwards, the time limit to withdraw vacant positions to the reserve pool is three months. The departments are subsequently free

to re-allocate, within certain limits, any positions from the reserve pool to another work-area where new workload demands have developed.

They are required to review the size and composition of the reserve pool twice each year, and 'recommend to the Board creation or abolition of positions as necessary to give the department sufficient reserve establishment to meet foreseeable changes in workload and activities'.¹⁷⁹ Since 1979, the Board publishes separate active and reserve establishment figures for each department. To ensure that the classification profile of each major employment category in the organisations remains appropriate to the work to be done, the Board places limits on the minimum and maximum proportion of positions at each classification level.¹⁸⁰

The departmental establishments may be reviewed for a variety of factors such as:

increased workload resulting from growth of client population and/or client needs;

changes in policy objectives, standards of service, time table, or other aspects of existing functions;

developments in the significance, intensity of performance, or activity emphasis within existing functions;

addition of new functions or activities.¹⁸¹

Since 1978-79, all the departments and authorities are required, 'to submit only one or two comprehensive establishment proposals each year and to limit ad hoc proposals to those involving urgent and unforeseeable changes, major reorganisations, Second Division positions, or machinery of government changes'.¹⁸² The timetable for

the submission of establishment proposals to the Board is coordinated with that of staff ceilings. The final establishment adjustment proposals for a financial year are to be submitted to the Board's Office after the departments are advised of their respective firm staff ceilings approved by the Government in the context of Budget decisions which are finalised in October/November each year. The departments may also submit proposals for adjustment of establishment, if necessary, during March each year, after the mid-year review (February review) of staff ceilings.¹⁸³

Historically, as we have already seen, the introduction of staff ceilings in 1971 was a result of Prime Minister Gorton's instructions to the Board on 5 January 1971 'for restraints on establishment increases'. In response to these instructions, the Board suggested that the Prime Minister place a limit on the staffing levels (discussed earlier). In respect of establishment control, the Board initiated the following actions:

large or otherwise significant establishment proposals which had been developed prior to the initiation of the Government's restraint policy were referred back to departments for reconsideration in the light of these additional restraints;

the Board issued a memorandum to all departments re-emphasising the need for establishment proposals to include clear, positive and complete proof of policy authorisation, together with proof of the individual staffing needs within that policy authorisation;

the Board intensified its examination of existing positions which had been vacant for lengthy periods with the objective of abolishing such positions wherever justified;

additionally, with the introduction of control on maximum employment levels for each department, establishment action in response to departmental proposals had regard to

the maximum employment levels authorised for the department;

... the Board identified departmental areas in which there was some prima facie indication that reductions in establishments could be effected by detailed examination and review which led the Board to initiate jointly with relevant departments an on-going program of review.¹⁸⁴

During 1971-72, the Board also required the departments 'to include with proposals for the creation of new positions a certification that immediate staffing of the proposed new position was necessary and could proceed within the overall departmental staff ceiling'.¹⁸⁵

In managing establishment matters, the Board's efforts during the 1970's have been to devise procedures to maintain proper relationships between workloads, staffing, and the departmental establishments throughout the Service, to reduce its own case-work load and to provide greater flexibility to departments in the use of establishments. The Bulk Establishment Control Scheme introduced in all the departments from 1 July 1975 aimed at achieving these objectives. The main features of the Scheme after taking account of revisions may be summarised as under:

departments are asked to submit no more than two routine establishment proposals each financial year;

departments are asked also to limit adhoc proposals to those involving urgent and unforeseeable changes, major reorganisations, Second Division positions and machinery of Government changes;

each department's establishment is divided into active and reserve components; and

positions are moved by departments between active and reserve establishments in accordance with the guidelines developed by the Board.¹⁸⁶

During 1975-76, due to significant reductions in staff numbers, the gap between the departmental establishments and staff in many departments became wider than required. So those departments with a total number of positions considerably in excess of current requirements were asked to report, under section 29 of Public Service Act, the excess positions for abolition. The Board observed a tendency of the departments to offer 'a disproportionate number of lower level positions for abolition' and to staff higher level positions irrespective of their contribution to approved programs and priorities.¹⁸⁷ The Board has been concerned to arrest this tendency ever since. The procedures as discussed in the preceding paragraphs to transfer the vacant positions to the reserve pool, abolition of excess positions not required in foreseeable future, and observation of Service-wide classification standards, were introduced in the subsequent years to achieve this objective.

THE PRESENT SYSTEM

The present system has evolved as a result of the historical developments that have taken place over the years. The system of implementation of staff ceilings being followed currently (as at March 1983) will be discussed in this section.

The Public Service Board plays a central role in the implementation of staff ceilings at the macro level in the Australian Public Service. The process begins in October/November each year when the Board issues a very comprehensive memorandum (FSE memorandum) to the departments and authorities subject to ceilings

control seeking information on the deployment of existing staff and on estimated staff requirements for the remainder of the current financial year and for the coming financial year. At 30 June 1982, approximately 45 percent of the Commonwealth employees were subject to ceilings control, comprising all the Public Service Act staff and some staff employed under other Acts. The staff ceilings are applied to full-time and part-time operative staff. Separate ceilings are also fixed for the apprentices. The departments and authorities are required to submit detailed breakdown of their requirements by program in respect of each of the staff categories subject to staff ceilings, namely full-time operative, part-time operative and apprentices. Regarding the use of short-term temporary staff, the organisations are required to submit information on 'intra-month' temporary staff usage and requirements. Information on the use of over-time and consultants is also sought. To enable the Board to make Service-wide assessment of staff needs, the departments and authorities are required to submit comprehensive estimates along with decisions already taken by them in terms of standards of service, priorities, procedures used for allocating priorities, workload and staff reviews for achieving the approved ceilings for the current year and also to indicate scope for making further economies. Public Service Board's FSE memoranda of 18 November 1982 and 30 October 1981 placed as Appendix B and Appendix C give the details regarding arrangements for the preparation and processing of forward staff estimates.

The FSE memoranda issued to the organisations seeking Forward Staffing Estimates also contain any special instructions or guidelines by the Government in respect of staffing estimates. For

example, the FSE memorandum No. 80/4472 of 30 October 1980 contains the following guidelines:

The Prime Minister has indicated that reallocation of staff within departments should be pursued more vigorously and emphasis will need be placed on assessing the minimum staff requirements for established activities, on redeployment resources away from lower priority and non-essential work and on improving productivity. At the same time, special attention should continue to be given to the longer term health of the Service through adequate provision for Staff development and training, internal audit, etc¹⁸⁸

The organisations with variable staffing requirements due to seasonal or other variations in workload are required to indicate their needs in the FSE returns. They are also advised through the FSE memorandum of the annual cycle of staff and establishment management.

The information is submitted to the Board on certain prescribed forms for, (a) reporting to the Government on the allocation of staff under ceilings for the remainder of the current financial year, and (b) the consideration of the ceilings for the coming financial year. The organisations are required to submit their staffing estimates to the Board's Office in the later half of January each year. The departmental estimates are required to be endorsed by the concern ministers.

The departments and authorities may consult the Board's Office if need arises, during November/December each year regarding program revisions and the distribution of current ceilings accross programs while preparing their staffing estimates. The departmental staffing estimates submissions are further discussed on a program by program basis by the Board and departmental officers during January/February

each year, so as to ensure that the recommended staff ceilings would reflect Government's current objectives and priorities. The consultations are also held following decisions on approved staffing levels (April to August). In the Board's Office, the responsibility for examining departmental staffing proposals and then advising the Board on staff ceilings lies with the Departmental Structures Division. Each organisation has been assigned to an officer of this Division for the purposes of examination and analysis of staffing proposals who, after having consultations with the relevant officers of the concerned departments, prepares reports for submission to the Board.

In February, the Board submits two reports to the Prime Minister: (a) on the allocation of staff ceilings for the remainder of the current financial year; and (b) on an overall staffing outlook for the next financial year. The Board submits another report to the Prime Minister in March/April each year recommending staff ceilings for individual departments and authorities for the next financial year. On the basis of this report, the Prime Minister approves provisional staff ceilings for individual organisations which are advised to them in April/May each year. Consistent with the procedures and guidelines in the Cabinet Handbook and a letter of 4 May 1978 from Prime Minister Fraser to all Ministers, Cabinet does not take decisions on staff ceilings, and that it is a matter to be decided by the Prime Minister on the recommendation from the Board.¹⁸⁹ The ceilings for individual organisations are set after taking into account the authorised activities, standards of service, workload and productivity on the one hand, and the balanced sharing of limited resources on the other.

The staff ceilings applied to individual organisations reflect government priorities.¹⁹⁰ The approved provisional staff ceilings are required to be used by the organisations as a basis for the financial appropriation sought for staffing from the Department of Finance.¹⁹¹

The provisional staff ceilings are reviewed by the Board in August/September each year in the light of Budget decisions, and a report is submitted to the Prime Minister recommending variations in the provisional ceilings. Firm staff ceilings are then subsequently advised to the departments and authorities. As indicated earlier, second Service-wide general review of staff ceilings is undertaken in February each year. The administration of staff ceilings, thus, involves three Service-wide reviews, namely, consideration of proposals for forthcoming financial year, the mid-year review (both in February) and the post Budget review.¹⁹² The staff ceilings of individual departments may also be reviewed during the course of the year in exceptional circumstances. But as a general rule, the proposals for staff increases from individual departments and authorities are held over until one of the above mentioned reviews, allowing consideration of the needs and priorities of all areas at the same time.¹⁹³

Under certain circumstances, the staffing levels can exceed authorised ceiling during the year temporarily on the Board's approval, but should not exceed it at end of the financial year. In exceptional circumstances, an increase in the department's staff ceiling requires prior approval of the Prime Minister on the recommendation of the Public Service Board.

The Public Service Board advises the departments and authorities in June each year of the recruitment planning arrangements to be applied for the year through a separate memorandum.¹⁹⁴ They are required to submit their recruitment forecasts on quarterly basis taking into account their staff wastage, workload patterns and the recruitment market. The timetable for these submissions is, however, indicated in the 'Annual Cycle of Staff and Establishment Management' referred to earlier (Appendix C). The departments and authorities are required to submit their recruitment forecasts for the March quarter of the ensuing calendar year in November/December of the current year, for June quarter in March, for September quarter in June and for December quarter in September. The forecasts for apprentices and trainee intakes for the next financial year are to be submitted in September. The overall staffing plans are revised in August/September each year after the firm ceilings are advised to the departments and authorities after the Budget.

The staffing levels in the organisations are monitored by the Board by means of returns (Form PSB 39) submitted to the Board each month. These returns indicate staffing numbers in different categories of staff such as full-time (operative and inoperative), part-time, etc. These returns are due in the Board's Office 'by the end of the first week following the close of each month'.¹⁹⁵

The organisations with seasonal and other variations in staffing requirements are managed by the 'average staffing' arrangements within the following guidelines:

The average of the twelve end-of-month staffing levels is not to exceed the approved average.

Staff numbers at 30 June are not to exceed the staff ceiling approved by the Government in the end-of-year ceiling is the primary control over staffing levels.

Every effort should be made to limit staff numbers to essential needs and to make staffing economies where possible.¹⁹⁶

The program formats adopted by the departments and authorities are required to conform to certain guidelines and should be so structured that allow ready comparison with financial estimates and the associated functional classification system (Appendix B).

The Public Service Board advises the departments and authorities of their respective staff ceilings on an overall basis. The responsibility of 'the most appropriate allocation of staffing as between different regions and functional areas within the authorised limit'¹⁹⁷ lies with the permanent heads. Certain statutory authorities are, however, allocated separate staff ceilings from their controlling departments. The number of such organisations has been increasing in recent years.

In respect of redeployment of staff, the initial responsibility of redeployment of surplus staff lies with the employing organisations. They are, however, required to report to the Board any surplus staff if redeployment to suitable vacancies within the organisations is not possible. The Board then becomes responsible (discussed in an earlier section) to redeploy the surplus staff.

Most of the departments and authorities start work on forward staffing estimates as soon as they receive FSE memorandum from the Board's Office. Only a few of them initiate the staffing estimate process before receiving the FSE memorandum. The Management Service Branch/Division of the organisations co-ordinates in this regard. On receipt of staffing estimates from various Units, the Management Services Branch prepares an overall report which is to be approved by the respective Permanent Head. Some departments have priorities committees which first approve the estimates before submission to the concerned Minister through the Permanent Head.

SUMMARY

The staff ceilings have been applied by the successive Governments in Australia since 1971 to regulate the size of the Australian Public Service. The L-NCP Coalition Governments, before and after the Whitlam Labor Government (December 1972 - December 1975), have applied staff ceilings consistently; the Fraser Government (December 1975 - March 1983) being more committed. Under the Labor Government headed by Prime Minister Whitlam, the staff ceilings were implemented in a stop/go manner; they were lifted between December 1972 and June 1973, and again between January 1975 and June 1975. The process of setting and administering the ceilings has been gradually changed in the light of operational and other needs and present a typical case of 'incrementalism'. The application of staff ceilings to different categories of staff has varied over the years as indicated in Table 4.3, although they were first applied during 1970-71 to the total

TABLE 4.3

APPLICATION OF STAFF CEILINGS TO STAFF CATEGORIES

Year	Staff Categories
1970-71 .	Total (operative and inoperative) full-time and part-time staff.
1971-72 .	Total (operative and inoperative) full-time staff.
1972-73 .	Total (operative and inoperative) full-time staff. . The ceilings were lifted by the Labor Government in December 1972. So there was no ceilings control during December 1972 - June 1973.
1973-74 .	Full-time operative staff.
1974-75 .	Full-time operative staff. . The ceilings were again lifted by the Labor Government in January 1975, and there was no ceilings control during January 1975 - June 1975.
1975-76 .	Full-time operative staff up to December 1975 when Liberal-National Country Party Coalition Government came into power. . From December 1975 onwards, the ceilings were applied to total (operative and inoperative) full-time staff.
1976-77 .	Total (operative and inoperative) full-time staff.
1977-78 .	From 1 July 1977 to 26 October 1977, total (operative and inoperative) full-time staff. . From 27 October 1977 onwards, full-time operative staff.
1978-79 .	Full-time operative staff.
1979-80 .	Full-time operative and part-time operative staff.

1980-81 . Full-time operative and part-time operative staff.
 . Separate ceilings for apprentices.

1981-82 . Full-time operative and part-time operative staff.
 . Separate ceilings for apprentices.

1982-83 . Full-time operative and part-time operative staff.
 . Separate ceilings for apprentices.

Source: Public Service Board, Annual Reports, 1971 to 1981-82.

employment under the Public Service Act and departments were allocated separate ceilings for total full-time and part-time staff. From 1980-81 to date, the staff ceilings are applied to full-time and part-time operative staff, indicating a separate component for apprentices.

The staff ceilings also have been applied to a number of non-Public Service Act staff since 1974-75. At 30 June 1979, some 82 percent of the total Commonwealth employees were subject to the ceilings control. The number, however, decreased to 45 percent as a number of statutory authorities employing most of the non-Public Service Act staff were excluded from ceilings control during 1981-82.

The Public Service Board has always played a central role in setting and administering the staff ceilings. The Board was exclusively responsible for the implementation of staff ceilings up to December 1975, when an Interdepartmental Committee (IDC) comprising the representatives of the Board, the Departments of the Prime Minister and Cabinet, and the Treasury, was established by the Government to prepare a report to the Prime Minister (Fraser) on revised ceilings for the departments and authorities. The Treasury was replaced in the IDC by the newly created Department of Finance in December 1976. The IDC on staff ceilings provided advice to the Government on related matters till January 1978 when it was abolished, making the Board solely responsible for staff numbers. But in May 1978, the IDC was effectively reconstituted termed as 'Group of Senior Officials' from the Departments of the Prime Minister and Cabinet, Finance, The Treasury

and the Board. From 1979 onwards, the Board has exclusive responsibility for the setting and administering the staff ceilings.

The arrangements of the implementation of staff ceilings in statutory authorities employing non-Public Service Act staff have varied since 1974-75 when they were first extended to this staffing area. Initially, they were administered by an IDC reporting to the Special Minister of State and comprising representatives from the Departments of Prime Minister and Cabinet, the Special Minister of State, the Treasury, and the Public Service Board. From December 1975 to March 1977, this was the responsibility of an IDC established by the Department of the Prime Minister and Cabinet comprising of the representatives of the Board, the Treasury and the Department of the Prime Minister and Cabinet. In March 1977, the Public Service Board was also made responsible for the administration of staff ceilings for the non-Public Service staffing area, and since then uniform procedures have been applied to both the staffing areas.

The normal procedures for implementation of staff ceilings were interrupted during 1980-82 period due to the Review of Commonwealth Functions. The RCF was initiated in November 1980 and the decisions taken in the context of this review were announced in April 1981. Staff savings of the order of 16,000 to 17,000 were expected with the implementation of these decisions. The Fraser Government, however, failed to fully implement the RCF decisions and the associated staff savings, were no where in sight till March 1983. Contrarily, towards the end of 1981-82 the Fraser Government adopted soft approach in the

implementation of staff ceilings and allowed hefty increases in staff ceilings.

The implementation of staff ceilings during 1970-83 period also necessitated changes in the procedures to control departmental establishments. The Board's efforts have been to maintain proper relationships between workloads, staffing, and the departmental establishments throughout the Service and to reduce its own case-work load and provide greater flexibility to departments in the use of establishments. The Bulk Establishment Control Scheme was introduced on 1 July 1975 in all the departments to achieve these objectives.

Finally, it has been demonstrated in this chapter that the strict implementation of staff ceilings in the Australian Public Service has been possible only in the face of strong opposition from the Public Service. The L-NCP coalition government prior to Whitlam Labor Government did not encounter any significant problems in this regard due to modest objectives. The Whitlam Labor Government also did not encounter any opposition during 1973-74 as it had allowed a generous growth ceiling of 5 percent. It, however, could not retain the ceiling control during 1974-75 when it tried to implement a tight growth ceiling of about 1 percent for full-time operative staff. The staff ceilings were lifted in January 1975. In July 1975, it again announced a tight growth of 1.5 percent for full-time Public Service Act operative staff. The protests and representations from the departments and authorities has started pouring in the Board's Office immediately after the provisional ceilings were communicated to them.

With the change in Government, the Public Service received a shock treatment. The staff numbers were frozen at the end November figures. The Fraser Government tried to implement staffing restraints with full commitment to the philosophy of 'small government', and generally ignoring the departmental protests. It was able to reduce the number of Commonwealth employment subject to ceilings control by 13129 in the first eighteen months of its government. After that, there have been real increases in the Public Service numbers (Table 4.1).

The Departments have also been trying to offset the effects of staffing restraints by resorting to excessive overtime, employing consultants, employing temporary staff, contracting out, work limiting apprentices intakes, retaining proportionately excessive level of higher classification positions, etc. The Public Service Board has been continuously modifying the procedures for the implementation of staff ceilings in order to control above tendencies.

The Board has monitored the staffing levels and controlled the departmental intake plans. In the initial years, the recruitment to any positions followed on the basis of certifications that a particular recruitment action would not cause to exceed the departmental staff ceilings. But later on, the Board introduced the system that required the departments to submit their quarterly intake plans to the Board, and the recruitment could proceed on the basis of those plans.

In the first year of the introduction of staff ceilings, the Board kept a small component of the over all staff ceilings as reserve with it for subsequent allocation if required. From 1971-72 this practice was discontinued.

The process of setting staff ceilings also has varied. From 1970-71 to 1973-74, the staff ceilings were first announced on an overall basis, and then the Board would distribute the ceilings to different departments. The Departments also did not know any specific limits at the time of the submission of their annual staffing bids. During 1974-75, the overall ceiling limit was announced before the departmental bids were submitted to the Board. Since the introduction of the Scheme of FSE, the Board has communicated Government's policy of restraint in general terms, requiring the departments to prepare their respective FSE in the light of certain guidelines provided by the Government. The provisional staff ceilings for individual organisations are determined after the consideration of their respective submissions, and in the light of government priorities.

The system of review of staff ceilings also has been systematised over the years. Instead of case-by-case considerations of individual departmental requests for allowing increases as was practised in the initial years, the present procedures provide for two Service-wide reviews of staff ceilings; one after the Budget and the other in February each year. Individual requests for ceiling reviews are considered in exceptional circumstances.

The process of setting and administering the staff ceilings now follows an Annual Cycle, and various activities follow a definite time table which was not the case in the initial years. Since 1977, the FSE memoranda requesting the organisations to submit their FSE are issued in October each year. The provisional staff ceilings are communicated in May and then normal reviews are held in August and February each year (Appendix C). Table 4.4 depicts the time table of FSE circulars since 1975. It also shows that since 1977 the departments and authorities have been given sufficient time to prepare their FSE.

TABLE 4.4

FSE TIMETABLE

Year	Issue Date	Deadline
1975/76	28 January 1975	30 April 1976
1976/77	9 April 1976	26 May 1976
1977/78	14 December 1976	28 January 1977
1978/79	25 October 1977	27 January 1978
1979/80	31 October 1978	31 January 1979
1980/81	31 October 1979	22 January 1980
1981/82	30 October 1980	21 January 1981
1982/83	30 October 1981	15 January 1982
1983/84	18 November 1982	21 January 1983

Source: Public Service Board, FSE Memoranda.

Coordination between FFE, FSE, departmental intake plans and establishment proposals has also occurred over the years. The FSE and FFE were first discussed together in the Cabinet on 15 March 1977. Since 1978, the departments and authorities are required to submit their financial first bids to the Department of Finance on the basis of provisional staff ceilings. They are required to 'ensure that financial appropriation sought for staffing from the Department of Finance is consistent with the provisional staff ceilings and other relevant information provided in the forward staff estimates'. They are also required to adopt such program formats that 'facilitate ready comparison with financial estimates and the associated functional classification system'.

The consultations between the Board and the departments have gradually increased, and since 1977 these consultations take place during presentation of the estimates (November - January), during analysis of estimates (February - April) and following the decisions on approved staffing levels (May - August). Prior to that, the discussions were normally held only after departments had submitted their staff estimates.

Prior to the introduction of the scheme of Forward Staff Estimates (FSE) in 1975, the Public Service Board used the annual staffing bids of the organisations to recommend to the Government individual departmental staff ceilings. These staffing bids indicated departmental staffing requirement on an overall basis, and the staff were not identified by program. The FSE was introduced by the

Government in January 1975 with the objective to improve the forward planning of the government programs and the assessment of the full manpower and financial implications of proposals, and to achieve coordination between financial and manpower resources. The first FSE memorandum required the departments and authorities to submit their forward staff estimates for a full triennium, allocating total departmental operative staff to individual programs/activities either proposed or existing, allocating each program a priority level (high, medium, low) for the first year of the triennium, indicating workload indicators where possible and requiring the ministerial endorsement of programs and priorities. The information requirements and estimating guidelines have varied over the years.

The FSE are no more collected for a full triennium. The departments and authorities are presently required to submit estimates only for the remaining part of the current financial year and for the next one year. The information is used for the February review of the staff ceilings for the current financial year and for fixing provisional staff ceilings for the ensuing financial year. The estimates for the years 2 and 3 of the ensuing triennium which were collected supposedly for manpower planning purposes, although never used, are no more collected by the Board. The Department of Finance for financial estimates purposes collect estimates in aggregate terms for these years and information to be provided to Finance is required to be consistent to that supplied in FSE.

The 1975 FSE memorandum asked the departments to submit Bulk Establishment proposals for the ensuing financial year after the Budget, emphasising that satisfactory consideration both by departments and by the Board's Office of establishment needs is practicable only after the determination of appropriate staffing levels and financial allocations. The 19 December 1976 memorandum outlined an integrated Annual Cycle for staffing and establishment estimating. Ever since, it has been the Board's practice to ask the departments their intake plans and establishment proposals in the light of approved staffing levels and also to examine these proposals in the context of their respective staff ceilings.

There has always been an emphasis on ministerial endorsement of programs and priorities ever since the introduction of FSE. However, procedures for the assigning of priority levels to their programs by the organisations have changed over the years, with little success in getting a positive response from them.

To help organisations to meet variations in workload due to seasonal or other reasons, the arrangements of 'average monthly staffing levels consistent with their staff ceilings' were introduced in 1978-79 for certain organisations which have been gradually extended to all organisations with similar requirements.

Another tendency apparent from the preceding discussions is that an increasingly greater number of organisations that were initially counted with their controlling departments for the purposes of staff

ceilings have been allocated separate staff ceilings in the later years. For example, Trade Practices Commission which was initially counted with its controlling department ie. Business and Consumer Affairs Department in 1980, was allocated separate ceiling for 1980-81. The number of such organisations has increased over the years. This has helped these organisations to manage their staff independently, and remedied their problems they faced when the controlling department could pass on most of the cuts to them.

The Board has increasingly extended more control on the use of over-time, consultants, temporary staff and related options available to the organisations to be used as device to offset staffing restrictions. The Board has been varying its information requirements for setting staff ceilings in the light of its experience.

A change of policy regarding the status of staff ceilings has also occurred. Till 1978, the staff ceilings for the individual departments and authorities were kept confidential. The Public Service Board, for the first time, published the provisional staff ceilings for June 1979 in its annual report for 1978. Ever since, the Board has been publishing the staff ceilings for the individual departments and authorities employing Public Service Act staff. The staff ceilings for non-Public Service Act staffing area are, however, published on an overall basis.

The implementation of strict staff ceilings by the Fraser Government, and the policy that reductions in staff would be affected

mainly through natural wastage (ie. resignations, retirements, etc.), made it necessary for the Government to take special measures to redeploy surplus staff. The Commonwealth Employees (Redeployment and Retirement) Act 1979 was passed by the Government to overcome its difficulties to redeploy surplus staff. To June 1982 the Government had declared approximately 2300 employees as surplus, out of which approximately 1679 had been redeployed. The redeployment activity has caused considerable tension amongst employees over the years.

NOTES

1. Wiltshire, op.cit., pp.118-119.
2. R.W. Cole, Changing Emphasis in Public Service Management, an address to the Royal Institute of Public Administration (NSW Group), 1 November 1979, p.3.
3. Public Service Board, Planning and Statistical Services Section, Review of Major Service Staffing Trends (Canberra: 1981), p.1.
4. Parliamentary Debates, House of Representatives, 1971, op.cit., p.36.
5. Ibid., p.34.
6. Ibid., p.250.
7. Ibid., p.377.
8. Australia, Public Service Board, Annual Report 1971 (Canberra: Australian Government Publishing Service, 1971), p.1.
9. Ibid., p.1.
10. Wiltshire, op.cit., p.128.
11. Public Service Board, Annual Report 1971, op.cit., p.2.
12. Parliamentary Debates, House of Representatives, 1971, op.cit., p.39.
13. Australia, Public Service Board, Annual Report 1972 (Canberra: Australian Government Publishing Service, 1972), p.1.
Also see, Wiltshire, op.cit., pp.130-131.
14. Ibid., pp.131.132.
15. Public Service Board, Annual Report 1973, op.cit., p.2.
16. Public Service Board, Annual Report 1973, op.cit., p.3.
Also see, Wiltshire, op.cit., pp.120 & 136-137.
17. Wiltshire, op.cit., p.135.
18. Opening Speech by the Prime Minister, E.G. Whitlam, at the Premiers' Conference, on 7 June 1974, op.cit., pp.11-12.
19. Wiltshire, op.cit., p.133.
20. Letter from the Chairman of the Public Service Board to all Permanent Heads, dated 13 June 1974.
21. Letter from the Chairman of the Public Service Board to all Permanent Heads, dated 5 July 1974.

22. Letter from Minister for Health to the Minister Assistant the Prime Minister in matters relating to the Public Service, 24 July, 1974.
23. Wiltshire, op.cit., pp.133-134.
24. Letter from the Chairman of Public Service Board to all Permanent Heads, 2 August, 1974.
25. Wiltshire, op.cit., p.134.
26. Letter of 19 August 1974 from the Minister for Transport (Jones) to the Prime Minister (Whitlam) as quoted in Kenneth Wiltshire, Report on Staff Ceilings for Royal Commission on Australian Government Administration, July 1975, p.63.
27. Ibid., pp.38-90, particularly pp.38-39, 48, 49 & 53.
28. Public Service Board, Memorandum No.1974/4 of 27 August 1974 re Administration of Staff Ceilings 1974-75.
29. Wiltshire (1976), op.cit., p.138.
30. Cabinet Minute, Decision No. 3106, 7 January 1975 as quoted in Wiltshire (1976), op.cit., p.121.
31. Letter from the Chairman of the Public Service Board to all Permanent Heads, 15 January 1975.
32. Public Service Board, Annual Report 1975, (Canberra: Australian Government Publishing Service, 1975), pp.31-32.
33. Public Service Board, Memorandum, Introduction of Forward Staffing Estimates, 28 January 1975.
34. Prime Minister's letter of 25 March 1975 to all the Ministers re Forward Staffing Estimates.
35. Weller, op.cit., pp.5-6.
36. Ibid., p.6.
37. Public Service Board, Annual Report 1975, op.cit., p.7.
38. Australian, Parliamentary Debates, House of Representatives, August 1975, p.60.
39. Department of Social Security, Memorandum No. DG 130(3) to the Board's Chairman, 24 July, 1975.
40. Public Service Board, Annual Report 1976, (Canberra: Australian Government Publishing Service, 1976), p.3.
41. Ibid., pp.3-4.

42. Weller, op.cit., p.8.
43. Australia, Parliamentary Debates, House of Representatives, August 1976, p.21.
44. Public Service Board, Annual Report 1977 (Canberra: Australian Government Publishing Service 1977), pp.2-3.
45. Public Service Board, Circular No. 76/5106 of 17 August 1976.
46. Public Service Board Memorandum of 9 April 1976, re Forward Staffing Estimates 1976/77 - 1979/80.
47. Public Service Board, Annual Report 1977, op.cit., p.3.
48. Ibid., p.3.
49. Ibid., p.4.
50. Public Service Board, Memorandum No. 76/2624 re Forward Staffing Estimates 1977/75 - 1979/80 of 14 December 1976.
51. Weller, op.cit., p.9.
52. Australia, Parliamentary Debates, House of Representatives, August 1977, p.51.
53. Public Service Board's Secretary's letter of 28 October 1977 to the Secretary, Council of Australian Government Employees Organisations (CAGEO).
54. The Department of Finance replaced the Treasury on the IDC when the Treasury was abolished on 7 December 1976 and the Department of Finance and the Treasury were created.
55. Weller, op.cit., p.11.
56. Public Service Board, Annual Report 1978 (Canberra: Australian Government Publishing Service, 1978), p.17.
57. Ibid., pp.16-18.
58. Public Service Board, Memorandum, Forward Staff Estimates 1978/79 - 1980/81 of 25 October 1977.
59. Public Service Board, Annual Report 1978, op.cit., p.17.
60. Circular letter from the Chairman of the Public Service Board to all the Permanent Heads, 31 March 1978.
61. Ibid., pp.2-3.
62. Ibid., p.2.
63. Ibid., p.1.

64. Weller and Georges, op.cit., p.7.
65. Minutes of the Meeting between Public Service Board and Peak Councils, Canberra, 13 April 1978, p.2.
66. Public Service Board, Annual Report 1978, op.cit., p.17.
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CHAPTER V

THE IMPACT OF STAFF CEILINGS ON THE DEPARTMENT OF SOCIAL SECURITY

The preceding chapter discussed the past and present procedures for setting and administering staff ceilings at the macro level. A brief description of the practices being followed at the micro (department) level also was given. In this chapter and chapter VI, after providing more details on the implementation of staff ceilings at the departmental level, an attempt will be made to assess the impact of staff ceilings on five selected organisations. In view of its size, the availability of data and complexity and diversity of its operations and the intricate nature of problems it has had faced during the period under study (1970-1982), this chapter has exclusively been devoted to the Department of Social Security. Chapter IV will discuss the impact of staff ceilings on the (former) Department of Capital Territory, Australian Taxation Office, Australian Development Assistance Bureau, and the Environment Division of the Department of Home Affairs and Environment.

In respect of each organisation, the general areas which have been looked into are: Functions, Staffing, Management practices; Capacity to deliver; Morale; and Industrial relations. These areas of study are, of course, not independent of one another and are identified as an aid to facilitate analyses. As each of them has a bearing on others, overlapping is inevitable. Further, the approach to each organisation selected for the study is deliberately different to take account of the individual factors.

FUNCTIONS

The Department of Social Security (DSS) was established on 19 December 1972 by an amalgamation of the former Department of Social Services and the Health Insurance and Benefits Division of the Department of Health. It 'encompasses a wide range of activities concerned both with servicing the needs of people in the social security, welfare and health insurance fields and with planning for the social advancement of the community at large'.¹ The Department operates income maintenance systems through a decentralised network of 160 regional offices located throughout the six States, the Northern Territory and the Australian Capital Territory. The decentralisation has occurred over the last twelve-year period accompanied by rapid growth in workloads; the number of regional offices increasing from 49 in 1970 to 60 in 1972 to 107 in 1975 to 122 in 1978 and reaching the present level of 166 during 1981-82.² Aggregate outlays on social security and welfare by the Department in 1981-82 amounted to \$10,669 million, representing about 24 percent of Commonwealth outlays. The departmental outlays increased to this level from \$1,083 million in 1969-70, \$1,679 million in 1971-72 and \$3,818 million in 1974-75. (Table 5.1). The number of pensioners and other beneficiaries of the Department increased from 1.05 million in 1970 to 1.29 million in 1973 to 1.66 million in 1975 and to 2.42 million at 30 June 1982.³

The administrative costs (excluding charges for rent, repairs and maintenance) of the Department absorbed 2.45 percent of the total expenditure during 1981-82, which have varied from 1.72 percent in

TABLE 5.1

DEPARTMENT OF SOCIAL SECURITY
TOTAL OUTLAYS AND ADMINISTRATIVE COSTS

Year	Administrative Costs (\$) (A)	Total Outlays (\$) (B)	A Percentage B
1969-70	18 590 099	1 083 114 301	1.716
1970-71	21 284 048	1 155 703 465	1.841
1971-72	26 001 305	1 679 500 380	1.548
1972-73	34 582 483	2 138 225 143	1.617
1973-74	51 091 923	2 631 436 491	1.941
1974-75	75 961 940	3 818 213 097	1.989
1975-76	101 489 160	5 335 942 546	1.901
1976-77	108 437 218	5 970 354 834	1.816
1977-78	128 318 913	6 921 604 582	1.853
1978-79	155 358 248	7 540 419 169	2.060
1979-80	179 624 532	8 178 591 944	2.196
1980-81	207 043 569	9 132 957 382	2.266
1981-82	261 904 354	10 669 150 483	2.454

Source: Commonwealth of Australia, Department of Social Security, Annual Reports, 1969-70 to 1981-82.

1969-70 and 1.99 percent in 1974-75. Table 5.1 details the total outlays and administrative costs from 1969-70 onwards.

During the period 1971-72 to 1981-82, the Department experienced substantial increases in both the scale and complexity of operations. The main changes during this period that have added to the functions and workloads of the Department include:

- increases in rates and introduction of automatic indexation of most basic pension and benefit rates;

- successive liberalisation of the pensions tests on income and property and their subsequent replacement by a test on income alone;

- the introduction of new and extension of eligibility for existing pensions and benefits;

- changes in assistance for families with children, including the introduction of family allowances, the current legislation on the Family Income Supplement, double orphan's benefit and handicapped children's allowances;

- increases in the proportion of aged people in the population, in the proportion of sole-parent families and in the numbers of unemployed;

- liberalisation of eligibility criteria in respect of the payment of pensions overseas;

- abolition of the six months waiting period for the supporting parents benefit with the result that the Commonwealth assumed responsibility for direct income support for that period from the States;

- a new Disadvantaged Persons Health Scheme;

- a new child care program;

- expanded Commonwealth Rehabilitation Service, including the establishment of work preparation centres;

- a new range of services to the handicapped and homeless;

- a transfer of responsibility for welfare housing policy from the former Department of Housing and Construction;

a transfer of responsibility for receiving unemployment benefit applications and continuing claims from the Commonwealth Employment Service.⁴

STAFFING

At 31 December 1982, the Department of Social Security employed 14,948 (including 847 inoperative staff) full-time and 121 part-time staff, about 60 percent of which are employed in regional offices. The staff ceiling for 30 June 1983 for full-time operative staff approved by the Government prior to the February (1983) Review of the ceilings was 16,132, representing a ceiling increase of 3714 or 29.9 percent on the ceiling approved for 30 June 1982. The Department requested a further increase of 102 in its ceiling in the context of February Review, the result of which was not known at the time of writing of this section.⁵ The Department's bid for 30 June 1984 was 16,355. This bid did not include any increase for unemployment benefit staffing and the Department proposed to use special arrangements for ceiling increases for unemployment benefit workloads if need arose.⁶

Table 5.2 details the full-time staff and ceiling trends in the Department since 1970 onwards. It shows that full-time total staff increased from 4391 in 1970 to 4758 in 1972 to 9649 in 1975 and reached the 14,948 level in December 1982. The full-time staff of the Department increased by 417 during 1970-72, by 4945 during 1972-75 and decreased by 373 during 1975-76 and again increased by 4578 between June 1976 and December 1982. It is obvious from Table 6.2 that the Department experienced slow growth rate during 1976-77, 1979-80 and 1980-81 and negative growth rate during 1975-76. Table 5.2 also details the variation in full-time operative staff numbers during the

TABLE 5.2
DEPARTMENT OF SOCIAL SECURITY
STAFF AND CEILING TRENDS

(Full-Time Staff)						
Year at End of June	Staff Ceiling	Total Staff	Operative Staff	Inoperative Staff	Variation in Operative Staff	
1970	-	4341	-	-	-	-
1971 (a)	4500	4500	-	-	-	-
1972 (a)	4768	4758	4626	132	-	-
1973 (b)		6380	6211	169	+1585	(+34.3%)
1974 (d)	6967	7446	7044	402	+ 833	(+13.4%)
1975 (c)		9703	9254	449	+2210	(+31.4%)(e)
1976 (a)	9445	9330	8845	485	- 409	(- 4.4%)(e)
1977 (a)	9260	9687	9280	407	+ 435	(+ 4.9%)(e)
1978 (d)	10000	10565	9991	574	+ 711	(+ 7.7%)(e)
1979 (d)	11394	12001	11368	633	+1377	(+13.8%)
1980 (d)	11550	12294	11550	744	+ 182	(+ 1.6%)
1981 (d)	11494	12370	11544	826	- 6	(- 0.05%)
1982 (d)	12418	13275	12447	828	+ 903	(+ 7.8%)
December 1982(d)	16132	14948	14151	797	+1704	(+13.7%)

- a) Staff ceiling covers full-time operative and inoperative staff.
 b) Staff ceiling was lifted in December 1972.
 c) Staff ceiling was lifted in January 1975.
 d) Staff ceiling covers full-time operative staff.
 e) Real variations after adjusting for transfers in and out of coverage during 1974-75, 1975-76, 1976-77 and 1977-78 were +2189 (30%), -507 (-5.4%), +1033 (+12.5%) and +921 (+10.2%) respectively.

Sources: (1) Information provided by the Department of Social Security.

(2) Public Service Board, Annual Reports, relevant years.

(3) RCAGA Report, Appendix Volume I.

period between June 1972 and December 1982. A comparison between Table 5.1 and Table 5.2 indicates that the Department tried to offset these restraints by resorting to other means, for example, overtime, consultancy, etc., as the administrative cost as a component of the overall expenditure has generally increased during these years. There have been generally small gradual increases in the inoperative staff of the Department except for 1973-74 when the number of inoperatives increased from 169(2.6%) in 1972 to 402(5.4%) in 1974 (Table 5.2).

The permanent staff category generally has increased over the years, while there has been decline in the temporary and exempt staff categories. During 1975-76, whereas the permanent staff increased from 8245 at June 1975 to 8543 at June 1976, the temporary and exempt staff numbers declined from 1025 and 379 to 438 and 326 respectively. Although the temporary staff has increased to 651 in 1982, the exempt staff has declined to 194 during the same period. The Department also experienced relatively higher growth in its Third Division compared to Fourth Division particularly during the years of little or no growth in staff numbers. The proportion of Third Division Staff at June 1980 was the highest (53.0%) and that of Fourth Division the lowest (46.7%) that changed to 52.1 percent and 47.6 percent for Third and Fourth Divisions respectively at December 1982.⁷

MANAGEMENT PRACTICES

The administration of staff ceilings in the Department of Social Security has varied over the years. On the basis of a report in June 1982 by the consultants Coopers & Lybrand Services, assisted

by a staff member of the Public Service Board, the DSS has adopted new procedures for the assessment and utilisation of its human resources. The revised system requires the Central Office to involve all tiers of organisation in the staff budgeting process taking into account not only national standards or targets for staffing but also those local factors like population characteristics, experience of staff etc, characterising each office, which affect work performance. The department follows a 'top down and bottom up' planning approach in determining its forward staffing estimates. The DSS starts the process well before it receives FSE memorandum from the Public Service Board. The Management Services Branch in the Central Office, which is responsible for policy and administrative aspects of the Department's overall establishment and staffing needs, manpower planning and formulating policies in regard to all aspects of personnel management, asks the State Headquarters in September to submit their staffing estimates for the forthcoming financial year by the third week of November. The main features of the procedures adopted since 1982-83 are summarised below:

- (i) This approach involves the 'area managers, acting in consultation with regional management, in submitting staffing proposals to state offices, as part of a regular staff budgeting cycle. These submissions would take account of guidelines on forward estimates of workload and on target staffing levels for each area, provided at the outset of the budgeting process by central office management and manpower specialists. Subsequently a dialogue would take place between State and Central Offices, which would seek to agree forward staffing estimates for each area as a basis for DSS's submission of forward staffing proposals to PSB.⁸ The process is illustrated in Figure 5.1.
- (ii) In this process, the area and regional managers are required to combine their local knowledge and experience of regional office staffing requirements with the information provided by central office on workloads and targets for staffing, in preparing staffing submissions to state offices'.⁹

- (iii) The state headquarters officers are required 'to exercise higher level management judgement in reviewing these submissions prior to staffing discussions with central office managers'.¹⁰
- (iv) At the Central Office, the management a) prepares 'estimates of forward workload and target staffing levels for each area, adjusted to take account of quantifiable local factors measured for offices in each area', b) issues guidelines to the state offices and area managers to facilitate local determination of staffing requirements, c) submits overall DSS staffing proposals to PSB after consolidating state office submissions that are analysed and discussed with state managers, and d) on receipt of the approved staff ceilings for the forthcoming financial year, determines the area based allocations of ceilings by using the planning tools developed centrally for analysis of both target staffing levels and local factors, and notifies to the state offices.¹¹

Prior to the adoption of the above procedures, the Central Office used to involve only the State Headquarters in estimating the staffing requirements; in 1981-82 even they were not consulted when the Central Office prepared the departmental bids in the light of its own assessment. The state offices were required to submit their estimates taking account of existing program structure, known policy issues, existing and projected workloads, present staff development and utilisation and achievements in past years (ie, growth rates, etc.). The central office would establish the overall bid identifying specific increases, purposes for which staff were required with supporting justifications by invariably pruning down the Directors' estimates.¹² The departmental staffing bids were based on: 'productivity control system (PCS) estimates of staffing requirement developed since 1978-79; beneficiary population to staffing ratios; and existing staffing levels and policy commitments'.¹³

FIGURE 5.1

DSS STAFF BUDGETING ACTIVITY SEQUENCE
(TOP DOWN-BOTTOM UP APPROACH)

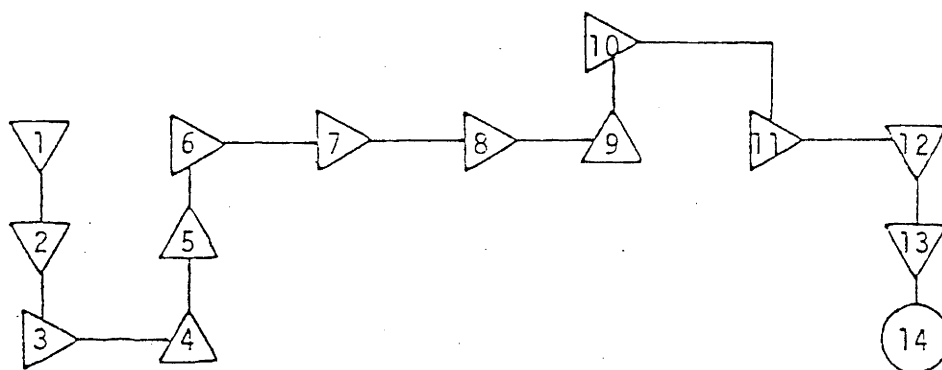
Organisational Level

GOVT.

DSS (CO)/PSB

DSS (SHQ)

AM/RO



Legend

- | | |
|--|--|
| 1. CO prepares guidelines and preliminary estimates of area staffing; passes to SHQ. | 8. PSB/CO dialogue on forward estimates. |
| 2. SHQ briefs and disseminates information to area management (AM). | 9. PSB submit consolidated (all departments) forward estimates report to GOVT. |
| 3. AM consults with regional office (RO) managers on forward estimates. | 10. GOVT advises PSB of approved ceilings. |
| 4. AM prepares estimates and submits to SHQ. | 11. PSB notifies DSS CO of approved ceiling. |
| 5. SHQ consolidates area estimates and submits state estimates to CO. | 12. CO determines state/area allocations and advises SHQ. |
| 6. CO/SHQ dialogue on estimates. | 13. SHQ briefs AM on allocations. |
| 7. CO prepares overall DSS estimates and submits to PSB. | 14. AM determines RO allocations in consultation with RO managers. |

Source: Department of Social Security (DSS) Regional Office Staffing Review (Coopers and Lybrand Services), 1982, P. 29.

The PCS times had been estimated for specific components of workload which, when applied to estimated workload at individual offices, gave estimates of the total staffing hours required to cope with that workload. The PCS times had been derived by means of work measurement exercises using activity sampling method. The beneficiary population/staffing ratios had been derived by using management experience and judgement as to the appropriate level of staff required for a given beneficiary population. These ratios are 1:100 for Unemployment Benefits area and 1:698 for Pensions.¹⁴ After the introduction of the present 'top down and bottom up' approach, the above ratios are marginally adjusted taking account of the local factors to calculate the base level staffing.

The Department is required to estimate its staffing requirements for relief purposes, excluding relief for training, to cover recreation leave and an amount of sick leave by applying a ratio of 1:9.4 assuming that each officer including the occupant of the relief position would have 4 weeks recreation and 1 week sick leave each year¹⁵. In the face of tight staffing restrictions, the Department has experienced problems in this area since 1980. The provision of adequate relief staffing was a matter of joint ACOA/DSS examination during May-July 1980 as a result of ACOA representations to the Department in March 1980. The joint ACOA/DSS Committee submitted its report on 11 July 1980. The committee had reached unanimous agreement in respect of all aspects of its report.

The committee felt that the PSB formula (1:9.4) was deficient for a number of reasons including:

Departmental State Surveys conducted in 1977 and 1979 had shown that sick leave exceeded 5 days per year, some surveys in fact found the position to be between 10 and 11 days per annum.

No allowance was made for special leave, leave without-pay, furlough, maternity leave, bereavement leave, etc.

No allowance was made for isolated districts which attract additional recreation leave entitlements under Regulation 49(3).

The dislocation effect of Public Holidays on an organisation geared to meeting continuing social welfare commitments within strict time limits.

The relief requirement arising out of training and staff development activities was ignored.

The principle of essentiality was not defined.¹⁶

The review team's findings in respect of relief staffing arrangements in all the States are summarised below:

Officers absent from duty are not relieved in the majority of cases, or, if internal relief is provided, there are consequential unrelieved vacancies (normally at base grade).

A substantial proportion of individual relief positions on active establishment are not utilised for relief purposes. They have become operative, functional positions.

Similarly, the relief pools and training relief pools have, with minor exceptions, been "assimilated", ie. they have ceased to function for relief purposes.

Generally-speaking, it is difficult to identify any staff as "relief" staff - the "assimilation" process has extinguished any distinctions between "relief" and "operative" staff.

If current relief establishment is any guide to the relief requirement, then the existing RELIEF STAFF : NO. OPERATIVE STAFF ratios apply in each State:

New South Wales	1	:	21
Victoria	1	:	16

Queensland	1	:	17
South Australia	1	:	11
Western Australia	1	:	19
Tasmania	1	:	13
Northern Territory	1	:	58
Australian Capital Territory	1	:	12

The review team felt (and its subsequent research and date collection exercise confirmed) that the ratios were grossly inadequate as an expression of the relief requirement.

Whilst the States claim to operate leave roster systems in order to regulate levels of absence, the review team found that frequently the systems either did not operate, were ineffectively managed or were out of date. They seldom achieved their purpose, eg. there is heavy leave-taking over the peak workload Christmas period.

Over 50% of all overtime funds are being utilised to pay staff who are processing workload arrears resulting from unrelieved absences. In 1979/80, \$2.97 million were expended on overtime. Thus, at least \$1.48 million can be said to be a part of the cost of the current relief arrangements.

Approximately \$200,000 per annum is expended on travel costs and allowances associated with relief arrangements.

One of the consequences of inadequate and ineffective relief arrangements has been a build up in areas of work, particularly in respect of reviews and overpayments outstanding and on hand.

The decentralisation process has changed the thrust of relief arrangement options. In particular, large relief pools are far less desirable and inbuilt relief much more desirable.

The great majority of positions in the Department require relief. However, the degree of relief required will vary according to the application of the principle of essentiality.

In the majority of States, management of relief staffing has become a day-to-day operational task for the line manager (eg. a regional office manager). This day-to-day reality which appears to have emerged as a substitute for State/National policies/strategies/procedures aimed at the effective management of resources for relief purposes, has now become the de facto departmental policy. In other words a policy vacuum has been filled by short-term stop-gap action which, remaining unchallenged, has become the de facto policy.¹⁷

The Committee recommended that 'for the Department to maintain an effective and efficient workforce a gross relief ratio of 1:7.92 would appear to be necessary to cover absences of "essential" staff due to recreation leave, sick leave, special leave, leave without pay, furlough and other types of leave'.¹⁸ This ratio does not include relief for training.

An independent review of the regional office staffing needs conducted by an outside consultant, Coopers and Lybrand Services, in conjunction with the Public Service Board over the period between 22 March 1982 to 25 June 1982 also confirmed the inadequacy of the relief staffing. The review report concluded as under:

... our evidence indicates that relief staffing is inadequate and that where there are shortfalls in regional office staffing it is usually for this reason. This conclusion is consistent with the consensus view of regional office management and staff. Our assessment is that relief staffing, excluding relief for training, is required at the approved ratio of 1:9.4 for the base level staffing in regional offices excluding certain categories of specialist staff.¹⁹

According to the review report the following three main features characterised the regional office staffing:

regional management and staff are concerned that local discrepancies in the allocating of staff in relation to workloads are apparent;

the proportion of staff with a significant level of training is small in relation to total staff numbers;

relief staffing, including relief for training, is inadequate.²⁰

The review team noted that 'major issues of concern are clearly the inadequate level of training and the limited capacity for relief'.²¹ The review also pointed out that 'in many work areas in regional offices, the accumulation of arrears rapidly produces a multiplier effect on office workloads. Delays in payment or the termination of payments produce additional telephone and counter enquiries, requests for manual cheque payments, or overpayment recovery actions'.²² It follows that the provision of adequate staff in the first place would be economical in the ultimate analysis.

The Department does not allocate priority levels to its programs. All programs are allocated top priority. The Permanent Head (L.J. Daniels) of the Department suggested to the Minister for Social Security (Mr Hayden) on 28 May 1975 in an internal Minute (to which the Minister agreed) that 'In line with my understanding of the significance of each of these programs, I have regarded them all as being of High priority'.²³ The same view was again endorsed in February 1977 by the then Minister for Social Security (Senator Margaret Guilfoyle).²⁴ Ever since, there has been no change in this policy. There is also no committee for setting priorities for allocating manpower resources to various programs; one such committee functioned for a short time in 1974 under the Chairmanship of the Deputy Director-General.²⁵ The Permanent Head, on the basis of report from the Management Services Branch decides the allocation of staffing resources to various programs that are generally endorsed by the Minister without any change.

CAPACITY TO DELIVER

The Department has always experienced difficulties in matching its staffing resources with increasing workloads. This is obvious in Appendix D from the number of the Department's bids for staffing resources for various years which were only partially met. Substantial increases in both the scale and complexity of its operations that have occurred during the 1970-1983 period are mainly responsible for Department's demands for more and more staffing. The Department has experienced workload pressures whenever Government has tried to impose a tight ceiling growth on the Australian Public Service. The Department experienced staffing restraint, particularly during Fraser Government's period, as Table 5.2 demonstrates. It faced some real staffing problems for the first time when in June 1974 Prime Minister Whitlam announced a growth ceiling of about 1 percent for full-time operative staff under the Public Service Act. The Department, however, sought an increase of 11.5 percent which was endorsed by the Minister (Hayden) emphasising that the 'imposition of a staff ceiling of the order indicated by the Board would heavily reduce the Department's capacity to implement programs which have already been substantially endorsed'.²⁶ The Department's ceiling for 30 June 1975 approved by the Government was 7240, much less than its bid. Obviously, the Department was not happy about this. The Department's problems were multiplied by the rise in unemployment in the country. The Permanent Head, in his letter of 5 November 1974 wrote to the Chairman of the Public Service Board:

Upto now, the initial impact of the additional loads being borne in this area (unemployment benefits) has, to some extent, been absorbed at the expense of other important programs (eg. a slow down of decentralisation activities and a delaying of social welfare programs), but the stage is being reached when it is not practicable to continue to use this expedient.²⁷

In respect of procedural modifications with a view to achieving staff economies, he pointed out that:

[This] has been the subject of attention for the last few years and in particular, since the period of staff restraint introduced under the Gorton Government. State Directors of this Department have pointed out that, because of this continuing process, a stage has been reached where further elimination of checks and "cutting of corners" may well involve an acceptance of a high element of risk of fraud despite the in-depth examination of the considerable number of activities which have been the subject of critical analysis, the staff economies likely to be achieved will probably only be minimal.²⁸

As has been mentioned in chapter four, the Department was initially able to exclude its unemployment benefits staff from staff ceilings, and eventually expanded its staff by more than 30 percent during 1974-75 after the ceilings were lifted in January 1975 (Table 5.2).

The Department was again not happy with the ceiling approved for it after the reimposition of staff ceilings in July 1975. The Permanent Head's letter of 24 July 1975 stated:

I am, of course, unaware of the basis on which the Board arrived at the provisional ceiling for this Department, but I should point out that the figure of 9117 is somewhat below the actual staff level of 9258 at 30 June 1975. I am concerned, therefore, that a consequence of the staff ceiling which has been set for this Department would be to require me to affect a staff reduction from the 30 June level, which I am sure would not be the result intended by the Government.²⁹

He mentioned the adverse press and other criticism levelled at the Department 'over alleged failures to deliver an acceptable level of Service to the public'.³⁰ He also referred to the objections raised by the Auditor-General's office regarding 'procedural changes which had to be made in an attempt to cope with abnormally high level of unemployment benefit and the risk of a high incidence of overpayments'.³¹

The Department engaged the outside Consultant W.D.Scott and Co. during 1974-75 to review the Departmental activities. The review team submitted its report in May 1975. The following quotation from the report, which the Permanent Head also quoted in his letter to support his claims, is revealing:

The review has covered the main activities of Benefits Administration in the Department. It has clearly shown the pressures under which the Department is currently working. For some time now the resources normally employed on maintenance and improvement of existing operations have just not been available. This is a particularly dangerous situation when one take into account the likelihood of the demands on the Department growing even further. Inadequate maintenance, lack of opportunity for internal developments and improvements, combined with over expanding demands, must eventually lead to a breakdown in the basic operations themselves, irrespective of the addition of clerical manpower. The operation itself can become unmanageable, as already pointed out, the demands on key executives have already reached unreasonable levels impairing effectiveness and health.³²

The worse had to come. The L-NCP Coalition Government, after coming into power in December 1975, started implementing its policy of reducing the size of the Public Sector immediately, and froze the Public Service numbers at 30 November 1975 levels. During 1975-76, the

Department of Social Security experienced a negative growth for the first time in its history. The Department, between 24 July 1975 and 7 June 1976, made six representations to the Public Service Board for increasing its staff ceiling by 1778. But the net result of the Government approvals between 4 August 1975 and 29 June 1976 was an addition of only 393 to its staff ceilings (Appendix D). The result of the Government decisions was that during 1975-76 the Department's operative staff decreased in real terms by 5.4 percent (Table 5.2). These reductions affected the Department's operations adversely and it had to cut drastically its training programs, neglect planning and development work, stop carrying out (or carry out at a reduced level of activity) some checking and investigation functions resulting in higher incidence of overpayments, scale down follow-up activities to recover overpayments and curtail the internal audit programs and field officer investigations. The Permanent Head of the Department (L.J. Daniels) in his letter of 7 February 1977 to the Chairman of the Public Service Board wrote:

In discussions last December with Commissioner Taylor, I expressed concern at several unsatisfactory aspects of the Department's administration. It is apparent that we are facing a steady decline in the effective level of our Departmental operations. The Department is continuing to be subjected to heavy workload pressures

It has only been possible to maintain essential services at an acceptable level by adopting expedient measures, refining and paring down procedures, redeploying staff from areas of lower priority to areas of higher priority, substantially reducing training activities and limiting the level of effort devoted to conducting associated audit type functions directed to protection of Government expenditure.

On a number of occasions in the latter months of 1976, administrative procedures, on which pension and benefit payments are based and which are time critical, were near breakdown.³³

He identified the following main reasons for the decline of Department's operations:

clients' demands and political pressures are increasing; probably a reflection of trends in society generally towards demanding greater personal attention and servicing from the bureaucracy; this trend is emerging at a time when the Department's capacity is declining;

notwithstanding efforts towards simplicity, recent policy changes by the Government have made the pensions and benefits systems more complex; this complexity has flowed on to the Departmental administrative procedures;

because of the complexity, many of the Department's clients lack the necessary qualities to understand them, which leads to further demands to have the provisions explained;

an increase in the volume of the abuses which range from relatively insignificant "fiddles" by individuals to beat the system to well planned large scale frauds; combating this trend is made more difficult by the greater tolerance of the community towards them;

the substantial increase in the number of clients the Department services, notably unemployment beneficiaries;

the fact that many of the Department's clients are "difficult cases", often abusive or uncooperative.³⁴

The Permanent Head of the Department also pointed to special problems faced by the Department affecting the efficiency adversely. He stated that:

Contributing to the reduced level of efficiency of the staff are the very low average age overall (approximately 22/23 years) and the high degree of instability as indicated by the wastage rate in excess of 100 per month (notwithstanding that it is a time of high unemployment). The quality of the new recruits is generally poor. Because of the nature of its work, new entrants to the Service do not see the Department as an attractive employer providing substantial opportunities for advancement Due to the high wastage and the inability of the Department to

retain benefits training pools within staff ceilings, the persons replacing the wastage are not adequately trained Yet without proper training, the unemployment and benefits areas will not be able to administer effectively the high volume situation that exists.³⁵

The letter further stated that:

Unfortunately the Department's benefits training programme, which a few years ago was well established and effective, has been greatly reduced in recent times because of the need to direct resources to operational areas which were given higher priority. Training activities in all States have been drastically reduced.³⁶

In respect of investigation, review and checking activities, the letter informed that:

regular cyclical means test reviews of pensions were suspended a few years ago in anticipation that the means test would be abolished. It is now apparent that the income test (which replaced the means test in November 1976) will be retained in the immediate future. It is estimated that overpayments due to these reviews not being carried out are running at between \$10 - \$12 million p.a.;

quarterly reviews of the continuing eligibility of unemployment beneficiaries have been reduced;

internal audit programmes and field officer investigations have been curtailed.³⁷

The Permanent Head of the Department opined that the savings that would result from intensifying the above activities 'would be many times greater than the staff and the associated costs'. The recovery of overpayments and the development of A.D.P. (Automatic Data Processing) systems was also affected significantly due to non-availability of staffing resources. The letter stated that 'we are not able to invoke satisfactory follow-up action to ensure that

maximum recoveries are achieved' and that 'the balance of outstanding overpayments increased from \$4.7 million to \$10.0 million' during 1975-76.³⁸ It was stated that 'the planning and the development work has had to be neglected more and more over the past two years' as almost the entire programming staff of the Department were engaged full-time on programme maintenance'.³⁹

In a representation to the Minister for Social Security (Senator Guilfoyle), similar problems were pointed out by the Secretary of South Australian Branch of the Administrative and Clerical Officers Association alleging that, due to staff shortages, 'clients are becoming increasingly frustrated with the delays and are abusive and threatening with the staff'.⁴⁰ He informed the Minister that:

In some Regional Offices it is taking 14 1/2 weeks to process a Pension claim. This is caused by lack of funds and staff to send assessors to the country for relief for persons on sick and recreation leave and lack of funds and staff to train assessors in the regions.

Two years ago the average time taken to process a Pension claim in State Headquarters was three weeks. It is now six and a half weeks.

There is at present a backlog of one month's work in the Family Allowances section.

Lack of formalised training in all areas means that assessors are simply being trained on the job, frequently by people who have themselves been inadequately trained. This leads to errors being perpetuated and overpayments and underpayments occurring. More work and hostility is thereby generated as overpayments are recovered from clients. Some overpayments are of course written off as being due to office error. Shortage of funds is thus leading to wastage of funds.

Changes in policy and delays in processing time mean that many overpayments are now hidden No overpayment

would be raised in this case an examination of what happened with overpayments at the time of onset of staff ceilings will give an indication of what the current situation could be.

In 1974/75 overpayments of \$730,000 were raised by the Department. In 1975/76 the amount was \$762,000. The comparable for 76/77 can only be speculated on but members indicate that it would have risen at an increasing rate.

The issue of some Pensioner Medical Service Cards are four months in average. These are cases where eligibility resulted from the new income test. Although two positions were provided to examine these claims, no staff have been available to fill them.

The Department is at present experiencing a resignation rate of 18%. This is extremely high by any standards and must be symptomatic of systematic inadequacies....

On 18 March 1977 a batch of 1570 Family Allowance cheques was released without checking as no staff were available. The value of the cheques was over \$53,000 and many overpayments may have been made.

The operations area was recently subject to a staff utilisation review. It was decided as a result of this that the full staff of 39 was needed for the section to function. Nevertheless, this section has been working with two to four of its 22 clerical positions unstaffed due to unavailability of relief for persons on leave.⁴¹

All these representations, however, brought only a fraction of what the Department had asked. Between 26 August 1976 and 13 May 1977, the Department made a number of submissions for additional staff the aggregate of all of them amounting to 1957. But the net ceiling increases allowed by the Government between 18 August 1976 and 31 May 1977 amounted to 858 (Appendix D).

The staffing situation of the Department remained somewhat similar up to March 1982 after which, as a result of industrial action by the staff (particularly by the ACOA members), the Government allowed significant staff increases. During 1977-78, between 1 July 1977 and 7

June 1978 the Government approved net increase of 1040 in the Department's ceiling although the Department had demanded an aggregate increase of 2992 between 28 July 1977 and 12 May 1978. In 1978-79, the same story was repeated when the Government allowed net ceiling increase of 1150 between 4 August 1978 and 3 May 1979, whereas the Department requested for an aggregate increase of 4319 though a number of submissions between 19 July 1978 and 15 June 1979. Similarly between 10 November 1979 and 4 June 1980 the Department's staffing bids demanded an aggregate increase of 1135, but the increase in ceiling allowed by the Government between 26 November 1979 and 16 April 1980 amounted to only 130. The ceiling increase as a result of various Government approvals between 9 October 1980 and 10 March 1982 amounted to an insignificant 19, whereas the Department's demands between 22 August 1980 and 26 August 1981 amounted to 1282 (Appendix D).

The increasing work loads and related issues like inadequate training opportunities, redeployment, and abusive clientele caused by strict application of staff ceilings particularly since December 1975 also caused anxiety and frustration amongst the employees. This eventually resulted in strained industrial relations in the Department. The Administrative and Clerical Officers Association (ACOA), Australian Public Service Association (Fourth Division Officers) [APSA(FOO)], and Professional Officers Association (POA), as will be discussed in more details in a latter section, resorted to industrial action on various occasions spreading from April 1977 to December 1982. This on-going industrial dispute over staffing levels in the Department has had further adverse impact on the Department's 'capacity to deliver' over the years.

The training of the staff of the Department has remained far from satisfactory throughout 1975-82 period. In fact, the situation continued to deteriorate year by year. The Permanent Head of the Department (Ayers) in his letter of 9 October 1981 to the Chairman of the Public Service Board while emphasising the need for training and requesting for the provision of staff for training relief wrote:

In the last few days I have visited ten Regional Offices in three States. Our assessors class 2/3 were of an average age of 20 years with the maximum length of experience 6 months and the minimum of few days and in every instance no formal training or training of a few days duration. In the recent past we have placed our faith in self-instructional material. There is nothing wrong with this material if it is used to complement formal training. The problem is that it has been used as a substitute for formal training. Our young officers do not understand the self-instructional material used alone and as a consequence they have little or no training. In time they become determining and review officers at class 4/6 level still without any formal training of consequence but with responsibility for new assessors. If it were not the year of Disabled, I would say that it was a case of the blind leading the blind.

The cost to the taxpayer of this situation can be massive under the administrative law arrangements. Even when original decisions are correct (and there are many that are patently not), many of our officers are not experienced or competent enough to be able to justify their decisions to Appeal Tribunals and the AAT (Administrative Appeals Tribunal). Accordingly there is a temptation to grant the pension or the benefit and thus not be exposed to an external review.

It seems to me imperative that the Department must now address itself as a matter of priority to the training of staff involved in processing pensions and benefits The present situation could not be justified under any circumstances'.⁴²

The accompanying annexures to the above mentioned letter showed that the percentage of class 4/6 staff in regional offices receiving formal training consistently decreased from 9 percent during 1978-79 to 7 percent during 1979-80 and 3 percent during 1980-81. A survey conducted by the Department on the training needs of this group indicated that staff at these levels were '10-20% performance deficient in carrying out the tasks in their current position and 20-70% deficient to relieve or determine in similar positions in other benefits areas, particularly family allowances'.⁴³

The above situation was confirmed by another review conducted jointly by Coopers & Lybrand Services and the Public Service Board during 22 March to 25 June 1982. The review report stated that:

... training levels in regional offices are low and are perceived by regional office management and staff as being inadequate. Particular deficiencies were apparent in the fields of induction training, basic technical training and counter officer training.⁴⁴

The joint review indicated that the regional office staff had on average a total of 22.74 days training: 16 percent of staff had no training at all; 51 percent had 10 days training or less; and only 12 percent of staff had 51 or more days training.⁴⁵ Training deficiencies were found to exist at all levels in regional offices, the most common and acute being 'at middle and lower working levels (Clerk, Class 4 and below in the Third Division and Clerical Assistant, Grade 4 and below in the Fourth Division) and particularly in the two main pressure areas of offices, the counter areas and the unemployment, sickness and special benefit (U&SB) areas'.⁴⁶

In addition to impacting the Department's training activities and relief pool adversely, the staff ceilings impinged upon the Department's operations in several ways. The Department endeavoured to keep the on-the-counter services at an acceptable level, although these were also impacted adversely due to lack of training and high turnover of the staff. Review activity in the Department increased tremendously. The staffing restraints required the Department to investigate all areas for the efficient and effective use of staffing resources. Increasing work-loads, new initiatives and variations in the Department's functions continuously forced the Department to rearrange its priorities. Work-load indicators had to be developed to justify its staffing needs. Joint reviews both in collaboration with the ACOA and the Public Service Board and in many cases by independent outside consultants individually or in collaboration with the Public Service Board had to be conducted to rationalise the Department's systems and procedures. Most of these reviews were eventually used to support Department's demands for more resources. The Minister for Social Security (Senator Chaney) in his letter of 8 January 1981 in response to a representation from a number of employees of the Department in respect of difficulties they were facing due to staff ceilings, accepted this fact. He wrote: 'You would be aware that our Department has been subject to a number of reviews and that in fact there has been considerable increase in staff'.⁴⁷ Over the years, the Department has liberally quoted from the review reports to support its staffing claims as has been seen in the preceding pages. The Public Service Board, in fact, requires the departments to indicate any review

activities in respect of different programs. The 'latest review activity' has to be mentioned in the F.S.E. returns.⁴⁸ The Department's FSE return submitted to the Public Service Board in February 1983, in respect of its justification of staffing estimates for Unemployment, Sickness and Special Benefits (US&B) Program states: 'The operative staffing figure for June 1983 was derived from the staffing model recommended by Coopers and Lybrand Services and the PSB, and through consultation with Regional, Area and SHQ (State Head Quarter) managers'.⁴⁹ Similarly, in April 1978 when the PSB had asked all the Departments and authorities to revise their forward staff estimates based on (a) zero growth and (b) reduction of two percent as the original bids were considered high and unacceptable by the Government, the Department of Social Security made its case for additional resources on the basis of various reviews. The Department's letter, inter alia, pointed out that:

Since the Board's own review recently which resulted in the Prime Minister approving an increase of 197 in our ceiling, the Joint Advisory Committee has considered the additional resources that are needed to meet new activities which are regarded as essential to enable this Department to introduce measures aimed at combating abuses and frauds of the pensions and the benefits programs It is my understanding that the Team will be submitting recommendations directed to strengthen the Department's staffing resources in specific areas as regards both numbers and classifications At this point four weeks after we lodged the Estimates with you - it appears that the projected figures were conservative. Certainly no reduction in them can be seriously countenanced at this point as we are expecting that substantial extra resources will be needed to implement the recommendations of the Team that are approved by the Government.⁵⁰

The Public Service Board also is of the view that: 'In the current atmosphere of staffing restraints some departments have tended to view the SUR (Staff Utilisation Reviews) program as primarily an avenue for obtaining additional staff'.⁵¹ The plethora of internal and external reviews have also generated significant workloads and consumed already scarce staffing resources of the Department during the past few years.⁵²

The Department's capacity to redeploy staff from low priority areas to higher priority areas and to maintain on-the-counter services by achieving reductions 'elsewhere' is minimal. In its response to such suggestions from the Chairman of the Public Service Board in 1978, the Department stated that:

This Department's situation is such that only about 15% of its staff is not engaged on essential income security programs. Achieving reductions of staff in that segment sufficient to meet the targets set by the Prime Minister (Fraser) would be extremely difficult.⁵³

Since December 1975 with the strict application of staff ceilings, the Department allowed many 'slippages' in its operations. The audit reports by the Auditor-General's Office for various years are quite revealing in this regard. Increasingly the Department has blamed the 'staff shortages' for various lapses and in many cases the Auditor-General's Office tend to agree; a few cases are presented in the following pages as a way of example. The Department's stance in respect of 'slippages' seems to be a natural one when the Government itself suggests that 'the achievement of its ceilings objectives may imply changes in standards of services,

deferral or ending of activities and variation in policies'.⁵⁴ The

Auditor-General's report for 1977 states:

Following Audit examinations during 1976-77 in several states which revealed unsatisfactory aspects in control over the payment of unemployment benefit mainly in relation to assessment and review procedures and overpayments, the results of the examinations were raised at State Office levels but in view of Australia-wide implications of some of the matters, representations were also made to the Central Office of the Department.

Replies received from certain State Offices referred to remedial action taken although the continuing existence of deficiencies in procedures was acknowledged. The unsatisfactory aspects were attributed to inadequate staff resources, an increase in the workload due to a rise in the volume of unemployment benefit claims and problems associated with untrained and inexperienced staff.⁵⁵

In respect of an audit objection raised during 1976-77 regarding inadequate review activity to determine the eligibility of Supporting Mothers Benefit recipients, the Department's response was that 'Existing limits on the numbers of field officers operating within departmental state offices severely restrict the extent to which reviews of entitlements can be made'.⁵⁶ The same report further stated that: 'Audit examinations in several States during 1976-77 revealed considerable arrears in reviews by field officers in the unemployment benefit area causing delay in the raising of overpayments and the institution of the recovery action'.⁵⁷ In respect of Handicapped Persons Assistance Program, the 1980 report of the Auditor-General noted:

Although the current Scheme commenced in 1974, a manual of departmental instructions was not available at the date of audit Advice was sought concerning inadequacies in departmental inspections of organisations as there were no plans or guidelines to facilitate effective inspections. The Department

advised that staff constraints had effected the implementation of systematic inspection programs.⁵⁸

The staff shortages have not only affected Department's own operations but also that of other organisations whose operations are dependent upon its efficiency. This is true for all organisations whose operations are inter-dependent. The Auditor-General's report of March 1981 states:

In January 1981, Audit made further representations to the Department of Health on the need for early introduction of a system to validate pensioner health benefit numbers quoted on claims. Concern was expressed at the lack of such a system in view of the significant expenditure involved.

The Department recently advised arrangements had now been made to obtain information from the Department of Social Security to provide sufficient details to validate the numbers but because of the priority commitments on the Department's staff resources the information may not be available until at least mid-1981.⁵⁹

In respect of Child Care Program, the March 1982 report of Auditor-General noted:

Under the conditions of acceptance of a direct grant, an organisation is required to furnish the Department each year with an audited statement of expenditure from the grant. During an examination in the Department's A.C.T. Regional Administration it was noted that several organisations had failed to observe this requirement and that follow-up action by the Department was inadequate. The Director of the A.C.T Regional Administration advised that because of the number of projects involved and the limited staff resources available it would not be possible to implement the new system to a significant extent before the end of June 1982.⁶⁰

The above report also mentions many matters referred to the Department in earlier reports, which were still waiting for remedial action. For example, it stated:

The March 1981 Report also referred to arrears in inspections of subsidised organisations in New South Wales and Victoria. Arrears were again noted in both the A.C.T. and Victoria. Following the Audit representations in 1980 the Victorian Director had advised that inspections would be undertaken on a sampling plan, but this has not been achieved.⁶¹

The September 1982 report of the Auditor-General mentioned that in State Headquarters Office in Victoria it was found that an effective stocktake had not been conducted since 1975. The response of the Department was noted:

In March 1982, the State Director acknowledged that little progress had been made to rectify the situation regarding inventory control and stock taking and stated that Department had not previously been able to allocate staff resources to the tasks of preparing the necessary procedures for the conduct of a stock take.⁶²

The May 1983 report of the Auditor-General again pointed out 'insufficient field reviews' and that the outstanding recoveries of detected overpayments had increased from \$45.0 million in 1980-81 to \$54.5 million in 1981-82'.⁶³ These amounts increased from \$21.3 million during 1977-78, \$28.5 million during 1978-79 and \$36.5 million during 1979-80. The percentage of outstanding payments recorded during 1977-78, 1978-79, 1979-80 and 1980-81 was 51 percent, 58 percent, 40 percent and 35 percent respectively.⁶⁴ The amount of undetected overpayments would be anybody's guess, but would be very high if Department's own estimation of \$10 million - \$12 million in 1976-77 were any guide.

The May 1983 report of the Auditor-General further stated that:

In all the offices covered by the audit, income statements lodged at counter by unemployment beneficiaries were not given as thorough an examination as this Office considered necessary. The Departmental officers advised orally: '... that shortages of resources created difficulties in making time available for a meaningful examination of the statements.'⁶⁵

MORALE

Increasing workloads, lack of training opportunities, adequate relief staff, clientele who at times are abusive if delays occur, repetitive and routine type of duties in claims processing areas, and frequent policy changes and reorganisations all affect the morale of the employees adversely. Strict application of staff ceilings has affected all these areas negatively. The officers of the Department perceive that, in general, the morale in the Department of Social Security is low. An ongoing dispute over staffing since 1977 did affect the working environment of the Department, and the situation became very tense and critical during November/December 1981 work bans by the ACOA members when the Department started standing down staff in New South Wales and Victoria (details in the following section). Subsequently, the resulting walk-out and more standing-down actions caused further deterioration in the already frustrating situation. A survey conducted by the ACOA in New South Wales 'on the staffing situation' in 1980 also indicated that 'existing staffing levels had led to poor morale in the Department.'⁶⁶ The survey report stated that:

Out of a total of 203 respondents, 156(77%) indicated that they felt present staffing levels were inadequate. Responses also showed that this was having a detrimental effect on staff, clients and the Department itself. The survey showed that relief is provided in only a minority of instances. And 85% of

respondents indicated that where relief is provided, another position is consequently left vacant. 52% felt that their training is inadequate 73% responded that existing staffing levels had led to poor morale in the department.⁶⁷

More recent staffing reviews by outside consultants (Coopers & Lybrand Services) in collaboration with the Public Service Board indicated that major issues of concern were 'inadequate level of training and the limited capacity for relief and if not corrected would be likely to have serious consequences for output performance, quality of service and staff morale'.⁶⁸

The increasing workloads in the Department also have caused an increase in the sick leave taken by its officers. A survey undertaken by the joint DSS/ACOA relief Working Party during May-July 1980 indicated that DSS officers took on average 8.26 days sick leave per year. An analysis of sick leave by joint Coopers & Lybrand Services/PSB team during April-March 1982 showed an increase which indicated that '9.5 days certificated and uncertificated sick leave was taken, on average, by staff in regional offices'.⁶⁹ It was also found that 'those offices dealing with the whole range of client types, and in particular with invalid pensions, sickness benefit recipients and itinerant clients (more often urban offices in heavily populated areas) and with relatively high rate of medical appeals and manual cheques issues, do tend to have a higher rate of sickness (both certificated and uncertificated)'.⁷⁰

In the final analysis, I am in agreement with the assessment made in the report of the Review of Commonwealth Administration in this regard which is particularly true for the Department of Social Security. The report states that:

Morale can hardly be expected to be high at a time when restraints have restricted career prospects; when there is concern whether retrenchments might occur; when there has been constant review and reorganisation; when, for reasons connected with the state of the economy, there is a wage pause; and when other employer/employee problems (such as effect of financial restraints on standards of accommodation and amenities) are arising. It can certainly be said that vigorous resource restraints - whatever their other virtues - coupled with unrelenting work demands can affect morale adversely.⁷¹

INDUSTRIAL RELATIONS

The way staff ceilings have been implemented in the Department of Social Security has affected the industrial relations in the Department adversely. The ACOA, whose members have resorted to industrial action repeatedly during the 1975-82 period of staffing restraints, expressed its opposition 'to arbitrary growth limits and the imposition of staff ceilings in the Australian Public Service'⁷² as far back as August 1975 when the Royal Commission on Australian Government Administration invited its comments. In its meeting held in February 1976, the Federal Executive of ACOA re-endorsed the same policy and has followed it ever since.⁷³

The dispute in the Department of Social Security on staffing levels spread from September 1976, when Victorian Section Committee of ACOA made representations to the Minister for Social Security (Senator Guilfoyle) regarding 'negative effects of staff ceilings'⁷⁴, to December 1982 when ACOA members in New South Wales and Victoria voted to resume normal work, paving the way for a meeting between the Minister for Social Security (Senator Chaney) and ACOA to negotiate a

solution to the staffing problem. As has been seen in the preceding pages, the L-NCP Coalition Government of Prime Minister Fraser started implementing its policy of reducing the size of the Australian Public Service immediately it came into power in December 1975. As a result of this policy, the Department of Social Security experienced a negative growth during 1975-76. Towards the end of 1975-76 financial year, the DSS staff was experiencing the effects of the reductions and started voicing protests against increasing workloads from the beginning of 1976-77 financial year. The ACOA Federal Secretary met the Director-General of the Department on 9 September 1976 to discuss staffing levels and also wrote to the Prime Minister (Fraser) on 10 September 1976 'requesting urgent review of staff ceilings'⁷⁵ for the Department of Social Security without achieving much success. In the meantime, the situation further deteriorated. The ACOA Federal Secretary (Campbell) again wrote to the Prime Minister on 28 March 1977 emphasising the need for an immediate and adequate increase in the Departmental staff ceiling 'before the disillusionment and dissatisfaction of the staff erupts into a public manifestation of the staffing malaise within the Department'.⁷⁶ On 19 April 1977, the ACOA members in Western Australia initiated bans on overtime, collection of statistics, ministerial and parliamentary inquiries as a protest against inadequate staffing levels. The ACOA members in South Australia also imposed bans on overtime on 19 April 1977 which were extended to the raising of overpayments, ministerial and parliamentary inquiries effective 3 May 1977. Similar bans were imposed by the ACOA members in Victoria on 10 May 1977. The bans imposed in Western Australia were suspended on 5 May 1977, reimposed on 27 May 1977 when members of APSA (FDO) and POA also joined them. The bans in W.A. were eventually

suspended on 1 June 1977 following a temporary increase of 285 staff allowed to Department on 31 May 1977 after further negotiations between the ACOA, the Public Service Board and the DSS. The bans in South Australia were also suspended on 7 June 1977. The bans imposed in Victoria, however, were reaffirmed on 9 June 1977, but were suspended on 27 July 1977 only after an 'arbitrated agreement'.⁷⁷

As a result of these bans in South Australia and Western Australia, the Public Service Board agreed to an increase of 218 permanent and 90 temporary staff for the Department in a meeting between the ACOA Federal Secretary and officers of the Public Service Board and the Department of Social Security on 27 April 1977. The Department was further allowed a temporary increase of 285 in its ceiling on 31 May 1977. A number of reviews were also initiated in the Department: joint PSB/DSS review of relief staffing in Western Australia; joint PSB/DSS review to devise improved methods for estimating and monitoring workloads; Review of Departmental Resources by the Review Team composed from the departmental senior management; and a joint PSB/DSS examination into the short term and long term staffing needs of the Department.⁷⁸

Although the situation improved to some extent by these measures and the work bans remained suspended for quite some time, dissatisfaction over inadequate staffing, particularly over inadequate relief staff and diminishing opportunities for training, was still there throughout 1978 and 1979. The Victorian members of ACOA were particularly dissatisfied and continued the negotiations at local level until they reimposed work bans on 25 September 1979. They

imposed a ban, without detriment to clients, 'on the implementation of all new initiatives or variations in procedures, until the Department honours the consultative arrangements agreed to in 1977, and provides adequate staffing and training for new or varied procedures generating additional work and/or requiring further training',⁷⁹ which became effective after it was endorsed by the Federal Executive Committee of ACOA on 11 October 1979. The bans which were reaffirmed on 15 January 1980 included:

- (i) No application of the new postponement of provisions as detailed in Benefits Branch instruction 1979/193 other than where a postponement is unavoidable. In these cases to only postpone for the minimum of 6 weeks.....;
- (ii) No examination of SU19B's in regard to listing of Employers contacted;
- (iii) No judgement decision based on accommodation costs involved in a beneficiary being required to move to a new location to accept employment;
- (iv) No spouse interviews of applicants for UB (unemployment Benefit);
- (v) No mandatory pre-grant interviews of applicants for Sickness Benefits. No contact with medical practitioners in relation to nature of illness;
- (vi) No mandatory home visit interviews by our members to applicants for Supporting Parents or Widows Pension;
- (vii) No mandatory personal interviews by our members for 3, 6, 9 monthly review purposes for U.B. beneficiaries.⁸⁰

On 6 March 1980, the Victorian members of ACOA 'noting the Department's failure to respond favourably to ACOA's claim for adequate staffing',⁸¹ not only reaffirmed the bans already current but also imposed the following additional bans:

- (i) a ban on the collection of statistics in all areas;
- (ii) a ban on informing and reminding clients of overpayments, except where overpayments are automatically calculated on the A.D.P. system;
- (iii) a ban on informing and reminding Recoveries Section of new overpayments;
- (iv) a ban on initiating withholdings on new overpayments.⁸²

Negotiations at the local as well as national level continued to resolve this dispute on staffing levels. The Department leadership was powerless to solve the problem as it was in the hands of the Prime Minister and the Public Service Board to allow any staff increases. It was conscious of the hardships of its officers due to staff shortages and had been pressing hard to obtain additional staffing resources. In a telex on 5 March 1980 Department informed the ACOA Federal Secretary that:

... The Department will make every effort to maintain a satisfactory level of relief. However, this depends partly on the overall staff resources that are allocated to the Department and is influenced by levels of workload existing and extent to leave taken The subject of provision of sufficient relief has been raised with the Public Service Board on numerous occasions. At present, there is a submission with the Public Service Board for a variation to our 1979/80 staff ceiling levels, which includes provision for relief⁸³

On 23 March, the Public Service Board notified the Acting Public Service Arbitrator of a dispute in that bans by ACOA were present in the Department of Social Security. In the meantime, the negotiations between the Department and ACOA continued. On 1 April 1980, in a meeting between ACOA and the Department, an agreement was reached at in respect of terms of reference for National Consultative

Arrangements and an immediate Joint ACOA/DSS review of the Department's 'relief staffing arrangements'. The Director-General also 'invited ACOA to submit a proposal as to those duties or functions which could perhaps be eliminated, reduced or accorded a lower priority'.⁸⁴

In an effort to put pressure on the staff who still had not lifted the bans, the Director for Victoria telexed all his Regional and Area Management on 29 April 1980 advising them of the positive progress in the negotiations to settle the dispute and urging them to lift the bans otherwise 'they could be subject to loss of pay under the principle of "no work as directed - no pay"'.⁸⁵ However, the Department agreed on 30 April 1980 not to proceed with stand-downs provided ACOA submit its proposals for reducing workloads by 1 May 1980. The ACOA, consequently, telexed on 1 May 1980 'a list of over 40 proposals for reducing workloads'.⁸⁶ These proposals covered a wide range of operations carried out at regional offices and were obtained from a cross-section of regional managers and sectional officers-in-charge. Following further discussions with the Department, the Victorian members of ACOA suspended the 'bans on all statistics and recovery action on new overpayments'⁸⁷ on 6 May 1980. These bans were reimposed by Victorian members of ACOA on 28 October 1980 'noting the failure of the Government and the PSB to provide adequate staff, including relief staff'.⁸⁸

The Department's problems were aggravated when as a result of Government's decision to undertake 'Review of Commonwealth Functions', its staff ceiling was reduced from 11680 to 11494 (a reduction of 186)

on 7 November 1980 by fixing the ceiling at the actual number of staff at 30 September 1980. The 1980-81 Annual Report of the Department states that:

This posed a particular problem for the Department in that the staff numbers had been kept below ceiling in September to allow for the employment of extra staff at the end of the calendar year to cope with the seasonal increase in unemployment beneficiaries because of school leavers, and the annual review of family allowances.⁸⁹

The ACOA Federal Secretary (Munro) had already written to the Prime Minister (Fraser) and the Public Service Board (copy to Minister for Social Security) emphasising the need to provide for 250 more staff only for Victoria. The Secretary of the Public Service Board on 4 November 1980 responded in general terms stating that 'provisional staff ceiling to which the Department of Social Security is currently working takes into account information provided in its forward staff estimates and also of Budget initiatives which had implications for its staffing needs'.⁹⁰ The reduction in the Department's ceiling on 7 November 1980 was a shock for the staff and therefore added to their frustrations. The ACOA Federal Secretary again wrote to the Prime Minister Fraser, the Minister for Social Security (Chaney) and the PSB on 17 November 1980 asking for an increase of 420 staff for New South Wales. The response of the Secretary of the PSB was that the 'points made in my response of 4 November 1980 in relation to Victoria remain for the most part pertinent'.⁹¹ The situation continued to deteriorate and on 15 December 1980 bans in New South Wales similar to those in Victoria⁹² also became effective. The Prime Minister's reply to the ACOA Federal Secretary's letters of 20 October and 17 November 1980 was received on 22 January 1981 stating that 'I have noted the

Secretary of the Public Service Board's responses of 4 November and 3 December 1980 and would not wish to add to the points made by Mr Hamilton'.⁹²

The Department's work further suffered when in February 1981, both ACOA and APSA(FDO) members took nation-wide industrial action over aspects of Government decisions on the redundancy provisions of the Commonwealth Employees (Redeployment and Retirement) Act.⁹³

The decisions taken in the context of Review of Commonwealth Functions announced by the Prime Minister Fraser on 30 April 1981 brought more functions and four reviews to the Department. According to staff associations the new functions were not 'adequately compensated for with additional staff'.⁹⁴ Inability of the Department to implement the recommendations of the joint ACOA/DSS review on relief staffing arrangements submitted to the Department on 11 July 1980 was also adding to the dissatisfaction of the staff. The possibility of applying an across the board 2 percent cut to the Department also announced by the Prime Minister on 30 April 1980 created further anxiety amongst the employees. The ceiling advised to the Department on 22 May 1981 was fixed by the Public Service Board in fact after applying 2.1 percent cut. The Department, however, was able to obtain exemption on 19 August 1981 from 2 percent reduction in staff ceiling as a result of strong representation made to the Public Service Board on 25 May 1981.⁹⁵ Dissatisfied with the outcome of ongoing negotiations for more staff, the Victorian members of ACOA reaffirmed their current bans on 12 June 1981, and in addition, also decided to ban and/or obstruct the implementation of work arising out of the

Razor Gang (RCF) report and Disadvantaged Persons Health Benefits, ban participation in the reviews of Area Management, the welfare staff function, the Social Welfare Division and the Productivity Control Section, and ban implementation of the findings of these reviews until certain conditions were satisfied by the Department.⁹⁶ On 20 July 1981, the ACOA members in New South Wales, ACT (Australian Capital Territory), South Australia, Western Australia and Tasmania also voted in favour of imposing somewhat similar bans; the number of bans in each State varied, the lowest being in Tasmania.⁹⁷ Subsequently bans were also imposed in Queensland.⁹⁸ The APSA(FDO) members also joined to impose bans nationally in July 1981.⁹⁹

By that time, the Minister for Social Security (Chaney), in order to resolve the dispute on staffing levels, indicated on 14 August 1981 his willingness to meet the ACOA Federal Secretary 'once existing work bans have been lifted'.¹⁰⁰ Although in July 1981 he had declined to meet him to discuss staffing levels. In his letter of 3 July 1981 which was written in response to ACOA Federal Secretary's letter of 30 March 1981, the Minister stated: 'I do not consider it appropriate to discuss this matter with you as it is primarily the responsibility of the Permanent Head of my Department'.¹⁰¹

On 28 October 1981 Directors in each State advised all staff on behalf of the Director-General of the Department that any officers applying work bans on and after 9 November 1981 would be stood down under 'No Work as Directed - No Pay'. Similar warning was issued by the Director-General on 6 November 1981 in a circular to all staff.¹⁰²

The work bans in New South Wales (NSW) and Victoria remained in force, while in other states they were lifted. On 9 November, 1981 the Department started standing down action in New South Wales and Victoria and by the end of November 1981 'over 350 ACOA members were stood down in NSW and Victoria'.¹⁰³

The ACOA members staged walk-outs to protest against 'standing down' action, the walk-outs were particularly widespread in Victoria. As the situation remained unchanged, the Government announced on 7 December 1981 that 'staff stood down under the "no work as directed/no pay" provisions would be subject to the provisions of the Commonwealth Employees (Employment Provisions) Act (known as CEEP Act)'.¹⁰⁴ Subsequently, over 270 ACOA members in New South Wales and Victoria were CEEPed on 7 December 1981 and further 226 members were CEEPed in NSW when they commenced a 48 hour stoppage as a protest against the Government action. This was met by stoppages of between 72 hours and 24 hours throughout the Australian Public Service, following the mass meetings.¹⁰⁵

The Department's operations in New South Wales and Victoria were 'seriously disrupted'¹⁰⁶ by this continued industrial action by ACOA members. The 'Social Welfare situation in NSW and Victoria was reaching crisis point and ACOA was coming under considerable pressure from Social Security Agencies to end the industrial action'.¹⁰⁷ The ACOA was also running out of stand down money from the industrial reserve after it had paid out 'over a quarter of a million dollars in stand down pay'.¹⁰⁸ The Government was not retreating from its position that 'it would not discuss these matters further until workbans were

lifted'.¹⁰⁹ The bans were finally lifted on 17 December 1982 and the Minister for Social Security (Senator Chaney) 'informed the union (ACOA) that he was prepared to meet with its representatives, along with representatives of the Australian Council of Trade Unions (ACTU)'.¹¹⁰ A meeting between the Minister for Social Security (Senator Chaney) and the ACOA representatives led by its Federal Secretary, Paul Munro, eventually took place on 22 December 1981 to resolve the dispute, and the Minister announced, as agreed to in the meeting, that an independent review would be undertaken of the Department's regional office staffing needs. The review was conducted by an outside consultant, Coopers and Lybrand Services, in collaboration with the Public Service Board over the period 22 March 1982 to 25 June 1982. The main findings of the review, as has been pointed out in an earlier section, indicated that the relief staff, including relief for training in the Department, was inadequate and that the training of the staff was also inadequate. The review also suggested making use of Department's Productivity Control Systems (PCS) estimates of staffing requirements after taking account of local factors at the regional offices.

Consequently, the Department was allowed hefty increases in its staff ceiling. The Department's ceiling increased by 719 between 10 March and 30 June 1982. The ceiling approved by the Government for June 1983 prior to the February review of ceiling was 16132, representing an increase of 3714 (29.9%) during 1982-83. The Department's staff ceiling bids for 30 June 1983 and 1984, submitted to the Public Service Board on 7 February 1983, represented small increases of 102 and 223 on the approved ceiling of 16132.¹¹¹ This is very unusual considering

the past record of the Department in this regard (Appendix D) and indicates that, as a result of developments following the industrial action by the staff, the Department was able to make up for all its staffing deficiencies during the period between March 1982 and January 1983. The Department's management took full advantage of the opportunity to exploit the situation to solve the staffing problems. If we compare the Departmental submissions to the Public Service Board for staff increases with the union demands, not many differences are noticeable. Therefore, it would not be unreasonable to assume that a very hardened attitude of the Department's senior management, particularly that of the Director-General, during November/December 1982 towards union demands was aimed at flaring up the situation to impress upon the Government to realise the necessity of meeting the long standing staffing requirements of the Department. This proved to be a useful strategy for the Department.

SUMMARY

Over the last twelve years, the complexity and diversity of the Department of Social Security's operations has increased. It has gained many functions in recent years. In addition, due to various reasons, the number of pensioners and other beneficiaries of the Department has increased manyfold. The Department's outlays have also been increasing over the years and in 1981-82 amounted to about \$10,669 million representing about 24 percent of the total outlays of the Commonwealth of Australia.⁶ The number of pensioners and other beneficiaries has increased from 1.05 million in 1970-71 to 2.42 million at June 1982. The Department operates income maintenance

systems through a network of 166 regional offices. The decentralization of Department's operations has also taken place during the past decade. About 60 percent of the staff is employed in the regional offices.

The Department has faced considerable difficulties to match increasing workloads with additional staffing resources made available to it. Department's staffing bids have always been partially met. Its problems started when in 1974-75, the Whitlam Labor Government tried to implement tight staff ceiling in the Australian Public Service. It, however, made up for its deficiencies when in January 1975, the staff ceilings were lifted. The Department's real staffing difficulties started from 1975-76 onwards, particularly after December 1975 when Fraser Government came into power. Ever since, the Department has operated under stringent staffing restraints. Between 24 July 1975 and 26 August 1981, the Department's bids for additional resources amounted to 13263, out of which only about 27 percent (3590) were met by the Government. The net increases in its operative staff between June 1975 and June 1982 amounted to 3192. However, the staff ceiling of the Department for June 1983 allowed by the Government represented an increase of 3714 on the staff ceiling at 30 June 1982. It shows that after a long period of persistent restraints, the Government had to give in and allowed hefty increases during 1982-83. The growth of temporary and exempt categories was particularly affected adversely during the period of restraints.

The stringent staffing restraints during 1975-82 impacted the Department in many ways. In the first place, realising the fact that

staff was no longer a free commodity forced the Department to utilise its staffing resources as effectively as it could under certain restraints. There was an on-going program of various types of reviews to improve Department's systems and procedures. The Department realised the necessity of developing work load indicators, and relate its staffing requirements to the volume of work. The development of a Productivity Control System from 1979 onwards for estimating the Department's staffing requirements was a result of Department's efforts to rationalise its staff estimating procedures. As a result of these reviews, procedural improvement occurred and made it possible for the Department to achieve certain economics. However, as has been demonstrated in the preceding pages, after a prolonged period of staffing restraints when no extra fat was left, these reviews, apart from consuming already scarce resources of the Department, turned out to be a device to justify Department's staffing bids. The Department's efforts to develop systems to make more objective staffing estimates were adversely affected when most of its staffing bids were rejected by the Government without giving any reasons. The motivation to effect improvements was minimal in a situation where cuts were applied arbitrarily. It seems that management's disenchantment with the arbitrary fixation of staff ceilings affected its attitude towards staff associations and as a result, serious disruptions in its operations took place during November/December 1981 which eventually forced the Government to give in. The incidence of leakage of information to the press in respect of 'lapses' in the Department's operations was also an effective pressure tactic, frequently used by the staff.

The staffing restraints in the Department did not affect any economies in the overall administrative costs of the Department which increased from about \$75.96 million during 1974-75 to about \$261.90 million during 1981-82. The ratio of administrative costs to total outlays increased from 1.989 percent during 1974-75 to 2.454 during 1981-82.

The immediate effect of staff ceilings on the Department of Social Security was a substantial decrease in its training and staff development activities. At one stage during 1976-77, the training activity in the Department's regional offices ceased altogether. The training activity in the Department continued to suffer throughout 1975-82 period. This has affected the Department's operations not only in the past, but will continue to affect them for quite sometime in future even if the Department undertakes a crash program of training its staff.

The staff ceilings also affected the relief staff arrangements of the Department. As a result of inadequate relief staff, the work of the staff on short leave mostly remained unattended or if any arrangements were made in the case of essential activities (for example, on-the-counter service) some other work would suffer. This situation apart from irritating for the staff also caused the backlogs to further pile up.

The Department endeavoured to maintain its on-the-counter services at satisfactory levels. The payment of pensions and benefits and provision of services occupied higher priority in the Department's

internal priorities, although officially it never assigned lower priority to any of its programs. Many of the slippages occurred in an unplanned way. The regional offices were never clearly told of what to leave unattended. The Regional Managers mostly used their own judgement. On the whole, the staffing restraints impacted adversely the Department's entire range of operations which occurred by adopting expedient measures.

Apart from affecting the training and relief staff arrangements of the Department, the staff ceilings also forced the Department to leave various operations unattended or perform at a lower level. The running theme of the Department's own assessment in its Annual Reports was that every year was a difficult year and that the Department's corporate energies were fully extended. The worst hit areas were the audit type functions which were directed to protect Government's expenditure and the management support type activities necessary for the long term planning and health of the Department. The cyclical reviews of entitlements of the pensions and other beneficiaries had to be reduced or suspended depending upon the staffing situation. Internal audit programs and Field Officer investigations had to be curtailed on various occasions. Only in Pensions area, it was estimated in 1976-77 by the Department that overpayments, due to these reviews not being carried out, were running at between \$10-\$12 million per annum. The amount of total undetected overpayments would be much higher than this figure. The amount of detected overpayments has also been increasing over 1975-82 period. The recovery of overpayments was another area which was affected. Due to minimal recovery action by the Department, the outstanding recovery of overpayments amounted to \$54.5 million during 1981-82.

Delays also occurred in processing claims of the beneficiaries due to shortage of staffing resources. Revision and updating of manuals culling of files, and stock taking could not be done in many cases and for extended periods of time. In certain regional offices, stocktaking and culling of files did not take place for many years. Collection of statistics for planning purposes and consequently long term planning activity of the Department was adversely affected. The various types of bans imposed by the employees due to shortage of staffing resources also affected the Department's operations and made the backlogs to pile up in various areas. These bans included new initiatives, recovery action, reviews, pregrant interviews, work of the vacant positions due to staff on leave, etc. and remained current for considerable period.

The dispute over staffing levels as a result of strict and arbitrary application of staff ceilings in the Department have been an ongoing dispute in the Department since 1977. The staff imposed bans in respect of various activities of the Department. The industrial action, not only strained the relations between the management and the employees and adversely affected the morale of the employees, but also was very costly for the Department in terms of overpayments made, minimal action on recoveries, piling up of backlogs in various areas. Significant amount of time of the management and the employees was wasted in strike action and related activities. Increasing workloads, lack of training and routine type of work also affected the morale of the staff. The incidence of sick leave increased in the Department, particularly in regional offices with high workloads. High

workloads also affected the already high turnover of the staff in the Department. To sum up, the staff savings achieved by the strict and arbitrary application of staff ceilings in the Department of Social Security were very costly.

NOTES

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2. Regional office statistics taken from the Annual Reports for the relevant years of the Department of Social Security.
3. Commonwealth of Australia, Department of Social Security, Annual Report, 1981-82 (Canberra: Australian Government Publishing service, 1982), p.93.
4. Commonwealth of Australia, Report of Review of Commonwealth Administration, op.cit., pp 139-140.
5. Letter from First Assistant Director General (D.R. Scott), No.82/2418 of 7 February 1983 to the Secretary of the Public Service Board. Also, see, A circular letter No.81/7563 of 8 March 1983 from the Secretary of the Public Service Board to all Permanent Heads and Statutory Officers with powers of a Permanent Head.
6. Ibid.
7. Figures taken from the Public Service Board Annual Reports for the relevant years.
8. Department of Social Security, Report on the Regional Office Staffing Review (Coopers & Lybrand Services), June 1982, pp.27-28.
9. Ibid., p.28.
10. Ibid., p.28.
11. Ibid., p.28.
12. Information provided by the Department of Social Security.
13. Ibid.
14. Ibid.
15. Department of Social Security, Report on Relief Staffing Arrangements in the Department of Social Security (A Joint Departmental/ACOA Review), 11 July 1980, p.24.
16. Ibid., pp.25-26.
17. Ibid., pp.27-30.

18. Ibid.
19. Department of Social Security, Regional Office Staffing Review, op.cit., p.6.
20. Ibid., p.20.
21. Ibid., p.21.
22. Ibid., p.40.
23. Minute of 28 May 1975 from the Permanent Head of the Department of Social Security to the Minister for Social Security.
24. Minute of 17 February 1977 from the Permanent Head of the Department of Social Security to the Minister for Social Security (Senator Guilfoyle).
25. Letter No. OG.120 of 5 November 1974 from the Permanent Head of the Department of Social Security to the Chairman of the Public Service Board, p.1.
26. Letter No. OG.120 of 24 June 1974 from the Permanent Head of the Department of Social Security to the Chairman of the Public Service Board.
27. Letter of 5 November 1974, op.cit., p.3.
28. Ibid., pp.2-3.
29. Letter No. OG.130(3) of 24 July 1975 from the Permanent Head of the Department of Social Security to the Chairman of the Public Service Board, p.1.
30. Ibid., p.1.
31. Ibid., p.2.
32. Ibid., p.2.
33. Letter No. OG.130(6) of 7 February 1977 from the Permanent Head of the Department of Social Security to the Chairman of the Public Service Board, p.1.
34. Ibid., pp.1-2.
35. Ibid., pp.2-3.
36. Ibid., pp.3-4.
37. Ibid., p.4.
38. Ibid., p.5.

39. Ibid., p.5.
40. Letter of 24 March 1977 from Ms M.G. Thompson, Branch Secretary, Administrative and Clerical Officers Association, Social Security (Senator Guilfoyle).
41. Ibid.
42. Letter of 9 October 1981 from the Permanent Head of the Department of Social Security to the Chairman of the Public Service Board.
43. Ibid., Attachment 1, p.1.
44. Department of Social Security (DSS) Regional Office Staffing Review, op.cit., p.6.
45. Ibid., pp.19-20.
46. Ibid., p.44.
47. Letter of 8 January 1981 from the Minister for Social Security to Mr Chris Stokes.
48. See, for example, Public Service Board, FSE Memorandum No. 82/6300 of 18 November 1982, Attachment (Instructions for completing Forward Staffing Estimates), p.3.
49. Letter No. 82/2413 of 7 February 1983 from the First Assistant Director-General to the Secretary of the Public Service Board.
50. Letter of 11 April 1978 from the First Assistant Director-General (Corrigan), the Department of Social Security to the First Assistant Commissioner (Woodward)' Public Service Board, pp.1-2.
51. Public Service Board, Annual Report 1980, op.cit., p.10.
52. Similar conclusion was arrived at by the Review of Commonwealth Administration in respect of the entire Australian Public Service. See Review of Commonwealth Administration Report, op.cit., pp.43-45.
53. Letter of 11 April 1978 from the First Assistant Director-General, Department of Social Security, op.cit., p.2.
54. Public Service Board, Annual Report 1978, op.cit., p.1.
55. Commonwealth of Australia, Report of the Auditor-General (Canberra : Australian Government Publishing Service, 1977), p.235.

56. Ibid., p.235.
57. Ibid., p.238.
58. Commonwealth of Australia, Report of the Auditor-General (Canberra : Australian Government Publishing Service, 1980), pp.119-120.
59. Commonwealth of Australia, Report of the Auditor-General (Canberra : Australian Government Publishing Service, March 1981), pp.46-47.
60. Commonwealth of Australia, Report of the Auditor-General (Canberra : Australian Government Publishing Service, March 1982), p.124.
61. Ibid., p.127.
62. Commonwealth of Australia, Report of the Auditor-General (Canberra : Australian Government Publishing Service, September 1982), p.72.
63. Commonwealth of Australia, Report of the Auditor-General (Canberra : Australian Government Publishing Service, May 1983) pp.83 & 87.
64. ACOA, DSS Section Committee (Victoria), Diary of a Dispute, Department of Social Security (DSS), n.d., p.76.
65. Report of the Auditor-General, May 1983, op.cit., p.84.
66. ACOA Bulletin, Series 1, No. 35, 20 October 1980, p.1.
67. Ibid., p.1.
68. Department of Social Security, Regional Office Staffing Review, op.cit., p.21.
69. Ibid., p.39.
70. Ibid., p.39.
71. Report of the Review of Commonwealth Administration, op.cit., p.12.
72. Report of the Royal Commission on Australian Government Administration Appendix Volume I, op.cit., p.139.
73. "Ceilings and Retrenchments", ACOA Journal, vol.56, No.2, March 1976, p.6.
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75. Ibid., p.1.
76. Letter No. NJC.CM of 28 March 1977 from the Federal Secretary (N.J. Campbell) of the Administrative and Clerical Officers Association (ACOA), Commonwealth Public Service to the Prime Minister Fraser.
77. Letter of 27 May 1977 from ACOA Branch Secretary of Western Australia to the ACOA Federal Secretary.
Also, Diary of a Dispute, op.cit., pp.1-3.
78. Diary of a Dispute, Ibid., p.2.
Also i) Letter of 1 June 1977 from the Minister Assisting the Prime Minister in Public Service Matters (A.A Street) to the Federal Secretary of ACOA, (ii) A telegraphic message from the First Assistant Commissioner (Glenn) of the PSB to the Federal Secretary of ACOA.
79. Diary of a Dispute, op.cit., p.8.
80. Ibid., pp.11-12.
81. Ibid., p.15.
82. Ibid., pp.15-16.
83. Department of Social Security, Central Office Telex of 5 March 1980 to the ACOA Federal Secretary as quoted in Diary of a Dispute, op.cit., pp.14-15.
84. Report on Relief Staffing Arrangements in the Department of Social Security (A Joint Departmental/ACOA Review), 11 July 1980, p.5. Also Diary of a Dispute, op.cit., pp.16-17.
85. Diary of a Dispute, Ibid., pp.17-19.
86. Ibid., p.19.
87. Ibid., p.23.
88. Ibid., p.29.
89. Commonwealth of Australia, Department of Social Security, Annual Report 1980-81 (Canberra : Australian Government Publishing Service, 1981), p.19.
90. Letter of 4 November 1980 from the Secretary of the Public Service Board to the Federal Secretary of Administrative and Clerical Officers' Association.
91. Letter of 3 December 1980 from the Secretary of the Public Service Board to the Federal Secretary of Administrative and Clerical Officers' Association.

92. Letter from the Prime Minister (Fraser) to the Federal Secretary of ACOA as quoted in Diary of a Dispute, op.cit., p.36.
93. Department of Social Security, Annual Report 1980-81, op.cit., p.1.
94. Letter No. JP:RS 34/25/10 of 23 September 1981 from Paul Munro (ACOA), Brian McMullan (APSA) and Alex Moss (POA) to the Secretary (Peter Nolan) of ACTU, p.1.
95. Information provided by the Department of Social Security, Commonwealth of Australia.
96. Diary of a Dispute, op.cit., pp.44-52.
97. Ibid., pp.65-66.
98. Ibid., p.80.
99. Letter of 23 September 1981 to the Secretary of ACTU, op.cit., p.1.
100. Letter of 3 July 1981 from the Minister for Social Security (Senator Chaney) to the ACOA Federal Secretary (Paul Munro).
101. Telex 14 August 1981 from the Minister for Social Security (Senator Chaney) to the ACOA Federal Secretary (Paul Munro) as quoted in Diary of a Dispute, op.cit., p.73.
102. Ibid., pp.79-81.
103. Letter No 34/25/12 JP:RS of 10 March 1982 from Senior Industrial Officer (Jim Pearce) of Administrative and Clerical Officers' Association, Commonwealth Public Service, Sydney, to Ms Diana Warwick, Section Secretary of Department of Health and Social Security, The Civil and Public Service Association, London, p.2.
104. Ibid., p.2.
105. Ibid., pp.2-3.
106. Department of Social Security, Annual Report 1981-82, op.cit., p.8.
107. Letter of 10 March 1982 from Jim Pearce, op.cit., p.3.
108. Ibid., p.3.
109. Letter of 18 February 1982 from the Prime Minister Fraser to the ACOA, Victorian Branch Secretary/Treasurer (David Bunn), p.1.

110. Ibid., p.1.
111. Letter No. 82/2413 from the First Assistant Director-General,
op.cit., p.1.

CHAPTER VI

THE IMPACT OF STAFF CEILINGS ON FOUR ORGANIZATIONS

In this chapter, the impact of staff ceilings on four organizations, namely, Australian Taxation Office, Department of Capital Territory, the Environment Division of Department of Home Affairs and Environment, and the Australian Development Assistance Bureau, will be discussed. The areas of study are broadly the same as in the case of the Department of Social Security. However, some variations in data are inevitable due to the peculiar circumstances of individual organizations.

AUSTRALIAN TAXATION OFFICE

FUNCTIONS

The Australian Taxation Office is responsible for collecting all the main taxes imposed by the Parliament except customs and excise duties and departure tax. The taxes and charges administered by the Commissioner of Taxation are: income tax; sales tax; pay-roll tax; Australian Capital Territory stamp duty and tax; wool tax; and tobacco charge. Some other levies which do not apply to current transactions are also administered by the Commissioner of Taxation. These include; canning-fruit charge (repealed as from 28 April 1982), estate and gift duties (ceased to apply in respect of persons dying and gifts made as from 1 July 1979), health insurance levy (abolished as from 1

November 1978), and stevedoring industry charge (ceased to apply as from 5 December 1977).¹

The volume of work of the Australian Taxation Office has increased manyfold over the 1970-82 period. For example, the number of income tax returns lodged with the Taxation Office increased from 6917 thousands in 1970-71 to 7733 thousands in 1974-75 and to 9018 thousands in 1981-82. This represents an increase of 30.34 percent between 1970-71 and 1981-82: 11.76 percent between 1970-71 and 1974-75; and 16.62 percent between 1974-75 and 1981-82. Similarly, the number of sales tax returns increased from 447,158 in 1970-71 to 530,935 in 1974-75 and 563,546 in 1981-82, the highest being 622,768 in 1979-80. Another factor which has added to the workloads in the Taxation Office over the 1970-82 period has been an increasing number of objections lodged by the taxpayers against the Taxation Office assessments over the years. The number of objections increased from 36,623 in 1970-71 to 70,065 in 1974-75 and to 189,311 in 1981-82.² The tendency in ~~this~~ society to save tax through a variety of tax avoidance schemes and consequently requiring the Taxation Office to commit more resources to combat these schemes has also added to the workloads. All these developments, of course, have their multiplying effects on the volume of work in other areas . . . such as legislation and court cases, enquiry services, correspondence, and related activities apart from normal workload increases in the tax processing and enforcement areas. The need 'to counter the strongly increasing tendency for people to resort to complicated artificial tax avoidance schemes',³ among other things has resulted a high level of activity in the area of legislation. The Commissioner of Taxation's 1979-80

Report, for example, states that: '... over the last 5 calendar years, 322 pages of complex legislation have been added to the Income Assessment Act and during the years up to the end of 1980 there will have been 26 rounds of negotiations for double taxation agreement'.⁴

During the income year 1981-82, the Taxation Office collected net revenue of \$29519.335 million, representing an increase of 426.89 percent between 1970-71 and 1981-82 period. The cost of collection as a percentage of the total collection has varied from 0.992 percent in 1970-71 to 1.046 percent in 1971-72, 0.986 percent in 1974-75 and to 0.897 percent in 1981-82, representing a slight decrease between 1974-75 and 1981-82.⁵ The staffing and financial restraints during the 1975-82 period have contributed to curtail the cost of collection in the Taxation Office, The other important factor being high rate of increase in the net revenue collections over the past 12-years period.

STAFFING

At January 1983, the operative full-time staff of the Australian Taxation Office was 13799. This represents an increase of 3132 or 29.36 percent between June 1970 and January 1983. Table 6.1 details the staff ceilings and staffing trends in the Taxation Office, which shows that full-time operative staff decreased by 1.13 percent during 1970-71 and then between June 1971 and June 1975 increased at an average annual rate of 2.93 percent. The Taxation Office experienced a negative growth in its full-time operative staff during 1976-77, 1977-78 and 1980-81. Its staff, however, increased by 0.77 percent, 0.91 percent, 3.64 percent, and 3.75 percent during 1975-76,

TABLE 6.1

AUSTRALIAN TAXATION OFFICE, STAFF CEILING AND STAFFING TRENDS

(FULL-TIME STAFF ONLY)

Year at June	Staff Ceiling	Operative Staff	Inoperative Staff	Total Staff	Variations in Operative Staff	
					No.	%
1970	-	10667	132	10809	-	-
1971 (a)	10806	10546	187	10733	-121	-1.13
1972 (a)	11105	10851	313	11164	+305	+2.89
1973 (b)	-	11100	433	11533	+249	+2.29
1974 (d)	11440	11439	622	12061	+339	+3.05
1975 (c)	-	11782	619	12401	+343	+3.00
1976 (a)	12485	11873	608	12481	+ 91	+0.77
1977 (a)	12475	11815	572	12387	- 58	-0.49
1978 (d)	11820	11802	543	12345	- 13	-0.11
1979 (d)	11925	11910	595	12505	+108	+0.91
1980 (d)	12325	12343	605	12948	+433	+3.64
1981 (d)	12325	12311	670	12981	- 32	-0.26
1982 (d)	12757	12773	637	13410	+462	+3.75
Jan. 1983 (d)	14011	13799	N.A.	N.A.	+1026	+8.03

a) Ceiling covers total full-time (operative and inoperative) staff.

b) Ceiling lifted in December 1972. Therefore, there was no ceiling at June 1983.

c) Ceiling lifted in January 1975. Therefore, there was no ceiling at June 1975.

d) Ceiling excludes inoperative staff.

Source: Commissioner of Taxation, Annual Reports (1970-82) presented to the Parliament of Commonwealth of Australia, and the information provided by the Australian Taxation Office.

1978-79, 1979-80 and 1981-82 respectively. The increase in full-time operative staff between June 1982 and January 1983 amounted to 1026, representing an increase of 8.03 percent. A further increase of 159 staff was expected by the end of June 1983, as the staff ceiling allowed by the Fraser Government for 30 June 1983 stood at 14,011. The ceiling growth allowed for June 1983 represented an increase of 9.83 percent over the ceiling for June 1982.

MANAGEMENT PRACTICES

The Australian Taxation Office uses a simulation model to estimate its entire staffing requirements. Work-load indicators have been developed for the Office's operations. The data are analysed by a computer which provides estimates on the basis of the input data. From these estimates, any savings expected from productivity improvement are deducted and firm estimates are submitted to the Public Service Board. A manpower conference is also held annually in May to seek Office-wide participation and take into account the local factors in developing staffing estimates. This conference is chaired by the First Assistant Commissioner (Management) and attended by all the Assistant Deputy Commissioners and Assistant Director (Management).

Throughout the Taxation Office, the workload levels vary seasonally. This requires to carefully match the supply of labour in each work area with the volume of work that has to be processed. The principal measure that has been developed by the Taxation Office for this purpose over the years and has been operative in all State

branches since 1975-76 is the Management Control System. Under this system:

Systematic procedures have been developed under which supervisors at all levels are expected to work out in advance the amount of work of various kinds that will have to be processed in each four-weekly period, to work out priorities and objectives for handling the work and to estimate, by the application of work measurement standards, the staff that is strictly necessary to carry out that work on the basis of the level of output that experience has shown to be fairly achievable. Any surplus staff is then deployed to other areas where needs are greater, while the system provides a firm and objective basis for establishing the need for overtime or additional staff where the advance planning establishes that there will be a staffing deficiency. By such means, the operations of a branch office can be tuned up to the point where the available staff is shared between the various work areas in whatever manner will achieve the most effective results. At the end of each four-weekly period, the system produces productivity indexes which indicate to staff and management the extent to which effective output has exceeded what might reasonably have been expected with the labour resources that were used during the period.⁶

The Taxation Office has also taken advantage of 'dynamics of small groups' in certain work areas, particularly key punching areas, to increase efficiency since 1975-76 by allocating work to 'groups of six to eight officers, rather than to individuals, with the group being encouraged to accept responsibility for organising its own work allocations'.⁷

Efforts have continuously been made in the Taxation Office to improve productivity by reviewing and improving the systems and procedures by concentrating on the following eight areas:

- (i) the improvement of public relations designed to raise the level of voluntary compliance with the income tax laws;
- (ii) the development of new enforcement techniques, aimed at achieving more effective results with the limited resources available to enforcement work;
- (iii) the continued expansion and improvement of the Taxation Office Computer Systems and other office systems with the object of reducing labour requirements and improving productivity;
- (iv) rationalization and decentralization of the taxation organization;
- (v) the development and implementation of improved management techniques designed to improve the effective output of the taxation staff;
- (vi) the development and implementation throughout the taxation organization of a comprehensive system of work measurement and management control to ensure that the labour resources of the Taxation Office will be deployed flexibly so as to maximize productivity;
- (vii) the adoption throughout the branch offices of the taxation organization of a uniform system of performance appraisal, designed to help each staff member to achieve his or her full potential, and to ensure that the most efficient officers will be identified and given preference in promotion, as the Public Service Act requires; and
- (viii) continuing emphasis on all aspects of internal and external training to ensure that the efficiency of the taxation office workforce will be brought to the highest practicable level.⁸

The Office has generally been able to operate within its allocated staff ceilings (Table 6.1), although they have always been (until 1981-82) fixed by the Government after considerably slashing its staffing estimates. During the four year period between June 1978 and June 1982, the Taxation Office got 801 staff less than what it demanded.⁹ However, like the Department of Social Security, the Taxation Office made up for all its staffing deficiencies during 1982-83 when the Fraser Government allowed an increase of 1254 staff in its ceiling (Table 6.1).

CAPACITY TO DELIVER

The Taxation Office's operations, apart from management services, can be divided into two broad categories; (a) tax processing and related activities such as tax assessments and reviews, revenue collection, taxpayer services, valuations, etc.; and (b) enforcement of Taxation legislation. The volume of work that must be done by the Taxation Office is 'very largely governed by external circumstances - in particular, by the provision of the Taxation laws that are in force at any given time and by the level of income producing activity within the community'.¹⁰ Therefore, the Taxation Office 'cannot scale the general level of its activities to match the funds that are available to support its operations'.¹¹ The Office's work in the tax processing area cannot be left undone. The only alternative available to the Office in the face of staffing shortage, after effecting possible improvements in the systems and procedures, is to curtail its activities in the enforcement area, and that is what the Taxation Office has done at a very high cost to the taxpayer. Unlike the Department of Social Security (as discussed in Chapter V), the Taxation Office did not curtail its training and staff development activities. The only affected activities have been in the enforcement area (Table 6.2). The 1975-76 Report of the Commissioner of Taxation states that:

If there is a shortage of regular establishment resources to cope with the unavoidable processing tasks, the work cannot be left undone. This necessarily means that the deficiency must be borne, to a substantial extent, by the one area of taxation operations which can be varied more or less at will, ie., the work concerned with enforcement of the taxation

TABLE 6.2
 AUSTRALIAN TAXATION OFFICE
 ENFORCEMENT ACTIVITIES

Year	Field Audits		Income Tax Investigations		Internal Check Activities		Sale Tax Investigations		Tax Instalment Inspections Made	
	No. Completed	Resulting Increase in Tax & Penalty \$'000	No. Completed	Resulting Increase in Tax & Penalty \$'000	Resulting Increase in Tax & Penalty \$'000	Resulting Increase in Tax & Penalty \$'000	No. Completed	Result Increase in Tax & Penalty \$'000		
1970-71			5900	26476			14659	5896		69797
1971-72			5672	34673			15805	6855		61842
1972-73			5604	43267			16219	7976		71187
1973-74			5827	53451			17154	7991		75514
1974-75			6121	63004			17621	12901		91939
1975-76			7173	58614			22298	16166		106930
1976-77			8640	73811			24628	15840		109210
1977-78			7747	69364			24180	16162		141352
1978-79	10333	37200	7540	95348			25118	17993		229179
1979-80	11507	48900	7037	88000	27300		23776	20211		173813
1980-81	10918	51500	6752	76700	39500		20202	20600		158060
1981-82	8775	50500	5395	92100	35600		17183	18200		151942

Source: Annual Reports (1970 to 1982) of the Commissioner of Taxation,
 Commonwealth of Australia.

laws, with investigation or audit of the affairs of taxpayers likely to have avoided tax and with outdoor inspection activities designed to ensure that earnings by employees will be subjected to tax instalment deductions and eventually included in income tax returns. The enforcement activities are highly profitable and, if staff shortages make it necessary to use investigation officers or inspectors on routine processing work, the cost can be very great indeed when the lost revenue is taken into account. For example, the annual net gain from an investigation officer's services, in terms of tax and penalties recovered from defaulters, may often be in excess of \$200,000. This is some measure of the loss if he has to be used for routine assessing instead of concentrating on his normal duties.¹²

The continuing staff restraints have forced the Department to divert its staffing resources from the enforcement activities. According to Taxation Office: 'Such expedients certainly reduced the total cost of administering the taxation laws, but inevitably carried the penalty of a loss of revenue that might otherwise have been collected'.¹³

The enforcement activities are not only highly cost effective, but also 'play an important role in maintaining public confidence in the taxation system and in ensuring the highest practicable degree of compliance with the taxation laws'.¹⁴ The diminishing efforts in this area due to staff shortages has, therefore, resulted in an increasing incidence of tax evasion and tax avoidance over the years. Accordingly to 1981-82 Report of the Commissioner of Taxation:

Some \$1035 million of tax assessed to participants in attempted tax avoidance schemes that are under administrative challenge remained uncollected at 8 October 1982. In addition, an amount of about \$465 million tax (including some penalty tax) was owed by stripped companies by that date.¹⁵

The 1981-82 Report further stated that:

The continuing decline in the extent of investigation activity to detect tax evasion is a direct result of the need during the year to deploy substantial resources (estimated to be in the region of 143 man-years) to the investigation of tax avoidance schemes and to other areas of administration undetected evaded tax which would have been detected had resources not been required for investigating avoidance activities is a substantial additional cost of tax avoidance.¹⁶

The Commissioner of Taxation has continually stated the difficulties experienced by the Taxation Office due to staff shortages since 1975 in his various Reports to the Parliament. Although, according to Taxation Office estimates, the tax evasion was increasing (apart from tax avoidance schemes) over the years,¹⁷ the enforcement activities had to be curtailed due to staffing restraints imposed by the Government. The reports of the Commissioner of Taxation consistently pointed out these deficiencies year after year. Table 6.2, compiled from these reports details the Department's enforcement activities from 1970-71 onwards which indicates a general decrease (in absolute terms) in these operations since 1977-78. As the taxpayer population has increased over the years, in real terms enforcement activities started declining since 1975-76.¹⁸ The 1977-78 report stated that:

The administration was again faced with the task of processing an increased volume of work with minimal growth in staff resources imposed by staff ceilings. There was not only the normal growth in taxpayer population to contend with. Policy initiatives such as the assessments and collection of health insurance levy and payment of company income tax by instalments brought extra additions to the work volume. In these circumstances, it was sought to attain basic management objectives by taking advantage of improvements in technology and by the deployment of staff resources.

In these ways it was, as far as practicable, ensured that the bread-and-butter operations of making annual assessments and collecting revenue were not unduly impeded. The necessity to deploy staff for these basic purposes caused some curtailment of enforcement activities and this must be regarded as having brought about at least deferment, if not loss, of some tax revenue.¹⁹

Similarly, 1980-81 report stated that:

It is appropriate to comment that, as at the time of making this report, resources employed in enforcement activities have had to be considerably reduced owing to the recent decrease in staff ceilings. The combined effect of this reduction and the need to deploy substantial resources to the investigation of tax avoidance activities has seriously affected capacity to detect and control tax evasion and, as I have stated in previous reports, is a matter of considerable and an increasing concern to me

The decline in investigations' revenues does not, unfortunately, reflect improved compliance with the taxation laws but is a direct result of the need during the year to deploy substantial resources, which would otherwise have been used on normal investigation work directed at detecting tax evasion, to the investigation of tax avoidance schemes and to other areas of administration [the inspection] work had to be reduced as a result of decrease of staff ceiling It was necessary to deploy some investigation resources during the year to other areas requiring urgent assistance and this to a large extent resulted in a decrease of 15 percent in the number of completed cases.²⁰

MORALE AND INDUSTRIAL RELATIONS

The staffing restraints experienced by the Australian Taxation Office as a result of strict imposition of staff ceilings since 1975-76, in the face of increasing work loads, have affected the morale of its employees adversely. The dissatisfaction created by the work left undone, ever-increasing criticism by the people regarding Taxation Office's ineffectiveness to cope with tax avoidance schemes

and increasing incidence of tax evasion and the inability of the Taxation Office to gain sufficient staffing resources to combat these schemes, has been a source of frustration amongst them. The senior officers particularly have been affected by these developments, and over the years the tendency amongst the senior officers to take advantage of early retirement provisions has increased.²¹ The Taxation Office, however, did not face any significant strike action as a result of staffing restraints, although the ACOA had always been pressing for more staffing resources.

DEPARTMENT OF CAPITAL TERRITORY

FUNCTIONS

The Department of Capital Territory was created on 19 December 1972 by transferring certain functions of the Department of Interior which was abolished on the same date. The principal matters assigned to it were the administration of the Australian Capital Territory (ACT), the Jervis Bay Territory, Norfolk Island and the Coral Sea Islands Territory.²² In December 1975, the Department lost responsibility for Norfolk Island and the Coral Sea Islands, but gained the responsibility for providing administrative support to the ACT Police Force, and for the planning and organization of physical recreation programs in the ACT.²³ During 1976-77, the Department gained responsibility for the registration of land titles, births, deaths and marriages, and for ACT Emergency Services. However, it lost responsibility for the registration of Commonwealth motor vehicles, and also the operation of

the ministerial and passenger car service effective 1 July 1977.²⁴ In December 1979, the department lost the responsibility of providing administrative support to ACT Police, and in January 1980, it was made responsible to provide administrative support to the newly constituted Canberra Development Board.²⁵ During 1980-81, the Department again experienced some changes in its functions. The functions lost were the maintenance of police vehicles and the payment of social welfare benefits.²⁶ In July 1981, the Canberra Public Library was transferred to the Department of the Capital Territory. There were also some minor changes in its functions during 1981-82 as a result of the Review of Commonwealth Functions.²⁷

Apart from the functional changes mentioned above, the Department of the Capital Territory, since its creation in 1972, has been responsible for the administration of the Australian Capital Territory and Jervis Bay, performing various functions which include 'the provision of public transport, government housing, traffic management, street cleaning, waste control, consumer protection, land management, control of flora and fauna, licencing, community facilities, and maintenance and operation of the national areas and facilities'.²⁸

The Department's volume of work is mainly related to the growth of Canberra City. As the city has been experiencing a slow growth in terms of population and also a considerably decreased economic activity since 1976, the Department's overall workloads have remained almost constant during the period 1976-82. Table 6.3 gives the details of some economic indicators which affect the Department's operations. The following main trends are discernible from Table 6.3:

TABLE 6.3

AUSTRALIAN CAPITAL TERRITORY : ECONOMIC INDICATORS 1970-82

Year at 30 June	Population	DCT Expenditure at Constant Prices (a)	N.C.D.C. Expenditure at Constant Prices (a)	Government Expenditure at Constant Prices (a)	Private Sector Expenditure Building at Costs (a)
	(000)	(\$m)	(\$m)	(\$m)	(\$m)
1970	131.9	98	194	348	148
1971	145.6	114	205	406	166
1972	158.0	120	207	434	188
1973	168.2	115	235	513	224
1974	179.6	137	279	583	238
1975	190.9	157	322	708	238
1976	203.3	157	355	732	228
1977	208.2	116	346	683	211
1978	215.9	115	308	645	192
1979	222.4	122	220	573	154
1980	226.5	112	170	568	121
1981	227.3	107	124	567	118
1982	231.0	105	81	N.A.	N.A.

DCT - Department of the Capital Territory.
 NCDC - National Capital Development Commission.
 N.A. - Not Available.

(a) Current prices adjusted to 1981-82 prices using the Government Final Consumption Expenditure implicit price deflator series.

Source: The Department of the Capital Territory, Annual Report, 1981-82 (Canberra: Australian Government Publishing Service, 1982), pp.130-131.

Government expenditure in the ACT increased in real terms from \$348 million in 1970 to \$732 million in 1976 and then consistently decreased to \$567 million in 1981.

Private sector expenditure in ACT building industry also increased in real terms from \$148 million in 1970 to 238 in 1975 and then gradually decreased to \$118 million in 1981.

The ACT population increased between 1970 and 1976 at an annual average of 11.9 thousand, and then between 1976 and 1982 it increased at an average of 4.6 thousand per annum.

STAFFING

At 31 December 1982, the Department of the Capital Territory employed 3497 full-time operative staff. Table 6.4 details the full-time staff and ceiling trends since June 1973. It shows that the Department experienced a relatively higher growth rate between June 1973 and June 1975 when its operative staff increased by 480. From 1975-76 onwards, the Department got, in real terms, small increases in its staff. The fluctuations in its total full-time staff have been mainly due to changes in its functions and the variations in its inoperative staff numbers. The number of inoperative staff has fluctuated between 100 in 1977 and 166 in 1982. According to the Department's Annual Reports for the relevant years, the Department in real terms got increases in its staff ceilings of 16,40,4 and 19 during 1977-78, 1978-79, 1979-80 and 1980-81 respectively. Only during 1981-82, the Department's ceiling for full-time operative staff was reduced in real terms by 68. But then it balanced the deficiency by employing 48 more part-time staff compared to 1980-81. Although during the 3 year period preceding 1981-82, the part-time

TABLE 6.4

DEPARTMENT OF THE CAPITAL TERRITORY
STAFF (FULL-TIME) AND STAFF CEILING TRENDS, 1973-82

Year at 30 June	Staff Ceiling	Operative Staff	Inoperative Staff	Total Staff
1973		2805	32	2831
1974 (a)	3072	3053	37	3090
1975 (b)		3285	78	3363
1976 (c)	3400	N.A.	N.A.	3396
1977 (a)	3325	3418	100	3518
1978 (a)	3341	3339	106	3445
1979 (a)	3381	3385	127	3512
1980 (a)	3316	3324	138	3462
1981 (a)	3326	3283	118	3401
1982 (a)	3277	3276	166	3442
Dec 1982(a)	3303	3497	N.A.	N.A.

N.A. - Not Available

(a) Staff ceilings covers full-time operative staff

(b) Ceiling was lifted in January 1975.

(c) Staff ceiling covers full-time total (operative and inoperative) staff.

Source: (1) Commonwealth of Australia, Report of the Royal Commission on Australian Government Administration, Appendix Volume one (Canberra: Australian Government Publishing Services, 1976), p.136.

(2) Department of the Capital Territory, Annual Reports, 1974-75 to 1981-82.

(3) Public Service Board, Annual Reports, 1973 to 1981-82.

(4) Letter No.81/7563 of 8 March 1983 from the Secretary of the Public Service Board to all the Permanent Heads.

staff had increased from 44 at June 1979 to 52 at June 1980 and 54 at June 1981. The Department's full-time operative staff, however, increased by 221 in the first half of 1982-83 financial year.

The staff profile of the Department also changed between 1976 and June 1982. The proportion of the Third Division staff increased from 22.17 percent at June 1976 to 25.04 percent at June 1982. Whereas the proportion of the Fourth Division staff decreased from 77.14 percent at June 1976 to 74.23 percent at June 1982. The number of Second Division staff decreased from 22 at June 1976 to 19 at June 1979 and then gradually increased to 24 at June 1982.²⁹

MANAGEMENT PRACTICES

The Department of the Capital Territory generally initiates the process of estimating its staffing requirements after it receives FSE memorandum from the Public Service Board. The Establishment Branch of the Management Services Division has the overall responsibility in this regard. Each Divisional Head is requested by the Establishment Branch to submit its requirements after consultation with their respective Branch and Section Heads. They are required to list the objectives of their respective branches, all functions being performed by them and also to indicate standards of work performance and workload indicators. They are required to justify their activities and the staffing requirements on the basis of their necessity, workload indicators and standards of performance. At this stage, consultations between the Establishment Branch and other Branches also take place. They are required to submit their staffing

bids to the Establishment Branch in about 4 weeks' time. The Establishment Branch after considering all the submissions and in the light of the Department's overall policy objectives and Government directions prepares a consolidated bid for the Department in about 4 weeks' time. This consolidated bid is then discussed in a meeting of the Board of Management of the Department chaired by the Permanent Head. Other members of the Board of Management are the Deputy Secretary, five Divisional Heads (First Assistant Secretaries), Assistant Secretary Policy Coordination Branch, Assistant Secretary Finance and Supply Branch, Assistant Secretary Establishment Branch and the Director Information and Public Relations Branch. The Board of Management after considering pros and cons, approves the Department's staffing bid to be submitted to the Public Service Board. The Permanent Head, then submits the final proposal with or without any changes to the Minister for his endorsement. The Minister generally approves this proposal without any changes. The allocation of approved staffing resources for the Department is decided by the Permanent Head, after the Department is advised by the Public Service Board of its share of ceiling.

The Department has not experienced any extraordinary increases in its workload in its various areas of activity during 1975-82 period. The main reason being relatively slow growth rate of Canberra and substantial decrease in real terms in the Government and Private Sector expenditure incurred in the city. However, one area which experienced high level of activity in the Department during all these years has been 'reviews and reorganisations'. The Department was subjected to 1301 reviews during the 1975-82 period. Of these

reviews, 27 affected major reorganisations in the Department.

Table 6.5 below gives the year-wise distribution of these reviews.

TABLE 6.5
REVIEWS UNDERTAKEN BY DCT SINCE 1975

	1975	1976	1977	1978	1979	1980	1981	1982
Number of Reviews	172	121	185	146	127	116	230	204

Source: Information provided by the Department of the Capital Territory.

Obviously, the review activity on this Scale required more resources. The Department's Establishments and ADP Branch itself was subjected to reorganisation and was split into two branches: Establishments, and Systems; the staff increased from 230 at 30 June 1975 to 278 at 30 June 1980, and 265 at 30 June 1982. The Establishments Branch alone has expanded from 171 staff at 30 June 1979 to 186 at 30 June 1982; the highest staff numbers being 189 at 30 June 1980.

The Department has also resorted to a higher level of overtime to offset staffing deficiencies. The Department's expenditure on overtime, excluding that of ACT House of Assembly, decreased from \$376,525 in 1974-75 to \$276,480 in 1976-77 and then consistently increased to \$526,290 in 1981-82.³⁰

The impact of staff ceilings on the Department's training programs, according to its officers, has been minimal. As far as the number of courses and the number of participants is concerned, there have been some increases over the years, the only effect being a reduction in the number of staff in the Department's Training Group from 7 to 4 over the years.

In April 1981, Prime Minister Fraser announced the decisions of the Government taken in the context of Review of Commonwealth Functions. A number of these decisions ~~was~~ related to Department of Capital Territory's operations. Some of them (for example, privatisation of Motor Vehicle Testing Centres, selling or leasing of recreation and cultural facilities, etc.), if implemented, had staffing implications for the Department. However, all the decisions having staff implications for the Department were reverted by the Fraser Government. The decision to privatise the Motor Vehicle Testing Centres was reverted. The decision regarding the termination of Canberra Retail Markets Trust and selling of the existing facilities was also reverted. The Belconnen Mall could not be sold, although the operations undertaken in order to sell it added to the Department's work estimated at "an average of one officer, at Clerk Class 8 level, for a period of 12 months",³¹ The Canberra Times reported on 29 May 1983 that "Attempts to sell the Belconnen Mall so far have cost the taxpayer at least \$348,000".³² The Canberra Times report also speculated that this decision would also be reverted by the Hawke Labor Government very soon.

CAPACITY TO DELIVER

The Department's 1980-81 Annual Report states that: 'The Department continued to maintain high standards in providing its services, in accordance with Government policy, problems arising from staff ceilings were met with as little effect as possible on standards of service'.³³

The above assessment seems to be generally true. The Auditor-General's Reports as well as Department's own Annual Reports have mentioned only a few problems alleged to be caused by staff shortages coupled with financial restraints. These problems relate to intermittent delays at Dickson and Phillip motor registries causing inconvenience to the public, delay in implementation of ADP systems during 1975-78 period, occasional piling up of rate arrears and delays in recovery action, deferment of stock-taking and other internal audit type activities in certain branches, and less close and careful maintenance of parks due to lowering of staff-area ratio. The Department coped with the situation, in many cases, by obtaining additional staff, and to some extent redeploying the staff from lower priority areas, resorting to higher level of over-time and contracting out certain work.³⁴

MORALE AND INDUSTRIAL RELATIONS

The industrial action taken by the staff of the Department of the Capital Territory over staffing levels during 1974-82 period has been negligible. During 1975-76, the strike action amounted to 1

hour x 5 plant operators (26 March 1976), and 3.5 hours x 70 officers (30 March 1976). During 1979-80, man-hours lost were 1/2 hour x 8 Tourist Officers (2 May 1980) and 1/2 hour x 7 Tourist Officers (9 May 1980).³⁵ According to the officers interviewed, the staff ceilings were also not a significant factor in the Department of the Capital Territory affecting adversely the morale of the staff.

ENVIRONMENT DIVISION, DEPARTMENT OF HOME AFFAIRS AND ENVIRONMENT

The Commonwealth Government's Environmental function has been subjected to an exceptional degree of destabilisation during the past twelve-year period. The environment function has been combined with a variety of others in a series of different Departments and subjected to a number of traumatic reorganizations. There has also been continued uncertainty in the recent years as to the Government's intentions in the environmental area.

An office of the Environment was created by the L-NCP Government within the Prime Minister's Department on 24 December 1970. On 12 March 1971, the Department of the Vice-President of the executive council was created which was renamed as Department of Environment, Aborigines and the Arts. The environment function was transferred to this now new Department which owing to financial restrictions 'did not become operational generally operational until November 1971'.³⁶ The Whitlam Labor Government, after coming into power in December 1972, created the Department of Environment and Conservation to deal with the matters relating to environment and

conservation, water including the protection and use of water resources, and national parks.³⁷ Under the Labor Government, the Department led relatively a stable existence although it was renamed as the Department of Environment on 21 April 1975.

The L-NCP Coalition Government, after coming into power in December 1975, abolished the Department of Environment, and during the L-NCP Government (December 1975 - March 1982), the Environment function changed three Departments and 9 ministers.³⁸ It was first combined with the housing and community development functions in the Department of Environment, Housing and Community Development (EHCD) between 22 December 1975 and 5 December 1978. On the abolition of EHCD on 5 December 1978 the environment function was transferred to the Department of Science and the Environment and again on 3 November 1982 to the Department of Home Affairs and Environment (Appendix A). All these changes and resulting reorganisations caused uncertainty and constantly affected adversely the morale and the output of the staff; the EHCD period being the worst as it was in a constant state of flux throughout its existence. It took almost 18 months (December 1975 -

June 1977) to complete the reorganisation of the newly created Department of EHCD, and over these 18 months the Department of EHCD suffered a reduction of 28 percent (from 992 to 713) in its staff in real terms.³⁹ The EHCD was eventually abolished on 5 December 1978.

FUNCTIONS

The Environment Division of the Department of Home Affairs and Environment is responsible 'for policy advice, developing proposals,

administering legislation, implementing programs, carrying out studies and assessments; and general coordination relating to the Commonwealth Government's involvement in and support for conservation, management and protection of the environment'.⁴⁰ There have not been significant changes in these functions in recent years, particularly since 1974,⁴¹ although some new legislation has taken place in this area. However, since 1975 some of the environment and conservation functions originally performed by the department proper have been transferred to the statutory environmental authorities, namely the Great Barrier Reef Marine Park Authority, the Office of the Supervising Scientist, the Australian National Parks and Wildlife Service, and the Australian Heritage Commission. These authorities have increased their operations over the years, and the total staff of these authorities has also increased from 67 at 30 June 1978 to 173 at 30 June 1982. There have not been any significant increases in the Environment Division's operations since 1975.

STAFFING

There has been frequent shifting of the environment and conservation functions between various Commonwealth Departments. Many of these departments were abolished. Moreover, they had different organisational arrangements designed in the light of individual requirements, each having a combined management services staff. It is, therefore, not possible to identify the exact number of staff responsible for carrying out the environment and conservation functions over the years since 1970.

The convenient starting point in this regard might be 19 December 1972 when the Department of Environment and Conservation was established, although it was also responsible for water management including the protection and use of water resources in addition to environment and conservation functions. The Department of Environment and Conservation renamed on 21 April 1975 as the Department of Environment expanded its operations and also experienced a significant growth (144 percent) in its staffing resources. Its full-time staff increased from 93 at 30 June 1973 to 156 at 30 June 1974, and to 227 at 30 June 1975.⁴² On 22 December 1975, the Department of Environment was abolished and its functions were transferred to newly created Department of Environment, Housing and Community Development. The staff of the Department of Environment was distributed to various Divisions and Branches of this new Department. EHCD suffered throughout its existence due to successive severe staffing cuts and an ongoing process of reorganisation. It is, therefore, not possible to identify the exact number of the staff performing environment and conservation functions during this period. On the abolition of EHCD on 5 December 1978, the environment and conservation function and the associated staff were transferred to the Department of Science and the Environment. On 3 November 1980, a further change took place when the environment and conservation functions and associated staff were transferred to the renamed Department of Home Affairs and Environment. The staffing figures for the period up to June 1978 are not available. The Environment Division of the Department of Home Affairs and Environment, however, provided staffing figures from June 1979 onwards. These figures exclude the number of

staff responsible for providing management services, like establishment and personnel matters, typing, finance, etc. Table 6.6 below gives the staffing details from July 1979 to March 1983.

TABLE 6.6
STAFFING LEVELS - ENVIRONMENT DIVISION

Year	Full-time Total Staff
July 1979 (a)	74
June 1980 (a)	66
June 1981 (b)	105
June 1982	105
March 1983 (c)	88

- (a) Excludes the staff of Environment Policy Branch which located in another Division.
- (b) Includes the staff of Environment Policy Branch transferred to the Environment Division during 1980-81.
- (c) Bureau of Flora and Fauna with associated staff transferred out of the Environment Division during 1982-83..

Source: Information provided by Environment Division, Department of Home Affairs and Environment.

It is obvious from Table 6.6 that the number of staff performing environment and conservation functions has remained static since 1979. The information provided by the Environment Division also indicates that there has not been any significant variation in the divisional composition of the staff since 1979. It has suffered, however, in common areas such as management services, support staff, etc. Whenever there has been reallocation, the recipient departments have seldom got ceiling cover for all the staff who were involved in these activities in the previous department.

MANAGEMENT PRACTICES

The Department of Home Affairs and Environment begins the staff estimating process after it receives FSE (Forward Staff Estimates) memorandum from the Public Service Board. The Coordination and Management Services Branch which is responsible for establishment and staffing matters asks the various Divisions including the Environment Division to supply the necessary information and their staffing estimates as required by the Public Service Board memorandum. The Department does not issue any internal guidelines in this regard. The Environment Division prepares its staffing bid in the light of its six-month work program. In the form of this six-month work-program, the Environment Division arranges its internal priorities, estimates man-hours required to complete various projects to be undertaken and the time-table to complete them. These work programs are prepared in consultation with Branch Heads. The consolidated six-monthly plan is then submitted to the Permanent Head for his approval, who normally approves these programs by himself in the light of his discussions with the Minister, or general policy guidelines by the Minister. According to the concerned officers in the Environment Division, the Management and Services Branch generally supports the Environment Division's estimates. The consolidated bid of the Department, after getting endorsement of the Minister is eventually submitted to the Public Service Board. There is no committee in the Department to decide about priorities at the Departmental level. The Permanent Head himself decides about the final departmental bid keeping in view the submissions of the Division Heads. During the process of consultations with the Public Service Board, the Public

Service Board officers have direct discussions with the concerned officers in the Environment Division if they require further details or clarifications in respect of its staffing needs. The six-month work programs are not formally submitted to the Public Service Board, but these generally are seen by its officers during the consultation process. The Public Service Board communicates to the Department its aggregate staff ceiling. The Permanent Head allocates sub-ceiling to various Divisions and Branches in the light of their submissions and his own decision about work priorities. In the past few years, the Environment Division's staffing levels in real terms have remained static, and generally it has managed to obtain what it bid. This has been mainly possible, according to the officers of this Division, due to realistic and well-prepared staffing bids by this Division.

CAPACITY TO DELIVER

The Environment Division of the Department of Home Affairs and Environment provides the focus for Commonwealth responsibilities for environment and conservation. Under the Constitution, the States and Territories have primary responsibility for environment protection. The Commonwealth generally responds to the issues which are national in character and 'these responses are developed collaboratively with the States and Territories, through Ministerial Councils and through working relationships between the relevant government agencies'.⁴³ The policy of the L-NCP Government throughout 1975-82 period has been to leave most of the matters to be dealt with by the State and Territories Governments. This view has also been supported by most of

the States. According to the departmental sources, this has resulted almost zero growth in the Department proper in terms of staffing and workloads. The staff have not experienced any significant increases in workloads, although rearrangement of priorities and redeployment of staff have been taking place very frequently. There has also been not much need for any excessive level of overtime. Some programs or projects might have been delayed, but generally the targets have been met. The occasional delays in completion of certain projects occurred only when as a result of some crisis situations, like Uranium mining, some staff had to be withdrawn from various projects to attend to urgent matters. The staffing restraints, however, have affected adversely certain activities like policy research and development.

The Environment Division has suffered as a result of shortages in other areas like management services etc. The level of services in the personnel and related areas has deteriorated over the years. There has not been any internal audit in the Environment Division since 1977. Training of the staff has been severely restricted due to staffing restraints. Those restraints have also restricted the induction of new blood into the organisation. Recruitment of new personnel in the Environment Division average 2-3 officers per annum for the last 4 years. The Division generally operates at its approved staff ceiling level, leaving no room for new recruitment. This has also resulted a significant increase in the number of officers on acting on higher duties posts. According to the information provided by the Environment Division, in March 1983 some 25 percent of the staff was acting on higher duties, and this percentage was much higher when the environment function was located in EHCD.

MORALE AND INDUSTRIAL RELATIONS

There have been some short term morale problems in the Environment Division at various times. The staff is influenced by the general situation in the Department. The morale was very low during the EHCD period when there was constant uncertainty about that Department's future. The Permanent Head of EHCD, Landsdown, once pointed out in his letter to the Acting Chairman of the Public Service Board that:

I realise the reductions which have already occurred and which may occur in the future reflect government priorities. So now do most of the staff. Nobody wants to work for a dying institution. Morale is at rock bottom. Many have been sustained by the hope that things cannot get worse. They have got worse and the staff now expect them to worsen further.⁴⁴

The 1981-82 Annual Report of the Department of Home Affairs and Environment states in respect of morale of the staff that:

The unavoidable movement of staff within the Department had particular implications for staff morale, particularly in those areas which were still expected to carry out their functions and responsibilities with less staff than before.⁴⁵

The general organizational climate within the Departments to which the environment function has been transferred from time to time has impacted the staff adversely. The factors like on-going process of reorganisation and frequent shifting from department to department, have been a constant factor for the general demoralisation of the staff in recent years. The present situation, however, is not that

depressing. There is also no industrial relations problem in the Environment Division.

AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU (ADAB), DEPARTMENT OF FOREIGN AFFAIRS

The institutional and organisational arrangements for the administration of Australia's overseas aid program have had a turbulent history. The administration of aid program has been handled by seven different Government departments (pre-1973), by an Interim Office of an Aid Agency (1974), by a Statutory Australian Development Aid Agency (1974), by a semi-autonomous Bureau of the Department of Foreign Affairs (1976), and by a more integrated Bureau within the Department of Foreign Affairs (1981). Each subsequent aid organisation has been formed by re-organising and re-structuring the elements of its predecessor. The aid program has been subjected to some further reviews to stream line its operations and redeploy staff in the face of successive staffing cuts. There have been 12 major reviews conducted over the past 10 year period.⁴⁶

The establishment of an integrated aid administration commenced in Australia on 1 December 1973 when an interim Office of Australian Development Assistance Agency was created in the Department of Foreign Affairs by bringing together the various aid activities formerly carried out by the Departments of Foreign Affairs, External Territories, Education, Labour and Immigration and Treasury. The Australian Development Assistance Agency (ADAA) was formally established on 9 December 1974 headed by a Director with Permanent

Head status when the Australian Development Assistance Act was approved.⁴⁷

The L-NCP Coalition Government came into power in December 1975. In line with its view to bring the administration of Australia's overseas development assistance and foreign policy together, and its general policy to minimise the number of commissions and statutory authorities, the Fraser Government decided to abolish the Australian Development Assistance Agency and transfer its functions to a Bureau within the Department of Foreign Affairs. The Australian Development Assistance Bureau (ADAB) commenced its operations in July 1976, although the legislation repealing the Australian Development Assistance Agency Act was not passed until February 1977.⁴⁸ The Bureau operates under a Director with direct access to the Minister for Foreign Affairs, and has substantial degree of autonomy in relation to financial management of the development assistance programs. Other administration and organisational matters like staffing, organisation structure, classifications etc. are subject to an over-all control by the Permanent Head of the Department of Foreign Affairs. The level of the Director of the Bureau (Level 5) is organisationally third in the Department of Foreign Affairs; one level below the other Deputy Secretaries of the Department.

FUNCTIONS

ADAB is responsible for:

formulation of overall policy guidelines and operational objectives consistent with the Government's aid policy objectives;

development, administration and evaluation (in conjunction with recipients) of aid programs for individual recipient countries;

development and administration of training programs in Australia and overseas for students sponsored by the Governments of developing countries;

formulation of policy in relation to, and administration of, support for multi-lateral aid organisations;

development and administration of support for the overseas aid activities of Australian voluntary aid organisations;

informing the Australian public about the aid program.⁴⁹

The Official Development Assistance to developing countries is provided in the form of (a) project aid, (b) technical assistance, (c) staffing assistance, (d) finance for current imports, (e) general support for current expenditure, and (f) disaster relief. At present, the aid is delivered by fifteen methods, including Technical Assistance Projects, Development Bank Support, Training, Staffing Assistance Scheme, Food Aid, Budget Support, Emergency Aid etc. The financial size of the aid program has gradually increased from \$328.1 million in 1974-75 to \$666.3 million in 1981-82. Although in real terms, after taking inflation into account (by measuring rises in the program against rises in the Australian Consumer Price Index), 'current expenditure on the aid program is virtually at the same level as in 1974-75'.⁵⁰ However, the aid program has undergone certain structural changes and has become relatively more complex. Between 1976-77 and 1981-82, the amounts of project aid, technical assistance and food aid have gradually increased. The share of Papua New Guinea

has decreased from 55.8 percent to 38.4 percent and the total number of recipients has increased from 73 to 84 during 1976-82 period. The number of bilateral projects increased from 300 in 1976-77 to 354 at July 1982.⁵¹ The administrative costs as percentage of total Overseas Development Assistance have gradually decreased from 2.40 percent during 1975-76 to 1.69 percent during 1979-80. This has been possible due to making increasingly more use of such modes of aid delivery as development input grants and cash grants thereby transferring administrative costs to recipient countries, managing agents, making more use of joint finance arrangements with international agencies and reducing its provision of services under the international training assistance and other programs.⁵²

STAFFING

The staffing resources available to the aid program have been subject to continued severe reduction and disruption associated with the various re-organisations and across-the-board staff ceiling cuts. Table 6.7 below shows staff numbers since June 1975. It is obvious from this table that a decline in staff resources of 44.46 percent has occurred between June 1975 and May 1983. ADAB maintains that about one-quarter of the decline is directly attributable to the streamlining of the program. A further loss of 62 staff occurred by the implementation of the RCF decision that the Bureau should be integrated into the Department of Foreign Affairs to the maximum extent possible which resulted in the integration of the Bureau's personnel, typing, registry, office services, library and information areas into other divisions of the Department of Foreign Affairs.

TABLE 6.7
 AUSTRALIAN DEVELOPMENT ASSISTANCE BUREAU
 STAFFING LEVELS, JUNE 1974 - MAY 1983
 (FULL-TIME STAFF ONLY)

Year at 30 June	Operative Staff	Inoperative Staff	Total Staff	Variation in Total staff	
				No.	%
1974			450		
1975	N.A.	N.A.	704	+254	+56.44
1976	566	22	588	-116	-16.48
1977	465	27	492	- 96	-16.33
1978	471	16	487	- 5	- 1.02
1979	442	28	470	- 17	- 3.49
1980	486	23	509	+ 39	+ 8.30
1981	477	20	497	- 12	- 2.36
1982	406	29	435	- 62	-12.47
May 1983	378	13	391	- 44	-10.11

N.A. Not Available

Sources:

- (i) Information provided by ADAB.
- (ii) Public Service Board Annual Report, 1975, p.181.
- (iii) Public Service Board, Annual Report 1974, p.155.

The remaining decline in staffing resources is the result of across-the-board staff cuts which have reduced Bureau's capacity to administer the aid program effectively.⁵³

The Auditor-General's report on an Efficiency Audit in 1981 pointed out a number of deficiencies in the administration of Australia's bilateral aid program and stated that 'the recommendations made in this report could lead to requirements for more rather than fewer staff in the bilateral projects area'.⁵⁴ A review conducted by the Organization for Economic Cooperation and Development (OECD) of Australia's development assistance program in 1982 concluded that 'there has been, in no other country belonging to the Development Assistance Committee of the OECD, such a severe and sudden cut back in staff during a time of rising ODA [Overseas Development Assistance] program and it is to be hoped that any adverse effects can be avoided in the interests of the efficient management of Australian Aid'.⁵⁵ The 201st report of the Joint Committee on Public Accounts also stated that: 'The overwhelming body of evidence available to the Committee indicates that administration of bilateral overseas aid would be made more effective if additional staff were made available'.⁵⁶

MANAGEMENT PRACTICES

ADAB has existed since its establishment in 1976 as part of the Department of Foreign Affairs while being separate from it. The Bureau cannot, for instance, have direct communication with the Public Service Board, while internally it is handed down a separate (generally arbitrary) staff ceiling. If the whole Department were to reduce

its staff by, say, 100, the Bureau could be told that its share was 50. Its officers believe that the Bureau could get a better deal in staffing matters if it were allowed to have a direct contact with the Public Service Board. They assert that it has none of the advantages of being an independent separate entity and all the problems of being involved with a department. This situation has caused 'significant disputes about staffing and establishment in Australia and overseas'.⁵⁷ However, during 1982-83, some change occurred in the process of administering the staff ceilings in the Bureau, as its officers were allowed to negotiate staffing estimates with the Public Service Board officers directly. Until 1981-82, the Public Service Board had declined to have such direct negotiations. This development seems to be the first step towards the implementation of a recommendation of the Joint Committee of Public Accounts which the officers of the Bureau consider to a useful step forward. The report states that: 'The Public Service Board treat ADAB's staff ceiling separately from that of Foreign Affairs to emphasise ADAB's role as a separate organisation within the Department of Foreign Affairs'.⁵⁸

Under the existing arrangements, the Finance and Services Branch of the Management of Foreign Service Division of the Department of Foreign Affairs are responsible for manpower planning activities, including staff ceiling and establishment matters of the Bureau. The Bureau submits its staffing estimates to the Department of Foreign Affairs which are incorporated in the Department's staffing bids. These estimates are justified by the Bureau, generally, on the basis of projected size of aid program, the application of recent government initiatives, and the increasing complexity of project administration.

The staffing restraints have forced the Bureau to constantly review its priorities and improve its systems and procedures. The introduction of Word Processors and an increased use of ADP has contributed to increased efficiency and achieved staff savings. The officers of the Bureau recognise that some of the initial cuts in staffing have had beneficial results in streamlining the operations, and shedding some fat. Re-organisation of Training Areas of ADAB to improve overseas students program in January 1978 alone made it possible to save more than 100 positions. Although it had been intended by the Bureau to redeploy them to other more pressing areas of the program, most were lost to the Bureau. The Bureau, however, ran out of capacity to redeploy staff and absorb continued severe staffing cuts after initial productivity gains were achieved which affected the Bureau's operations adversely. Increasingly more use of consultants has resulted over the years. Contracting out of projects has considerably increased; number of contracts increased from 9 amounting \$3,229,901 in 1976-77 to 149 amounting \$41,544,677 in 1981-82.⁵⁹ Such consultants are a change against the aid program and are not subject to Government measures designed to reduce administrative expenditure. The Report of the Joint Committee on Public Accounts, however, states that 'the introduction of consultants to the aid program may have developed more rapidly than is desirable'.⁶⁰ The staffing restraints have made it increasingly difficult for ADAB to develop the expertise that is necessary to talk to the consultants, as since 1975 there has been no capacity to recruit experienced and well-qualified staff although several have left. The Joint Committee of Public Accounts was convinced that the

'turnover of staff within ADAB, particularly junior and better qualified staff, appears higher than desirable'.⁶¹ The Auditor-General's report on Efficiency Audit made several criticisms of the use of consultants, particularly in respect of their reports on projects, the training and expertise of their staff, and inadequate adherence to tendering procedures.⁶²

Training facilities in ADAB to train its own staff as well as contract personnel have been depleted over the years, particularly since 1981 after the implementation of RCF decision of integrating the Bureau within the Foreign Affairs Department.⁶³ Training is considered inadequate, but the officers cannot be spared for long enough to undertake adequate training. Nor is it possible to rotate officers within the Bureau because of the specialization of many of these positions and the limited expertise available. This state of affairs has also caused an increase in the workload of the senior officers, particularly those of branch heads and section heads.

CAPACITY TO DELIVER

It has been demonstrated in the preceding pages that the capacity of ADAB to deliver aid program has been affected adversely due to successive staffing cut backs applied to the Bureau since 1975. An Efficiency Audit of Australia's bilateral overseas project areas by the Auditor-General (1981), Report of the Joint Committee of Public Accounts (1982), an OECD review of Australia's development assistance program (1982), the Senate Standing Committee on Foreign Affairs and Defence (1979), Administrative and Clerical Officers Association, and

Development Assistance Officers Association, all have come to the same conclusion, ie. ADAB is understaffed. The Joint Committee of Public Accounts stated in its report on the Efficiency Audit by the Auditor-General that 'it has the firm impression that ADAB is currently understaffed to an extent which jeopardises the efficient administration of the Bilateral Aid Program'.⁶⁴

The Auditor-General's report on an Efficiency Audit pointed out a number of slippages and deficiencies in the administration of Australia's bilateral overseas aid program. The Joint Committee of Public Accounts also supported almost all the findings and recommendations made in this report. In respect of ADAB's development and implementation of policy, the report stated that:

Although large quantities of information on overseas practices, outlooks and results of development assistance are collected by the Policy Branch, it has not been able to devote resources to adequately analyse and disseminate this material. This has implications for the sound planning of Australia's aid.⁶⁵

The report further stated that:

ADAB does not appear to have undertaken major comparative reviews of the efficiency and effectiveness of its development assistance policies, instruments, and administrative arrangements and comparable donor countries There is some evidence that new policy proposals have been generated without sufficient consideration as to the likely administrative consequences and without adequate preparation of detailed accompanying guidelines for their implementations.⁶⁶

In respect of planning, management and review of the aid program, the report stated that:

ADAB has introduced a number of changes in the elements of the bilateral aid program over recent years, many of which have reduced the direct administrative workload on its staff. However, this has been against the background of an increasing program of technical assistance and project aid which requires substantial ADAB management and ADAB has increasingly contracted out the project management to consultants and public sector managing agents. Audit considers these various innovations have in some cases not been sufficiently assessed for their impact on Australian policy interests or on the effectiveness of aid for recipient countries.⁶⁷

In respect of food aid program, the audit noted:

It is considered that ADAB has not done enough to ensure that its food aid policies do not have untoward consequences on the internal agricultural policies of its recipients. At international fora, Australia has supported the development of national food sector strategies for developing countries and the efforts of the World Food Council to promote such strategies and to place food aid programs in the proper developmental context are supported. It is important to recognise however, that such a task would be beyond the administrative capacity of the present Food Aid Unit of three officers⁶⁸

In respect of selection of aid projects, the report stated that:

ADAB's overseas staff have been less involved in project identification than the representatives of other major donor countries. Staffing constraints have worked against such involvement There have been deficiencies in the information that overseas posts were able to provide and as a result ADAB's Central Office had not, in general, been able to select projects from an adequately described set of options.⁶⁹

In respect of ADAB's own administration, the Audit report stated that:

few internal audits relating to bilateral aid projects have been conducted;

staff utilisation review was inadequate;

audit noted a number of sources of complaint about excessive workload in overseas posts;

continuing requirements to relocate surplus officers combined with the corresponding halt to recruitment and promotion is the result of the policy of reducing staff by wastage. This has limited the opportunities for effective career planning for individuals and has constrained the most effective assignment of abilities.⁷⁰

The report of the Joint Committee of Public Accounts stated that:

An inspection of ADAB offices in August (1982) confirmed a number of administrative inefficiencies brought about by shortage of support staff. Following the integration of ADAB's Management Services functions with those of the Department of Foreign Affairs the Committee was informed that ADAB has been required to cut its library staff from seven to two, plus one part-time officers; reduced its public relations and office services areas; amalgamated its training area with that of DFA (Department of Foreign Affairs) with no increase in overall staff numbers; reduced its typing services and lost all its telex operators. This later reduction is a particularly clear example of the inefficiencies which can be brought about by a staff ceilings policy, in that, despite ADAB's need for regular overseas and interstate telex communication and its continued ownership of telex machines, ADAB no longer has immediate access to a telex operator.⁷¹

MORALE

Morale in ADAB is considered to be low. Various factors including the staff ceilings policy have contributed to this state of affairs. The ACOA in its evidence to the Joint Committee of Public Accounts stated that:

The combination of heavy workload increases, an inadequate technological support base and severely reduced levels of administrative support services, has caused severe strain on ADAB officers. During the period 1974-82 ADAB officers have been subject to continued aggravation and uncertainty, resulting from: lack of security in the positions they occupy; the need to place surplus officers, made redundant by organisational changes; "temporary" freezes on promotions for periods of up to twelve months; frustration in career planning and obtaining promotion; constant changes in "temporary" accommodation which fails to meet minimum standards; reduced opportunities for interface with aid projects overseas, caused by reduced travel funds.⁷²

A letter signed by 128 ADAB officers published in the Canberra Times on 31 May 1982 also stated that organisational climate in ADAB was 'decidedly unhealthy'.⁷³ The Joint Committee on Public Accounts also agreed with the staff associations' assertions that the morale was low.⁷⁴

INDUSTRIAL RELATIONS

The continued staffing cuts and uncertainty created by an on-going process of reviews and reorganisations affected industrial relations in ADAB. Although the industrial relations never deteriorated to the extent to force the staff to go on strike, there is ample evidence to indicate general tension amongst them. The suggestion by the Public Service Board to the Lynch Committee to completely merge the Bureau with the Department of Foreign Affairs distressed the staff associations and they launched an effective campaign against this suggestion. A long letter signed by Paul Munro (National Secretary, ACOA) and Brian McMullen (Federal Secretary, APSA) published on 11 February 1981 in the Australian Financial Review concluded with the following remarks:

... we make the strongest protest against the Board's proposal to the Federal Government's Lynch Committee to abolish the Australian Development Assistance Bureau. We urge like-minded individuals and organisations to write to the Prime Minister (Fraser) and Sir Phillip Lynch to register their concern.⁷⁵

The Administrative and Clerical Officers Association (ACOA) and Development Assistance Officers Association both have also made a number of representations to various Committees appointed by the Government to look into ADAB affairs during 1975-82 period. In fact, they did everything to protest against the staffing cuts short of resorting to taking strike action.

SUMMARY

The impact of staff ceilings on four organizations has been discussed in the preceding pages. Each one of them has been affected in a different way owing to the variation in circumstances surrounding them, and the degree of staffing restraints experienced.

The Australian Taxation Office and ADAB have experienced relatively more stringent staffing restraints compared to the Department of Capital Territory (DCT) and the Environment Division. ADAB lost about 44.46 percent of its staff during 1975-82 period. The Australian Taxation Office experienced growth during 3 years out of the 7-year period between 1975 and 1982. On the other hand, the Department of Capital Territory has been gaining small increases in its staff, in real terms, during the same period. The staff numbers associated with environment and conservation functions, working in

various Commonwealth Departments proper have remained almost at the same level during 1975-82 period, although successive Departments in which the environment functions have been combined from time to time suffered as the receiving departments generally did not get full coverage for staff engaged in the management services area.

The government did not abandon any functions performed by these departments during 1971-82 period. The functions of ADAB, Australian Taxation Office and those of the Environment Division have remained almost the same over this period. The DCT, however, has been experiencing various changes in its functions due to transferring in and out of some functions, along with the associated staff. In real terms, the workload of the DCT has remained static due to a slower rate of growth of Canberra city and a much reduced level of total expenditure in successive years during 1975-82 period. The Australian Taxation Office, on the other hand, got significant increases in its work volumes during the same period. The tendency in society to evade and avoid tax and an ever increasing number of objections lodged by taxpayers caused the workload of the Taxation Office to increase manyfold. Although, the functions of ADAB remained the same over the years, the administration of aid program has become more complex. There has not been any significant change in the environment functions of the Environment Division since 1975.

Each organization has responded in a different way to the staffing restraints. However, an increase in the level of review and reorganization activities during these years is common to all of them. All organizations resorted to various types of reviews and

reorganisations, partly to improve their systems and procedures and partly to justify their staffing bids. The latter is particularly true for the Department of Capital Territory which has been subjected to an exceptionally high level of review activity: 1301 reviews, including 27 major reorganisations were conducted in the DCT during 1975-82 period. The Environment Division has been subject to frequent reorganisations because of changes in administrative arrangements, whereas ADAB has suffered due to variation in institutional arrangements affecting its autonomy during 1973-82 period.

Out of the four organisations studied, only the Department of Capital Territory had a formalised organisational arrangement to decide priorities through the mechanism of Board of Management. The Australian Taxation Office holds a manpower conference annually in which relevant issues are highlighted and provides input for the Management Services people to finalise staffing bid to be submitted to the Public Service Board. Environment Division makes use of its six-monthly program already approved by the Permanent Head to estimate its staffing needs. ADAB estimates its staffing requirements on the basis of its aid program already submitted to and approved by the Cabinet. The priorities are decided by the Permanent Heads of the Departments only for internal use and are seldom communicated to the Public Service Board. The Board too does not insist, at present, on priority rating of programs.

The impact of staff ceilings on each organisation varies which is mainly affected by the degree of stringency of the staffing restraints and the capacity of the organisation to control its work

volumes and redeploy staff. The Australian Taxation Office has been the most affected organisation. The nature of work of the Taxation Office is such that it cannot control its work volumes. It has to perform the work received in the office in time. Organizationally, its work is divided into two distinct areas; tax processing, and tax enforcement. The work in the tax processing area cannot be left undone. The work in the enforcement area, however, can be postponed, delayed or even left undone depending upon the resources made available.

Initially, the Taxation Office responded to staffing restraints by affecting improvements in its systems and procedures, and after exhausting all possibilities in this respect, it resorted to withdrawing staff from the enforcement area. The enforcement activities of the Taxation Office reduced considerably and the loss of revenue to the nation in the form of tax evasion and tax avoidance which might have been recovered if sufficient staff were made available amounted to millions of dollars. The mushroom growth of tax avoidance schemes which caused a severe blow to the confidence of the public in the Australian Taxation System can be attributed, at least partly, to the staff shortages. The successive Commissioners of Taxation continued to present the Parliament true picture of what was happening. This put a tremendous pressure on the Fraser Government which was forced to allow hefty increases in staff ceilings of Australian Taxation Office towards the end of 1981-82 and during 1982-83. The story in the ADAB is somewhat different. ADAB does not have much political leverage to be used. So in the face of consistent staff cut backs and frequent organisational changes, it continued its efforts to look for ways and means to administer the aid program which remained almost the same in magnitude over 1975-82 period, although became relatively more complex,

with less and less staff. After affecting improvements in its systems and procedures and shedding extra fat, it had no option but to contract-out the management of aid projects to consultants and managing agents, divert increasingly more aid through international agencies, and introduce modes of aid delivery requiring less administrative involvement. Efforts in various areas like internal audit, staff utilisation reviews, selection and evaluation of aid projects, supervision of consultants and managing agents, formulation of aid policy, training of staff, etc. had to be downgraded. Also it continued to press the Government for more staff, with little success. Consequently the capacity of ADAB to deliver aid program was affected adversely.

The Department of Capital Territory somehow was able to protect its staff numbers during 1975-82 period. It was able to obtain small increases in real terms in its staff numbers during this period. The department, however, resorted to an exceptionally high level of review activity to justify its staffing estimates and retention of its existing staff during all this 1975-82 period. It also occasionally used political pressure on the Fraser Government to get more staff, particularly in the Motor Registry area. Whenever the Department faced some staffing problem, it would withdraw staff from Motor Registry area, causing inconvenience to the public, and the government would eventually allow more staff. The workload of the Department also remained almost constant due to slower growth rate of Canberra city during the 1975-82 period. Although, the Department experienced variation in its functions due to transferring in and out some functions, the main operations of the Department remained somewhat the same. The Fraser

Government announced it would discontinue some of the Department's functions as a part of its efforts to contain 'big government' (RCF decisions) but all of those decisions having staffing implications were subsequently reverted. Although Department did not face many problems due to staff shortages, it responded to some staffing restraints in certain areas by allowing slippages, delays, lowering the level of service and also resorting to excessive overtime and contracting out some of its activities.

The Environment Division experienced zero growth in its staffing resources during 1975-82 period. Being a policy organization, it can control its operations. It downgraded efforts in various areas in accordance with the availability of resources. Some of its functions were transferred to statutory environmental authorities. The slippages allowed included internal audit, training, long term planning and research.

Unlike the Department of Social Security, none of the four organizations studied in this chapter faced any significant industrial relations problems leading to strike action by the staff. The morale of the employees in all the organisations was, however, generally low, which was partly affected by the application of staff ceilings.

NOTES

1. The Parliament of the Commonwealth of Australia, Sixty-First Report of the Commissioner of Taxation, 1981-82, Parliamentary Paper No. 147/1982, p.1.
2. Statistics taken from the Commissioner of Taxation, Annual Reports for relevant years.
3. The Parliament of the Commonwealth of Australia, Fifty-Ninth Report of the Commissioner of Taxation 1979-80, Parliamentary Paper No.131/1980, p.11.
4. Ibid., p.11.
5. Statistics taken from Commissioner of Taxation, Annual Reports for relevant years.
6. The Parliament of the Commonwealth of Australia, Fifty-Fifth Report of the Commissioner of Taxation, 1975-76, Parliamentary Paper No. 170/1976, p.9.
7. Ibid., pp.9-10.
8. The Parliament of the Commonwealth of Australia, Fifty-Fourth Report of the Commissioner of Taxation, 1974-75, Parliamentary Paper No. 162/1975), pp.7-8.
9. Information provided by the Australian Taxation Office.
10. Fifty-Fifth Report of the Commissioner of Taxation, 1975-76, op.cit., p.5.
11. Ibid., p.5.
12. Ibid., p.5.
13. Ibid., p.6.
14. The Parliament of the Commonwealth of Australia, Fifty-Sixth Report of the Commissioner of Taxation, 1976-77, Parliamentary Paper No.129/1977, pp.5-6,
15. Sixty-First Report of the Commissioner of Taxation, 1981-82, op.cit., p.11.
16. Ibid., p.22.
17. The Parliament of the Commonwealth of Australia, Sixtieth Report of the Commissioner of Taxation, 1980-81, Parliamentary Paper No.100/1981, p.15.

18. Fifty-Fifth Report of the Commissioner of Taxation. op.cit., pp.5-6.
19. The Parliament of the Commonwealth of Australia, Fifty-Seventh Report of the Commissioner of Taxation, 1977-78, Parliamentary Paper No.1/1978, p.4.
20. Sixtieth Report of the Commissioner of Taxation, op.cit., pp.15-17.
21. Sixty-First Report of the Commissioner of Taxation, op.cit., p.8.
22. Commonwealth of Australia, Gazette, No.131, 20 December, 1972, p.3.
23. Department of the Capital Territory, Annual Report 1975-76 (Canberra: Australian Government Publishing Service, 1976), p.71.
24. Department of the Capital Territory, Annual Report, 1976-77 (Canberra: Australian Government Publishing Service, 1977), pp.76-77.
25. Department of the Capital Territory, Annual Report, 1979-80 (Canberra: Australian Government Publishing Service, 1980), pp.82-83.
26. Department of the Capital Territory, Annual Report, 1980-81 (Canberra: Australian Government Publishing Service, 1981), pp.97-98.
27. Department of the Capital Territory, Annual Report, 1981-82 (Canberra: Australian Government Publishing Service, 1982), pp.112-113.
28. Department of the Capital Territory, Annual Report, 1980-81, op.cit, p.1.
29. The percentages regarding Second, Third and Fourth Division staff have been calculated on the basis of total full-time staff of the Department of the Capital Territory as given in the Public Service Board's Annual Reports of the relevant years.
30. The figures for overtime expenditure provided by the Department of the Capital Territory.
31. The Canberra Times, 29 May 1983.
32. Ibid.
33. Department of the Capital Territory, Annual Report, 1980-81 op.cit., p.1.

34. See for example; (i) Department of Capital Territory, Annual Report, 1975-76, op.cit., pp.35, 47-52, 53, 74; (ii) Department of Capital Territory, Annual Report, 1976-77, op.cit., pp.10, 32-33, 36, 52; (iii) Report of the Auditor-General, 1976, op.cit., p.159; (iv) Report of the Auditor-General, September 1977, op.cit., pp.156-159; (v) Report of the Auditor-General, September 1981, op.cit., pp.18-21; and (vi) Report of the Auditor-General, September 1982, op.cit., p.9.
35. Information provided by the Department of the Capital Territory.
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37. Commonwealth of Australia, Gazette, No.131, 20 December 1972, p.4.
38. Review of Commonwealth Administration Report, 1983, op.cit., pp.141-148.
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40. Commonwealth of Australia, Department of Home Affairs and Environment, Annual Report, 1980-81 (Canberra: Australian Government Publishing Service, 1981), p.11.
41. For comparison see Australia, Department of Environment, Annual Report, July 1974 to June 1975 (Canberra: Australian Government Publishing Service, 1975), p.36.
42. Statistics taken from Public Service Board's Annual Reports for the relevant years.
43. Department of Home Affairs and Environment, Annual Report 1980-81, op.cit., p.12.
44. The Age (Melbourne), 5 September 1978.
45. Commonwealth of Australia, Department of Home Affairs and Environment, Annual Report, 1981-82 (Canberra: Canberra Publishing and Printing Co., 1982), p.1.
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47. Commonwealth of Australia, Report of the Auditor-General on an Efficiency Audit: Administration of Australia's Bilateral Overseas Aid Program by the Australian Development Assistance Bureau (Canberra: Australian Government Publishing Service, 1981), p.3.

48. Ibid., pp.42-43.
49. Ibid., p.4.
50. Administrative and Clerical Officers Association (ACOA), Section Committee (ADAB), Submission to the Parliamentary Joint Committee of Public Accounts, 14 April 1982, p.6.
See also Report of the Auditor-General on an Efficiency Audit: Administration of Australia's Bilateral Overseas Aid Program by the Australian Development Assistance Bureau, op.cit., pp.5-7.
51. Information provided by the ADAB.
52. Report of the Auditor-General on an Efficiency Audit:-, op.cit., p.147.
53. Information provided by ADAB.
54. Auditor-General's Report on an Efficiency Audit, op.cit., p.26.
55. ADAB, Forward Staff Estimates 1982/83, p.3, Attachment to Program 13, as quoted in The Parliament of the Commonwealth of Australia, Joint Committee of Public Accounts, Report 201 (Efficiency Audit: Administration of Australia's Bilateral Overseas Aid Program) (Canberra: Australian Government Publishing Service, 1982), p.28.
56. Ibid., p.28.
57. Auditor-General's Report on an Efficiency Audit, op.cit., p.25.
58. Report 201 of the Joint Committee of Public Accounts, op.cit., p.31.
59. Information provided by ADAB.
60. Report 201 of the Joint Committee of Public Account, op.cit., p.29.
61. Ibid., p.30.
62. Auditor-General's Report on an Efficiency Audit, op.cit., pp.20-22.
63. Report 201 of the Joint Committee of Public Accounts, op.cit., pp.31-32.
64. Ibid., p.29.
65. Auditor-General's Report on an Efficiency Audit, op.cit., p.12.
66. Ibid., p.62.

67. Ibid., p.13.
68. Ibid., p.141.
69. Ibid., pp.15-16.
70. Ibid., pp.25-26.
71. Joint Committee of Public Accounts' Report 201, op.cit., p.30.
72. ACOA Submission, op.cit., p.11.
73. The Canberra Times, 31 May 1982.
74. Report 201 of the Joint Committee of Public Accounts, op.cit., p.30.
75. The Australian Financial Review, 11 February 1982.

CHAPTER VII

CONCLUSIONS

This study has attempted to assess the impact of staff ceilings on the Australian Public Service. The study begins by presenting an overview of the Service by discussing prominent statistical changes that have taken place during 1970-82 period (Chapter II). The subsequent chapters discuss the methods and the effectiveness with which the successive Governments since February 1971 have implemented this policy (Chapters III and IV), and finally the impact of staff ceilings on five organisations: the Department of Social Security (Chapter V); and the Department of Capital Territory, Australian Taxation Office, Environment Division of the Department of Home Affairs and Environment, and Australian Development Assistance Bureau (Chapter VI). Six general areas, namely, functions, staffing, management practices, capacity to deliver, morale, and industrial relations have been examined in respect of these organisations. Each chapter contains the summary of its findings, so it is not intended to repeat them here. Some general conclusions derived from the findings of this research study are, however, presented in the following pages.

THE RATIONALE OF STAFF CEILINGS

The staff ceilings were first introduced in February 1971 by Prime Minister Gorton in an effort to control public sector expenditure to check inflation. It was a political decision taken in the context of economic climate prevalent at that time. The efficiency and

effectiveness of the Service was not the main objective, although the Public Service Board contended that it would be beneficial for the general health of the Service.

The Whitlam Labor Government also implemented the staff ceilings policy to have some control on the Public Service growth so as to curtail public sector expenditure to contain inflation. To control or to achieve reduction in staff numbers was the main consideration. It was believed that this would lead to consequential economies in the public sector expenditure.

The Fraser Government implemented the staff ceilings policy between December 1975 to March 1983 with an ideological commitment to 'small government'. It believed that public sector was inherently unproductive and inflationary. It attempted to implement the 'small government' philosophy by reducing the size of the Public Service, and consequently trimming the 'big government' and enabling the private sector to expand. The departments and authorities were told that the government was prepared to allow slippages and even dropping out functions (although no significant function was officially abandoned), lowering the level of service, delaying or postponing lower priority activities, contracting out work to private sector, introducing such systems and procedures requiring minimum labor resources, etc. to achieve its objective of reducing the Public Service numbers. The main emphasis was on achieving numerical reductions, and efficiency was again not a guiding force. The cash savings were also not the main objective, and the departments and authorities were not required to submit alternate staffing plans which would indicate financial implications. This is not to say that efficiency did not improve or cash savings were not achieved as a

result of implementation of staff ceilings. The organisations carried out various types of reviews and reorganisations to effect improvements in the systems and procedures with positive results. The introduction of various procedures to implement staff ceilings, like redeployment of staff from lower priority areas to higher priority areas, allocation of staff to various programs, assigning priorities to these programs, analysis and review of department operations, development of workload indicators, did help to increase efficiency of the Service. But with consistent lowering of staff ceilings and the realisation on the part of the departments and authorities that the cuts were arbitrary, these efficiency measures became counter-productive. The later practice by the government particularly offered no incentive to them to do their job properly. In some cases, honesty and efficiency did cost the departments dearly. ADAB reviewed and reorganised its International Training and Education Branch and was able to save more than 100 positions which were intended to be redeployed to more pressing areas of the aids program. But most of them were lost to the Bureau. The departmental officers felt that savings were forfeited and the same cuts were applied. If there were no internal savings declared to the Public Service Board, the cuts were less biting. The rationale of staff ceilings was, therefore, counter-productive. The implementation of staff ceilings was, mainly, guided by the external politico - economic considerations of curtailing inflation or ideological commitment of a conservative government and not by the aspects of administrative reforms. Any efforts guided by later considerations were only consequential and also short lived.

IMPLEMENTATION PROCESS

The Public Service Board has played a central role in the implementation of staff ceilings throughout 1971-83 period, except during 1975-79 when an IDC on staff ceilings was involved to recommend staff ceilings to the Prime Minister for the individual organisations. The systems and procedures to implement staff ceilings have been developed over the last twelve years by gradually tuning the mechanisms for overcoming evident problems. Generally, the Departments and authorities have resisted the introduction of new procedures which would give the Public Service Board and the Government clearer picture of their real staffing needs. They have been busy finding loopholes in the procedures, and the Public Service Board consequently trying to plug them. The information requirements and the control mechanisms of the Public Service Board changed accordingly (Chapter IV).

The application of staff ceilings to various categories have varied (Table 4.3). Presently, they apply to full-time and part-time operative staff under the Public Service Act, and a small proportion of similar categories of staff under other Acts. The coverage of non-Public Service Act staff has varied; it was highest at 30 June 1979 when about 82 percent of the total Commonwealth staff (including Public Service Act and non-Public Service Act staffing areas) was subject to ceilings control. By March 1983, the coverage had decreased to 45 percent of the total employment. Most of the non-Public Service Act staff was excluded from the ceilings control. This was done mainly due to continued resistance from statutory authorities employing non-Public Service Act staff.

In 1975, the Public Service Board introduced the Scheme of Forward Staff Estimates which aimed at bringing about coordination between staffing, financial and other resources. The departments were required to furnish staffing estimates for a triennium, allocating staff to programs and activities and assigning a priority level to the programs for the first year of the triennium. They were required to get ministerial endorsement of programs and priorities before the submission to the Board was made. The departments resisted conveying their priorities to the Board, although under pressure they would lower the level of efforts in some areas and allow slippages. The Public Service Board also had to introduce elaborate rules and regulations for the redeployment of staff from lower priority areas to the higher priority areas within the Departments as well as within the Public Service. Public Service Associations played a significant role in the development of these procedures so as to protect the rights of their numbers. A system of 'average monthly staffing levels' had to be introduced to help departments to meet variations in workloads (Chapter IV). The Board had to introduce various measures to control establishments and classification level, and departmental intake volumes. The Departments tried to offset the staffing restraints on numbers by increasing their higher level positions and taking or not taking the recruitment action to resist redeployment of surplus staff and creating industrial relations problems for the Government. Separate staff ceilings had to be introduced for 'Apprentices' as the departments would not recruit any apprentices. Although the Public Service Board achieved, at least to some extent, better coordination between staff and financial estimates in terms of

timetabling, program format and salary appropriation, it had to drop its ambitions in the field of manpower planning as the departments did not make any serious efforts to prepare estimates for years two and three of the triennium. From 18 November 1982 FSE memorandum, the Board seeks staffing estimates only for one year. The Fraser Government also tried to reduce the size of the Public Service by dropping functions (RCF, Chapter IV), which required the Board to introduce new procedures. Most of those measures, apart from consuming already scarce staffing resources and adding to the paper work, could not achieve the desired results. Due to effective resistance from the Public Service, interest groups and the Public Service unions, almost all the RCF decisions having staffing implications had to be reverted or delayed or implemented in such a way that insignificant staff savings were achieved (Chapter IV). Consultations between the Public Service Board and the departments regarding implementation of staff ceilings have increased over the years. But the relative political importance attached by the Government, as the Board would see it, to the various Commonwealth functions has played a dominant role in deciding the share of the organisations. The development of implementation systems and procedures has been affected by the effectiveness with which successive governments wanted to apply the staff ceilings policy, but their implementation in individual situations has been mainly conditioned by the inertia and politics of the bureaucracy. The departments and authorities with less 'political power' within the bureaucracy have suffered while the 'powerful' ones have managed to obtain sufficient increases in their staff numbers during the entire period of staffing restraints.

POLICY EFFECTIVENESS

The L-NCP coalition Government during 1970-72 implemented the staff ceilings by fixing modest targets. The ceiling growth allowed to the Public Service during this period did not produce any ripples in the Service.

The Whitlam Labor Government implemented the policy of staffing restraints in a stop/go manner. Ideologically, it was not committed to curtail the growth of the public sector. After coming into power, it lifted the ceilings. But reintroduced them as it considered it to be desirable that some control on the Public Service growth was placed. However, it allowed a very generous ceiling growth of 5 percent for full-time Public Service Act operative staff. Compared with growth rates of the Service in the immediate past it was the highest percentage growth occurred in the Service on an overall basis. So the Service was happy. For 1974-75, the Prime Minister (Whitlam) announced a tight ceiling growth of about 1 percent for full-time Public Service Act operative staff, and the government faced real difficulties in the implementation of staff ceilings. Even some of the ministers opposed the strict application of staff ceilings and a few of them took the matter to the Cabinet (Chapter III), and were able to exclude some functions from the ceilings control. The ceilings were eventually lifted by the Cabinet when the Prime Minister Whitlam was out of the country. This Government again imposed tight ceiling for 1975-76. The Whitlam Government tried to implement staff ceilings during its 1972-75 period of Government, but failed to pursue the policy persistently in the face of strong opposition from the Public Service as well as from some ministers.

The Fraser Government endeavoured to implement staff ceilings effectively, and guided by their ideological commitment to 'small government'. Prime Minister Fraser concentrated all matters relating to staff ceilings in his own hands. The fixing of staff ceilings and subsequent variations if required were the matters between the Public Service Board and the Prime Minister. The Cabinet had no power in this regard. It was also in line with the L-NCP coalition policy of 'small government' of trimming the public sector and expanding the private sector. The Government was prepared to allow slippages and dropping of functions, lowering the level of service, or postponing some operations. Prime Minister Fraser, therefore, did not encounter opposition from his ministerial colleagues. He was, rather, criticised by some of the Liberal Party backbenchers for not having achieved more reductions in the public sector. This Government also tried to trim the public sector by announcing some 350 decisions taken in the context of Review of Commonwealth Functions. These decisions related to the transfer of certain Commonwealth functions to the States and private sector, regulation and assistance schemes, taxation concessions, further steps for expenditure restraints particularly in respect of capital works, abolition and restructuring certain Commonwealth functions, curtailing expenditure on research activity, selling of Commonwealth assets, and discontinuing or reducing the frequency or review of the various types of statistical collections. It was envisaged that these decisions would have a major impact on the size of the Commonwealth bureaucracy. The full implementation of these decisions was expected to lead to a total reduction in staffing of the order of 16,000 to 17,000 (Chapter IV). The measures taken by the Fraser Government suggest that

it tried to implement tight staff ceilings in conjunction with other measures in the light of its commitment to reduce the size of the public sector and consequently the size of the bureaucracy, although it could not abandon any significant functions of the Commonwealth. The inability of the Fraser Government to fully implement the decisions of the Review of Commonwealth Functions affected its capacity to achieve further staffing reductions in the Public Service. Towards the end of 1981-82, it adopted a low key stance in this regard. The 1982-83 Budget, contrary to past practice, did not mention staff ceilings. The staff ceilings allowed by the Fraser Government for 30 June 1983 before the usual February Review, represented an increase of 6935 or 4.82 percent over the staff ceiling allowed for 30 June 1982 for the full-time Public Service Act operative staff (Chapter IV). A number of statutory authorities employing non-Public Service Act staff were also excluded from the staff ceilings control during 1981-82 which reduced the proportion of the Commonwealth staff subject to ceilings control from 82 percent during 1978-79 to 45 percent during 1982-83 (Chapter IV).

TPOLOGY OF ORGANISATIONAL RESPONSES TO STAFF CEILINGS

The response of the departments and authorities to the implementation of staff ceilings policy varied in the light of the stringency of the restraints, and the options available to them. The L-NCP Government during 1970-72 imposed moderate staff ceilings and allowed ceilings growth of 3.4 percent, 3.1 percent, and 3 percent during 1970-71 and 1971-72, 1972-73 respectively. The actual growth in the Service during 1970-71 and 1971-72 was much less than allowed ceilings. The departments did not face any staffing problems; many of

them remained under ceilings. The government, therefore, did not encounter any resistance from the Public Service.

The Whitlam Labor Government, after coming into power in December 1972, lifted the ceilings, so there was no ceiling for 30 June 1973. Staff ceilings were reintroduced in July 1973, but the Government allowed a very generous ceiling growth of 5 percent. The actual growth in the Public Service was again below ceilings. The staff ceilings did not produce any ripples in the Service. The staff ceilings began to worry the departments and authorities from June 1974 when Prime Minister Whitlam announced a tight ceiling growth of about 1 percent for full-time Public Service Act operative staff. The departments and authorities lodged strong representations against their approved ceilings. Some of them with the support of their Ministers were able to exclude themselves from the ceilings control or were able to obtain increases in their staff ceilings. Eventually, the ceilings were lifted in January 1975, and the departments and authorities made up for all deficiencies and Public Service Act full-time staff increased by 4.01 percent. Initial response to the imposition of a ceiling growth of 1.5 percent for 30 June 1976 by the Whitlam Government was again negative. In the meantime the L-NCP Government headed by Prime Minister Fraser came into power in December 1975 which, by freezing the Public Service numbers at the level of 30 November 1975, gave a shock treatment to the Public Service. Subsequently the ceilings were consistently lowered during the year and the full-time Public Service Act staff decreased in real terms by 4.2 percent. The Fraser Government implemented tight staff ceilings during the 1975-82 period, and encountered persistent resistance from the Public Service. There

is also ample evidence to show that many departments and authorities presented to the Board inflated staffing estimates accompanied by lengthy justifications (Appendix D). They also resisted the demand that they indicate program priorities and the areas where the cuts could be made (Chapter IV). Specifically, the responses of the organisations studied (Chapter V and VI), can be classified into various categories.¹

(i) RATIONAL ARGUMENTATION

This strategy involves an effort to end staffing cuts by providing maximum 'rational' argumentation and data to the Public Service Board and the government to show the harm staffing cuts could cause. All the organisations studied tried their best to convince the Government that they needed more staff on the basis of staffing estimates arrived at by using workload indicators (Chapters V and VI). They also pointed out repeatedly the harms the staffing restraints were doing to their operations.

(ii) RATIONAL PRIORITY PLANNING

This involves the examination of organisational functions and programs in terms of their value in contributing towards the achievement of organisation's main objectives and apply cuts to lower priority areas, or drop functions not contributing for the achievement of organisational objectives. The Public Service Board in the initial years of the introduction of the Scheme of FSE required the departments and authorities to assign priorities to their programs. Although most of them resisted communicating to the Board the priorities in respect

of their respective programs, they arranged their internal priorities and generally redeployed staff from lower priority areas to higher priority areas.

(iii) IMPROVE PRODUCTIVITY

The organisations tried to improve productivity by reviewing the systems and procedures. Each organisation has conducted a number of reviews by its own staff, in collaboration with the Public Service Board, and by the outside consultants. In the face of successive severe and arbitrary cuts, these reviews, however, became counter productive and also the organisations liberally used these reviews to justify their claims. Automation and introduction of new technology has also taken place in the organisations at a faster rate so as to save staffing resources. The introduction of Word-processors, and further computerisation has also improved productivity.

(iv) EXTERNALLY ORIENTED POLITICAL CUTS

This involves withdrawing staff from those programs which will produce the most pressure on the government to increase staff ceilings. The Department of Capital Territory applied severe cuts to the Motor Vehicle Registry Branch which caused inconvenience to the public and the government had to allow more staff. Similarly, the Taxation Office withdrew staff from enforcement activities resulting downgrading of activities in this area, and mushroom growth of tax avoidance schemes. This caused the government to suffer revenue losses and strong criticism from the public and opposition. Eventually, the Government

had to allow hefty increases in staff (Chapter VI). The departments and authorities increasingly mentioned the adverse effects the staff shortages were causing in their annual reports presented to the Parliament. They also pointed out their difficulties to the Auditor-General's Department whose reports are also presented to the Parliament. In this way they tried to mobilise public opinion and get support from the Parliamentarians against the staffing cuts.

(v) INTERNALLY ORIENTED POLITICAL CUTS

This involves the withdrawal of staff from those units of the organisation which have less political power although they are important in terms of their contribution to the operations of the organisation. As a result of this strategy, the most affected areas generally have been training, audit type activities, management services and support staff, library and information services, planning, research, etc. The intake of apprentices has also suffered due to staffing restraints.

(vi) ALTERNATE METHODS TO OFFSET CUTS

This involves resorting to alternate methods such as excessive overtime, contracting out work, hiring consultants, and employing part-time and contract staff (Chapter IV, V and VI). Some departments for quite some time had made it a practice to employ temporary staff from the beginning of the month up to the day prior to the day on which the departments are required to report to the Board on their end month staffing levels (Chapter IV).

(vii) INCREASED BUREAUCRATIZATION AND EXPANSION AT THE TOP

Successive staffing restraints coupled with the policy to have reductions by natural wastage, ie. resignations, retirements, etc. have led the organisations to expand at higher levels. Natural wastage is generally more at lower levels. Higher turnover of lower level staff and inadequate training of new recruits due to staffing restraints resulted in the pushing up of more and more cases to the superiors for decisions with the consequential strain on the senior staff. This eventually forced the organisations to increase their higher level positions. Also, as the staff ceilings were applied only in terms of numbers without making any distinction between various classification levels, the departments tended to retain higher level positions.

The implementation of staff ceilings has also multiplied the review activities of the organisations manifold. To justify their staffing estimates and retain their existing staffing levels, lengthy justifications backed up by reports, data and graphs were prepared. The redeployment and reorganisations created lots of paper work and consumed, in terms of time and effort, considerable amounts of already scarce resources.

The redundancy situations created by rearrangement of priorities and by the Government's decisions, increasing workload of the employees, sense of insecurity, and other related factors increased union activity in the organisations. The resulting representations, negotiations and in some cases industrial action including strikes (Department of Social Security, particularly), all added to the work volumes of the organisations.

In certain cases delays and postponement of functions brought more work in the form of representations, enquiries, etc. from the public. More detailed rules and regulations had to be developed in regard to redundancy situations and other personnel matters. All these developments eventually resulted in a per capita expansion of hierarchy, rules, and higher level positions.²

IMPACT OF STAFF CEILINGS

The staff ceilings have impacted the Australian Public Service in many ways. At the macro-level, the ceilings have slowed down the growth of the Service areas subject to the ceilings control since December 1975. Between June 1975 and June 1982, the full-time Public Service Act and non-Public Service Act subject to ceilings control decreased in real terms by 7088. Statistical evidence shows that whereas the Second and Third Divisions have expanded, the Fourth Division has decreased. During this period, the number of Second and Third Division staff in the full-time Public Service Act staff increased by 162 and 4534, whereas the number of the Fourth Division staff decreased by 9764 (Table 2.7). Similar tendencies have been found in organisations in other countries where efforts have been made to reduce their size. 'There is anecdotal evidence to suggest that in agencies such as NASA, which have experienced an overall reduction in size, there was a proportional increase in management positions'.³ The Thatcher Government initiated staff cuts in the public sector in 1979 and as a first step 'imposed an embargo on the appointment of new staff at all levels for about three months The cuts were most noticeable in the middle and lower grades of the civil service'.⁴ 'Such a

development', asserts Warwick, 'would be doubly ironic in a reform movement aimed at eliminating administrators'.⁵

The staffing restraints applied during 1975-82 period do not seem to have helped to increase the proportion of private sector employment in the country, as the monetarists would predict. Contrarily, the proportion of the private sector employment has generally decreased from 73.12 percent in 1971 to 70.88 in 1975 and 69.58 in April 1980, whereas that of total public sector employment increased from 26.16 in 1971 to 29.12 percent in 1975 and 30.42 percent in April 1980. The proportion of the Commonwealth employment (including Public Service Act staff and non-Public Service Act staff) has also generally increased in real terms, if the staff transferred to the Northern Territory and other States are taken into account (Table 2.14). The number of public servants per thousand of population has also increased and varied between 102.36 per thousand and 104.75 per thousand during 1975-82 period (Table 2.15).

At the micro level, the staff ceilings affected management practices and the organisations' capacity to deliver in a number of ways. The impact varied depending upon the severity of staffing restraints and the individual organisations' environment and circumstances. They endeavoured to improve efficiency and to some extent they were able to effect improvements. The introduction of new technology made it possible for them to effect staff savings. Review and reorganisation activity generally increased. In some cases the shortage of staff prohibited the departments (for example, ADAB) from undertaking such activities at a desirable level. There have been

instances indicated in chapters five and six when the organisations had to allow slippages, or postponement of various activities. Training and development of staff generally had to be downgraded. Research and long term planning activities suffered. Maintenance of systems was generally downgraded. In some cases, excessive overtime was resorted to offset staffing restraints. Contracting out and hiring of consultants also occurred. The Taxation Office had to curtail its activities in the enforcement area. In the Department of Social Security efforts were made to maintain the level of on-the-counter services at the cost of all other areas. In many cases, staff ceilings proved to be false economies and created inefficiencies. All organisations were affected adversely due to staffing restraints and responded in various ways as described in the preceding pages. The details are provided in chapters five and six.

The reform efforts in the public bureaucracy by decimation are bound to create inefficiencies in the Government machinery and in the longer-term are bound to fail. Thatcher Government's measure to reduce the size of Public bureaucracy, although it has also formally dropped various functions, has generated similar problems. For example in Britain, the Inland Revenue staff declined from 85,000 in April, 1979 to 78,000 in 1980. The effects on the organisational operations were drastic by 1980: 'one in four assessments for PAYE income tax was wrong, resulting in some taxpayers being overcharged by about 18 million pounds and others being undercharged by about 25 million pounds'.⁶

The staff ceilings impacted the morale adversely. Increasing workloads, inadequate training and career planning, frequent reorganisations, redundancy situations created by the Government's decisions and resulting redeployment activities, all added to the frustration of the employees. In certain departments, for example Social Security, industrial relations deteriorated to the extent that the members of ACOA, in some cases also joined by APSA, first imposed various types of work bans, and then went on strike. The Public Service Associations launched a campaign against the staff ceilings policy. From the very beginning the Public Service Associations opposed the imposition of staff ceilings and the way they were implemented. The Public Service Associations also launched a public sector campaign to mobilise public opinion against "Razor-Gang" (RCF) decisions. This campaign was coordinated by the National Coordinating Committee of the Australian Council of Trade Unions (ACTU) and the Council of Australian Government Employee Organisations (CAGEO). This was the first occasion in the history of both the organisations that the ACTU and CAGEO had joined forces on a national scale to mount a major campaign. The ACOA members took strike action in December 1981 in the Department of Social Security and Commonwealth Employment Service, after imposing a number of work bans for extended periods since 1977.

The persistent resistance from the Public Service, the unions' campaigns and strike action, the repeated criticisms in the Auditor-General's successive reports against the department's deficiencies due to staff shortages, high unemployment and rising inflation, and finally perhaps the election needs of the L-NCP coalition detracted the Fraser Government from its policy of 'small

government'. The ceiling growth allowed by that Government for 30 June 1983 even before the February Review represented an increase of 6935 over the ceiling allowed for 30 June 1982.

The Hawke Labor Government which came into power in March 1983, although conscious of 'ever-growing Government bureaucracy' has committed itself to 'introduce manpower budgeting arrangements' and also to introduce a system of consultation with Public Service Unions in respect of staffing levels. At the time of writing of this section, the new systems and procedures are still being evolved and it is, therefore, not possible to offer any comments.

SUMMARY

The present study demonstrates how difficult it is to contain the growth of the Public bureaucracy, particularly when the stimulation is from outside. Successive Governments in Australia since 1971 have endeavored to regulate the size of the Australian Public Service by pursuing the policy of staff ceilings. The Whitlam Labor Government implemented staff ceilings in a stop/go manner while the L-NCP Coalition Governments, particularly Fraser Government, implemented this policy with an ideological commitment to 'small government'. The Public Service in general presented a strong resistance by resorting to a number of tactics; the powerful organisations within the Public Service, like Taxation Office, Department of Social Security resisted these restraint measures with positive results. The less powerful ones resisted by lowering the level of efforts in various areas, in many cases quite justifiably. The systems and procedures introduced by the

Government to implement staff ceilings have been developed gradually in response to various departmental tactics to offset the staffing restraints. The Public Service Board, the organisation which has been mainly responsible for implementing staff ceilings throughout 1971-83, has been trying to plug the breaches in the system which the departments have been exploiting.

The strategy adopted by various Governments to implement ceilings has been to fix overall limits and to leave the details to be worked out by the individual departments and authorities, which proved to be generally counter-productive. The decisions regarding priorities, dropping of functions and lowering of level of service, which ought to be taken at the political level, were left to the public servants. Obviously it was difficult for them to take such decisions. It was also not politically beneficial for the Government to announce the lowering of services, dropping of functions etc.; one such effort (RCF) by the Fraser Government proved to be a failure. Any such effort is likely to meet a similar fate if the public bureaucracy does not lend genuine support. The success of any policies aimed at introducing and effecting change, and more importantly aimed at reducing the size of the Public Service, cannot be achieved without cooperation between the Government and the higher echelons of the public bureaucracy.

NOTES

1. Jick and Murray developed typologies of internal and external decision responses to the funding cutbacks in the public sector organisations, after reviewing the existing literature and studies on organisational decline. The terms, 'Rational Argumentation', 'Rational Priority Planning', 'Externally Oriented Political Cuts', 'Internally Oriented Political Cuts' used in this typology have been adopted from their typologies after redefining them in the context of staffing cuts. For details see, Jick and Murray, op.cit., pp.141-169.
2. Theoretically, organisations can adopt one more response strategy, ie. 'Across-the-Board Cuts' which involves applying equal cuts to all organisational units. However, no one of the organisations examined in this study adopted this strategy.
3. D.P. Warwick, A Theory of Public Bureaucracy (Massachusetts: Harvard University Press, 1975), p.208.
4. Richard A. Chapman, "Reducing the Public Sector: The Thatcher Government's Approach", Policy Studies Journal, Vol.9, No.8, Special 4, 1980-81, p.1154.
5. Warwick, op.cit., p.208.
6. Chapman, op.cit., p.1161.

MACHINERY OF GOVERNMENT CHANGES FROM JUNE 1970 TO JUNE 1982

ABOLISHED	CREATED	NAME CHANGED
<u>6 November 1970</u>		
		. External Affairs to Foreign Affairs
<u>12 March 1971</u>		
. Prime Minister's . Cabinet Office	. Prime Minister and Cabinet . Vice-President of the Executive Council	
<u>31 May 1971</u>		
		. Vice-President of the Executive Council to Environment, Aboriginals and the Arts
<u>19 December 1972</u>		
. Education and Science . Environment, Aboriginals and the Arts . Interior . National Development . Social Services . Trade and Industry	. Aboriginal Affairs . Capital Territory . Education . Environment and Conservation . Media . Minerals and Energy . Northern Development . Northern Territory . Overseas Trade . Science . Secondary Industry . Services and Property . Social Security . Special Minister of State . Tourism and Recreation . Urban and Regional Development	. Labour and National Service to Labour . Shipping and Transport to Transport
<u>30 November 1973</u>		
. Air . Army . Civil Aviation		. Works to Housing and Construction

ABOLISHED

CREATED

NAME CHANGED

-
- . External Territories
 - . Housing
 - . Navy
-

12 June 1974

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> . Immigration . Secondary Industry . Supply | <ul style="list-style-type: none"> . Manufacturing Industry | <ul style="list-style-type: none"> . Labour to Labor and Immigration . Primary Industry to Agriculture . Repatriation to Repatriation and Compensation |
|---|--|---|
-

27 March 1975

- . Customs and Exercise to Police and Customs
-

21 April 1975

- . Environment and Conservation to Environment
-

6 June 1975

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> . Northern Territory . Northern Development | <ul style="list-style-type: none"> . Northern Australia | <ul style="list-style-type: none"> . Science to Science and Consumer Affairs |
|--|--|---|
-

7 October 1975

- . Services and Property to Administrative Services
-

22 December 1975

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> . Administrative Services . Environment . Housing and Construction . Labor and Immigration . Media . Northern Australia . Police and Customs . Special Minister of State | <ul style="list-style-type: none"> . Administrative Services . Business and Consumer Affairs . Construction . Employment and Industrial Relations . Environment, Housing and Community Development . Immigration and Ethnic Affairs | <ul style="list-style-type: none"> . Agriculture to Primary Industry . Manufacturing Industry to Industry and Commerce . Minerals and Energy to National Resources . Postmaster-General's to Postal & Telecommunications . Repatriation and Compensation to Repatriation |
|---|---|---|

ABOLISHED	CREATED	NAME CHANGED
- Tourism and Recreation - Urban and Regional Development	Northern Territory	Science and Consumer Affairs to Science
<u>5 October 1976</u>		
		Repatriation to Veterans' Affairs
<u>8 November 1976</u>		
	Productivity	
<u>7 December 1976</u>		
Treasury	- Treasury - Finance	
<u>17 July 1977</u>		
	Special Trade Negotiator	
<u>20 December 1977</u>		
- Overseas Trade - National Resources	- Home Affairs - Trade and Resources - National Development	Special Trade Negotiator to Special Trade Representative
<u>28 September 1978</u>		
Northern Territory		
<u>5 December 1978</u>		
- Employment & Industrial Relations - Environment, Housing and Community Development	- Industrial Relations - Employment and Youth Affairs	- Science to Science and the Environment - Construction to Housing and Construction
<u>8 December 1979</u>		
		National Development to National Development and Energy

ABOLISHED

CREATED

NAME CHANGED

3 November 1980

- | | |
|---|--|
| <ul style="list-style-type: none"> . Productivity . Special Trade Representatives | <ul style="list-style-type: none"> . Home Affairs to Home Affairs and Environment . Postal and Telecommunications to Communications . Science and the Environment to Science and Technology |
|---|--|

7 May 1982

- | | |
|---|--|
| <ul style="list-style-type: none"> . Business and Consumer Affairs . Employment and Youth Affairs . Housing and Construction . Industrial Relations . Industry and Commerce . Transport | <ul style="list-style-type: none"> . Aviation . Defence Support . Employment and Industrial Relations . Industry and Commerce . Transport and Construction . Vice-President of the Executive Council |
|---|--|

Source:

- (a) Australia, Public Service Board Annual Reports for the years 1970 to 1981-82.
- (b) Australia, Commonwealth Government Directory (Canberra: Australian Government Publishing Service, 1978), p.147.

APPENDIX B

PUBLIC SERVICE BOARD, STAFF CEILINGS 1982/83 MEMORANDUM

**OFFICE OF THE PUBLIC SERVICE BOARD**

McLACHLAN OFFICES

National Circuit, Canberra, A.C.T. 2600

Reference:

82/6300

18 November 1982

Departments and Authorities
Staffed under the Public Service Act

STAFF CEILINGS 1982/83
FORWARD STAFF ESTIMATES 1983/84

This memorandum seeks information from departments and authorities on the deployment of existing staff and on estimated staff requirements for the remainder of 1982/83 and for 1983/84. The information will be used for:

- a report to Government on the allocation of staff ceilings for 30 June 1983; and
- consideration of the ceilings which will apply for 30 June 1984.

It also sets out some new arrangements for the preparation and processing of forward staff estimates. Forward staff estimates, endorsed by the Minister responsible, should be submitted to the Board's Office by 21 January 1983.

2. References in this memorandum to departments should be read to include statutory authorities staffed under the Public Service Act.

ESTIMATES GUIDELINES

3. Ceilings approved by the Government for 30 June 1983 are intended to meet departments' needs for the remainder of the financial year. Some adjustments may be possible in February 1983 when the Board will undertake a general review of the distribution of current ceilings and report to Government. However, given the Government's policy of staffing and financial restraints, changing needs should continue to be accommodated within approved ceilings by reallocation of staffing priorities.

4. Approved staff ceilings for 30 June 1983 include, where appropriate, staffing assessments for RCF Decisions. In some cases, as a result of other Government decisions, the outcome of reviews, etc, there will need to be some further assessments of savings. These will be taken into account in the February review where necessary.

5. Departments were advised recently of the Government's decisions on staffing resources for FOI. The Government's decisions were taken against the background of "middle-order" estimates of resources required to implement the FOI legislation, provided by departments in response to the Chairman's letter of 28 January 1982. It is recognised that the staffing requirements for FOI will remain uncertain for some time after

the legislation comes into effect. While separate ceilings have not been set for FOI, the Board has advised the Government that it intends to keep a separate record of all ceiling allowances made for FOI and to keep them under review in the light of operating experience. To facilitate this, the FSE forms attached to this memorandum provide for separate details on FOI staff resources (see 'Information Requirements' below).

6. Board's memorandum 81/5221 of 24 December 1981 noted that some departments had in the past made it a practice to employ temporary staff from the beginning of the month up to the day prior to the day on which departments are required to report to the Board on their end month staffing levels. The Board, while recognising that there are legitimate needs for short-term temporary staff e.g. for relief purposes, continues to be concerned about the above practice and is seeking information on 'intra-month' temporary staff usage and requirements. The Board intends that the level of short-term temporary staffing capacity required be considered as a component of total staffing requirements and be the subject of specific approval. This is a new requirement. Form FSE1 provides for this information to be identified in aggregate and where practicable by program. Any department that sees difficulty providing the information should discuss this with its Departmental Structures Division liaison officer. (A list of contact officers and their telephone numbers is at Attachment A.)

INFORMATION REQUIREMENTS

7. In making recommendations to Government on staff ceilings the Board takes into account the cases made by individual departments for staffing resources. At the same time, the Board is required to balance the claims of individual departments against overall staffing priorities and Government decisions on the overall level of resources available. It is envisaged that tight control of staffing levels by the Government will continue for the remainder of 1982/83 and during 1983/84. In these circumstances departments must continue with efforts to optimise their use of staff and, if seeking more staff, need to be able to show that essential work cannot be done within present staffing levels.

8. A number of changes have been made to the Forward Staff Estimates this year to streamline the processes. Briefly, the changes are:

- . the number of forms has been reduced from seven to three and a summary statement.
- . information is not required for 1984/85 or 1985/86
- . the FSE 1 is a summary of full-time and part-time staff, FOI staff to be identified separately - it includes details on apprentices and short-term temporary ('intra-month') staff
- . the FSE 2 is a summary that separates out the overseas component of overall staffing estimates
- . the FSE 3 is the individual program form that is the detailed basis for departments' bids for staffing - details of full-time and part-time staff, FOI staff, apprentices, other categories of staff, overtime worked and consultants, are requested

The attached instructions give details for completing the forms.

SEASONAL AND OTHER VARIATIONS IN STAFFING REQUIREMENTS

9. In order to assist departments in managing their staff numbers, an average staffing level may be approved. In practice this means that end-of-month staffing levels may fluctuate above or below the 30 June ceiling within the following guidelines:

- . the average of the twelve end-of-month staffing levels is not to exceed the approved average
- . staff numbers at 30 June are not to exceed the staff ceiling approved by the Government - the end-of-year ceiling is the primary control over staffing levels
- . every effort should be made to limit staff numbers to essential needs and to make staffing economies where possible.

10. A number of departments already make use of averaging arrangements. These arrangements may be extended to other departments on the basis of demonstrated need. The Board encourages all departments that have found a recurring need to seek approval for short-term temporary staffing increases over and above approved maximum staffing levels, or foresee a need for such approvals for the remainder of 1982/83 and for 1983/84, to consider whether foreseeable needs could be met in advance through averaging arrangements. As far as possible the February review should be used to identify all known and foreseeable staffing requirements (apart from those associated with Budget initiatives) and therefore minimising the number of ad hoc bids for short-term temporary staffing increases. Requests for average staffing levels will be considered in the February review and in this regard departments should include in their estimates information on any temporary or seasonal fluctuations in staffing levels to provide the basis for the calculation of an appropriate average staffing level - see instructions on completing form FSE 3.

PROGRAM FORMATS

11. Where possible, departments should use the same program format as in last year's estimates to allow comparisons with previous FSE's. Changes should be effected only:

- . to reflect new programs or changes to existing functional programs; or
- . to reflect changes in administrative arrangements; or
- . to facilitate comparison of financial and staffing estimates (see paragraph 12 below); and
- . after consultation with the Board's Office.

12. Departments should ensure that the program formats adopted allow ready comparison with financial estimates and the associated functional classification system. In this respect:

- . no single program should refer to staff associated with more than one salary appropriation;

- . in many cases, it will be desirable to have several programs which collectively cover the staff associated with a particular salary appropriation;
- . the relevant financial appropriation code for each program is to be included on Form FSE 3;
- . the same principles apply in those cases where salaries and wages are paid through one-line financial appropriations and Trust Accounts;
- . as set out in the Department of Finance's forward estimates circular 1983/1 of 25 October 1982, the financial appropriation sought for staffing from the Department of Finance is to be consistent with the ceilings approved by the Government and with information provided in the forward staff estimates - in order to provide an indication for three years ahead, of the prospective budgetary situation based on approved ongoing programs and activities only, the Department of Finance is seeking information in the forward financial estimates on total estimated staff numbers at 30 June 1985 and 1986 as well as 1983 and 1984.

13. The FSE 3 asks for staff at 31 December 1982 to be shown. These staff should be shown against the program even if it is to be terminated after 31 December 1982 and before 30 June 1983. The date of termination should be noted on the program form.

14. Experience suggests that the above requirements will present few problems. However, if any difficulties arise in their implementation, departments should consult with Departmental Structures Division officers in the first instance.

AUTHORISATION OF ESTIMATES

15. It is emphasised that endorsement of the estimates by the Minister responsible for the department is required. Departments are urged to seek as much involvement of their Minister as is practicable in formulation of the estimates, particularly in the authorisation of objectives, time scales and priorities proposed for individual programs.

DEPARTMENTAL INTAKE PLANS

16. Board's memorandum 81/2305 of 24 May 1982 gives details of planning of Public Service Act departmental staffing through recruitment intake plans for 1982/83; similar arrangements are expected to apply for 1983/84. The memorandum advised that further modifications have been introduced to the Intake Planning and Control System to help departments meet staff ceilings. Given adequate consultation between Board and departmental officers about projected staffing variations in departmental programs for the remainder of 1982/83 and for 1983/84, departments should be in a position to develop staffing plans taking full account of their staff wastage patterns and workload and the recruitment market.

SUBMISSION OF ESTIMATES

17. It is emphasised that 21 January 1983 is the deadline for submission of the estimates to the Board's Office. Late submission will reduce the opportunity for consultation with departments and for full analysis of estimates before the Board reports to the Government. Provision of adequate supporting information is crucial to consideration of departments' needs.

18. Submissions should comprise three copies of each of the following:

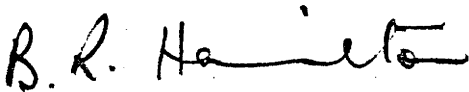
- . FSE SUMMARY STATEMENT
- . FSE 1 Summary of total full-time and part-time requirements by program for 1982/83 and 1983/84
- . FSE 2 Summary of overseas staff requirements
- . FSE 3 Supporting information sheet for each program

NOTE: Within each set, a Form FSE 3 is required for each program. Forms FSE 1 and 2 and the FSE summary statement are summary forms and only one of each form is necessary for each set.

Copies of the completed forms should be marked for the attention of the Assistant Commissioner, Development Branch, Departmental Structures Division.

19. When submitting estimates, departments and authorities should provide advice of endorsement by Ministers. If the estimates have not been endorsed, the Departmental Structures Division should be advised separately in writing once the endorsement has been obtained.

20. Departmental Structures Division (Carmen Zanetti on (062) 717559 or Greg Harper on (062) 717558) should be advised as soon as possible of a contact officer responsible for your submission. Any queries should be directed in the first instance to your liaison officer in the Departmental Structures Division or in the case of overseas staffing to Peter Lush on (062) 717589.



B.R. Hamilton
Secretary

ATTACHMENT A

Ministerial Portfolio/Area of Responsibility	PSB Contact Officer	Phone Number
Aboriginal Affairs	Mr D. Firth	717705
Administrative Services	Mr J. McGovern	717587
Attorney-General's	Mr R. Evans	717664
Aviation	Mr B. Green	717665
Capital Territory	Mr R. Evans	717664
Communications	Mr D. Douglas	717706
Defence	Mr H. Duthie	717593
Defence Support	Mr E. Williams	717588
Education	Ms S. Geddes	717656
Employment and Industrial Relations	Mr N. Grimmond	717701
Finance	Mr P. Chivers	717667
Foreign Affairs and ONA	Mr P. Lush	717589
Health	Mr D. Firth	717705
Home Affairs and Environment	Ms M. Bennett	717704
Immigration and Ethnic Affairs	Mr D. Walker	717556
Industry and Commerce	Mr P. Chivers	717667
National Development and Energy	Miss M. Horgan	717702
Overseas Staff	Mr P. Lush	717589
Primary Industry	Miss M. Horgan	717702
Prime Minister and Cabinet (excl. ONA)	Mr E. Williams	717588
Science and Technology	Mr D. Douglas	717706
Social Security	Mr R. Elmes	717684
Trade and Resources (excl. Trade Commissioner Service)	Mr D. Walker	717556
Trade Commissioner Service	Mr P. Lush	717589
Transport and Construction	Mr R. Lyon	717657
Treasury	Mr F. Mills	717703
Veterans' Affairs	Ms S. Geddes	717656
Vice-President of the Executive Council	Mr E. Williams	717588

INSTRUCTIONS FOR COMPLETING FORWARD STAFF ESTIMATES

FSE SUMMARY STATEMENT

- . Please provide a specific commentary on the following points:
 - procedures used within the organisation for allocating priorities and for reviewing staff deployment against approved ceilings;
 - what decisions have been taken to postpone or discontinue activities, to reduce standards of service, or to redeploy staff; and
 - what further scope exists for deferring or discontinuing lower priority activities, revising standards of service and so on.

FORM FSE 1

- . This form is a summary of full-time and part-time staff ceiling and intra-month staffing requirements for the remainder of 1982/83 and for 1983/84.
- . Intra-month staffing requirements should be shown as a total, and by program where practicable.
- . Departments are asked to identify separately in this form FOI requirements and apprentice requirements.
- . The information should be consistent with that provided in Form FSE 3.
- . Exclude staff funded from Commonwealth work experience and training programs, eg GOY Training, Special Assistance program, from all forms.

FORM FSE 2

- . This form is a summary that separates out requirements for overseas staff from the overall staff estimates provided in FSE 1 and FSE 3.
- . The form should include details of Australia-based staff on long-term postings (ie a posting involving duty for a period of over six months). Staff on visits overseas authorised under OVC quotas should not be included in this form.
- . Details of locally engaged staff requirements will be included in the return of the employing department (Department of Foreign Affairs or Department of Trade and Resources).
- . Any variations to A-based and LES staff overseas should be supported by information provided in the FSE 3.
- . In cases where Australia-based or locally engaged staff perform duties across a range of programs, the staff concerned should be counted against the program which takes up most of their time.

As there are at present no part-time A-based staff overseas, a separate column has not been included in the form. If departments have a part-time requirement this should be identified in an attachment to this form, in the same format as for full-time staff. As above, variations should be supported by information in the FSE 3.

FORM FSE 3

A separate FSE 3 should be submitted for each program.

Set out below are guidelines for filling in this form:

PROGRAM DESCRIPTION/RESULT TO BE ACHIEVED

- a brief description of the program, with some indication of the level at which the program should be performed such as standards of service, time scales etc;
- indicate any variations in these objectives since the FSE's for 1982/83 were submitted;

OTHER CATEGORIES OF STAFF

- include in this category all staff, whether funded from the Budget or other sources, that are not included elsewhere on this form. Please indicate on the form details of the categories of staff employed and the source of funding;

EXPLANATION

- the supporting information should clearly distinguish between proposed staffing variations due to inescapable changes in workloads, those due to changed standards and those due to new activities:
 - (i) new or expanded activities (if any): indicate whether this program includes any new or expanded activities (excluding any new policy proposals that might be included in the Budget - these will be examined in the post Budget review) for which ceiling has not been provided in 1982/83 and indicate what specific Government endorsement, if any, has been given. Please show the number of staff included for any new or expanded activities, with detailed justification;
 - (ii) staffing economies: indicate what reductions in staffing are possible by improving methods, deferring activities, varying specific targets and standards;
 - (iii) continuing activities: provide justification for the staffing level sought. Indicate what changes are proposed or expected in workloads and standards of performance. Outline the estimated effects on objectives, standards of service etc if proposed staffing levels are not approved;

- (iv) seasonal variations: if seasonal or other workload variations are expected during the year and you wish to seek an average staffing level different from your 30 June ceiling, please attach a statement outlining the reasons for variations and showing estimated staffing levels for each month of 1982/83. As far as possible foreseeable needs for short-term temporary staffing increases should be accommodated within an averaging process rather than requests for temporary ceiling adjustments;
- (v) recent review activity: provide details of the most recent review of staff allocations and indicate what action, if any, has been taken since the review;
- (vi) workload indicators: provide comments on available workload indicators for the program and the use made of these in preparing the estimates.

DEPARTMENT / AUTHORITY

[illegible]

DEPARTMENT/AUTHORITY

★ To be completed by the Department of Foreign Affairs, and the Department of Trade and Resources (for locally engaged staff employed under the Trade Commissioner's Act).

FSE 3

DEPARTMENT/AUTHORITY:
PROGRAM TITLE:

PROGRAM NUMBER:
APPROPRIATION CODE:

PROGRAM DESCRIPTION/RESULT TO BE ACHIEVED

OPERATIVE STAFF	30.6.82	31.12.82	30.6.83	30.6.84
FULL-TIME (excluding apprentices, FOI)				
APPRENTICES				
FOI				
PART-TIME (excluding FOI)				
FOI PART-TIME				
OTHER CATEGORIES OF STAFF				
=====	=====	=====	=====	=====
	1981/82 Actual		1982/83	1983/84
OVERTIME (HOURS PAID)				
CONSULTANTS (MANDAYS)				

EXPLANATION (See attached instructions)



PUBLIC SERVICE BOARD, STAFF CEILINGS 1981/82 MEMORANDUM

OFFICE OF THE PUBLIC SERVICE BOARD**McLACHLAN OFFICES**

National Circuit, Canberra, A.C.T. 2600

Telephone 72 3977

Reference: 81/7360

30 October 1981

Departments and Authorities Staffed
Under the Public Service Act

STAFF CEILINGS 1981/82
FORWARD STAFF ESTIMATES 1982/1985

This memorandum seeks information from departments and authorities on the deployment of existing staff and on estimated staff requirements for the remainder of 1981/82 and for 1982/1985. The information will be used for:

- . a report to Government on the allocation of staff under ceilings set for 30 June 1982; and
- . consideration of the ceilings which will apply at 30 June 1983.

It also sets out the arrangements for the preparation and processing of forward staff estimates and outlines the role these estimates play in the annual cycle of staff and establishment management (Attachment A). Forward staff estimates, endorsed by the Minister responsible, should be submitted to the Board's Office by 15 January 1982.

ESTIMATES GUIDELINES

2. The Prime Minister announced on 30 April 1981 that the Government had decided that it should work at achieving an objective of a two per cent reduction, over and above reductions resulting from specific decisions of the Review of Commonwealth Functions, in the number of Commonwealth Government employees in the area subject to staff ceilings over the next two years. Departments and authorities should prepare forward staff estimates with that constraint in mind. While this will necessitate assessing minimum staffing requirements for established activities, redeploying resources away from lower priority work and improving productivity, attention should continue to be given to the longer-term health of the Service through provision for staff development and training, internal audit etc.

REVIEW OF COMMONWEALTH FUNCTIONS (RCF)

3. The provisional staff ceilings decided by the Government for 30 June 1982 took into account as far as possible the staffing implications of decisions arising from the RCF. There remain, however, a number of RCF decisions where staffing assessments have not yet been made. In some cases the results of reviews etc will require further adjustments to staff ceilings and these will be picked up at an appropriate stage of the ceilings cycle.

FREEDOM OF INFORMATION (FOI)

4. The FOI legislation, when enacted, will have both staffing and establishment implications for the Service. When the likely timing of enactment and coming into effect of the legislation is sufficiently clear the Board will be separately consulting with departments and authorities staffed under the Public Service Act on these aspects. Where necessary the Board will be putting forward for consideration by the Government staff ceiling adjustments consistent with the staff resources required for compliance with the legislation. As it will be impracticable to assess in advance the full resource costs of FOI, it is envisaged that staffing arrangements will be developed through an iterative process in which adjustments to staffing levels are made in the light of experience.

INFORMATION REQUIREMENTS

5. The Board is not seeking a detailed breakdown of staff estimates for two and three years hence. Accordingly estimates for 30 June 1984 and 30 June 1985 need only indicate full-time operative staff (excluding apprentices), apprentices and part-time operative staff (Form FSE 2).

6. A detailed breakdown by program is, however, required for the 1982/83 estimates. In order to assess adequately Service-wide staffing needs for 1982/83, the Board must have available comprehensive estimates and a knowledge of decisions already taken by organisations in terms of standards of service, priorities, workloads etc as a means of achieving the approved ceilings for 30 June 1982. Information is therefore required on procedures used for allocating priorities and reviewing staff deployment against approved ceilings, measures that have been taken to achieve ceilings, and the scope for making further economies.

7. The detailed information required in support of the estimated staffing needs for each program is indicated in Form FSE 5. The need for adequate workload indicators is again emphasised. Explanations covering such matters as objectives, time scales, seasonal variations, priorities and standards of service should be provided together with the estimated effects on them if the staff levels sought are not realised. The supporting information should clearly distinguish between proposed staffing variations due to inescapable changes in workloads, those due to changed standards and those due to new activities. Staffing estimates should be confined to currently approved activities or those to which a firm commitment has been made. Instructions on completing Form FSE 5 are provided with the Form.

8. The use of consultants and overtime will be monitored as for last year. Information is again being sought from all organisations on any categories of staff not included elsewhere in the estimates. All staff, whether funded from the Budget or from other sources, should be included either in the main 'subject to ceilings' tables or in the 'not included elsewhere' category of Form FSE 3.

APPRENTICES

9. Departments and authorities with apprentice requirements should provide the necessary information by completing Form FSE 4. The information should be consistent with that submitted to the Board's Office for recruitment planning purposes.

OVERSEAS STAFF

10. Separate information is sought on overseas staffing requirements. Forms FSE 6 and FSE 7 should be completed by those departments and authorities which have Australia-based staff on long-term postings overseas ie a posting usually involving duty for a period of over six months overseas. Staff on visits overseas authorised under OVC quotas should not be included.

11. Overseas staffing requirements should be included in the estimates shown on Forms FSE 2 and FSE 5. The purpose of Forms FSE 6 and FSE 7 is to separate out the overseas component of overall estimates.

12. Estimates for locally engaged staff are to be provided by the employing department (in most cases the Departments of Foreign Affairs or Trade and Resources).

13. In cases where Australia-based or locally engaged staff perform duties across a range of programs, the staff concerned should be counted against the program which takes up most of their time.

14. Any queries on overseas staffing and completion of Forms FSE 6 and FSE 7 should be directed to Graham Beer (717590).

SEASONAL AND OTHER VARIATIONS IN STAFFING REQUIREMENTS

15. In the light of the outcome of the Review of Commonwealth Functions, the system of approved average monthly staffing levels which had been operating prior to June 1981 was replaced for 1981/82 by the provision of either indicative end-month staffing plans or separately identified 'man-year' allocations for organisations with seasonal requirements. While it is not clear at this stage what arrangements for matching staff to changing workloads will need to apply in 1982/83, details of predicted fluctuations in staffing requirements for 1982/83 should be included on Form FSE 5.

PROGRAM FORMATS

16. Where possible, departments and authorities should use the same program format as in last year's estimates. Changes should be effected only:

- . to reflect new programs or changes to existing functional programs; or
- . to reflect changes in administrative arrangements; or
- . to facilitate comparison of financial and staffing estimates (see paragraph 17 below); and
- . only after consultation with the Board's Office.

17. Organisations should ensure that the program formats adopted allow ready comparison with financial estimates and the associated functional classification system. In this respect:

- . no single program should refer to staff associated with more than one salary appropriation;
- . in many cases, it will be desirable to have several programs which collectively cover the staff associated with a particular salary appropriation;
- . the relevant financial appropriation code for each program is to be included on Form FSE 5;
- . the same principles apply in those cases where salaries and wages are paid through one-line financial appropriations and Trust Accounts;
- . the financial appropriation sought for staffing from the Department of Finance is to be consistent with the provisional ceilings approved by the Government and with information provided in the forward staff estimates (Department of Finance forward estimates circular 1982/1 of 2 October 1981 refers).

18. Where a program is to be terminated after 31 December 1981, the staff held against that program should still be shown on Forms FSE 2. A Form FSE 5 and, if appropriate, FSE 7 should be submitted in respect of such programs.

19. Experience suggests that the above requirements will present few problems. However, if any difficulties arise in their implementation, organisations should consult with the Board's officers in the first instance.

AUTHORISATION OF ESTIMATES

20. It is emphasised that Ministerial endorsement of the estimates is required. Departments and authorities are urged to seek as much involvement of their Minister as is practicable in formulation of the estimates, particularly in the authorisation of objectives, time scales and priorities proposed for individual programs.

CONSULTATION WITH DEPARTMENTS AND AUTHORITIES

21. The proposed timetable for staffing and establishment control for 1982/83 is at Attachment A. Given adequate consultation, organisations should be in a position to develop staffing plans taking full account of their staff wastage, workload patterns and the recruitment market. PSB memorandum 81/2305 of 16 June 1981 outlined the recruitment planning arrangements which apply during 1981/82; similar arrangements are expected to apply for 1982/83.

SUBMISSION OF ESTIMATES

22. It is emphasised that 15 January 1982 is the deadline for submission to the Board's Office. Late submission will reduce the opportunity for consultation with departments and authorities and for full analysis of estimates before the Board reports to the Government. Provision of adequate supporting information is crucial to consideration of organisations' needs.

23. Submissions should comprise three copies of each of the following forms:

- . FSE 1 Summary statement for the organisation
- . FSE 2 Summary of total full-time and part-time staff requirements by program for 1982/83 together with estimates of aggregate operative staff requirements for 1983/84 and 1984/85
- . FSE 3 Summary of total overtime, consultants and 'other staff' requirements for 1982/83
- . FSE 4 Information on apprentices
- . FSE 5 Supporting information sheet for each program
- . FSE 6 Summary of full-time and part-time overseas staff requirements
- . FSE 7 Supporting information sheet for each program involving overseas staff requirements.

NOTE: Within each set, a Form FSE 5 is required for each program and a Form FSE 7 for each program involving overseas staff requirements. Forms FSE 1, 2, 3, 4 and 6 are summary forms and only one of each form is necessary for each set.

Copies of the completed forms should be marked for the attention of the Assistant Commissioner, Development Branch, Departmental Structures Division, Office of the Public Service Board.

24. When submitting estimates, departments and authorities should provide advice of Ministerial endorsement. If the estimates have not been endorsed, the Board's Office should be advised separately in writing once the endorsement has been obtained.

25. The Board's Office (Allan Hawke on (062) 717559 or Norm Grimmond on (062) 717558) should be advised as soon as possible of a contact officer responsible for your submission. Any queries should be directed in the first instance to your liaison officer in the Departmental Structures Division of the Board's Office or in the case of overseas staffing to Graham Beer on 717590.



B.R. Hamilton
Secretary

STAFF AND ESTABLISHMENT MANAGEMENT - ANNUAL CYCLE FOR 1982/83 ESTIMATES

- | | |
|---|--|
| November/December 1981 | <ul style="list-style-type: none">• As necessary, consultation between departments and the Board's Office to revise program structures; clarification of the distribution of current ceilings across programs.• Departments submit their recruitment forecasts for the March quarter of 1982. |
| 15 January 1982 | <ul style="list-style-type: none">• Departments lodge forward staff estimates for 1982/83. |
| January/February 1982 | <ul style="list-style-type: none">• Discussion between Board and departmental officers to clarify and assess staff estimates submissions on a program by program basis. |
| February 1982 | <ul style="list-style-type: none">• Board to undertake a general review and report to Government on the allocation of staff under ceilings set for 30 June 1982.• Board reports to Government on overall staffing outlook for 1982/83. |
| March 1982
(or as agreed with
the Board's Office) | <ul style="list-style-type: none">• Departments submit proposals (if necessary) for supplementary adjustment of establishment for 1981/82 against existing staffing and financial provisions (PSB Memorandum 80/1592 of 9 September 1981 refers).• Departments submit recruitment forecasts for the June quarter of 1982. |
| March/April 1982 | <ul style="list-style-type: none">• Board reports to Government on provisional ceilings.• Departments submit forecasts for AROs and CSOs for 1982/83. |
| April/May 1982 | <ul style="list-style-type: none">• Issue of guidelines on staff levels (provisional ceilings) to departments to be used in financial 'first bids', and discussion between departments and the Board's Office on the basis of the provisional ceilings. |
| June 1982 | <ul style="list-style-type: none">• Departments submit to the Board's Office their recruitment forecasts for the September quarter of 1982 in accordance with an overall staffing plan based on provisional ceilings and expected wastage rates. |

August/September 1982

- Board reports to Government on variations to provisional ceilings in the light of budget decisions.
- Approved staffing levels for 1982/83 advised to departments.
- Departments revise overall staffing plan in the light of approved ceilings.

As soon as possible after the ceiling outcome is known, or as agreed with the Board's Office

- Departments submit final establishment proposals to cover the approved staffing levels for 1982/83.
- Departments submit recruitment forecasts for the December quarter of 1982 and forecasts for apprentice and trainee intakes for 1982/83.

October/November 1982

- Establishment approvals finalised.

December 1982

- Departments submit recruitment forecasts for the March quarter of 1983.

February 1983

- Board undertakes a general review and reports to Government on the allocation of staff under ceilings set for 30 June 1983.

March 1983

- Departments submit recruitment forecasts for the June quarter of 1983.

FSE SUMMARY STATEMENT

Please provide a specific commentary on the following points:

- procedures used within the organisation for allocating priorities and for reviewing staff deployment against approved ceilings;
- what decisions have been taken to postpone or discontinue activities, to reduce standards of service, or to redeploy staff; and
- what further scope exists for deferring or discontinuing lower priority activities, revising standards of service and so on.

PART-TIME OPERATIVE STAFF

[illegible]

(a) delete as necessary

(b) should not exceed approved ceiling for 30 June 1982

(c) totals only required for 1984 and 1985

SUMMARY SHEET

DEPARTMENT / AUTHORITY:

[illegible]

(a) delete as necessary

APPRENTICES

DEPARTMENT/AUTHORITY:

	1980/81 Actual				1981/82			1982/83		
	Subject to (a) ceilings	Not Subject to (a) ceilings	Total		Subject to (a) ceilings	Not subject to (a) ceilings	Total	Subject to (a) ceilings	Not Subject to (a) ceilings	Total
Number of apprentices commencing: 3 year apprenticeships 4 year apprenticeships										
Number of apprentices completing: 3 year apprenticeships 4 year apprenticeships										
Number of apprentices lost by wastage from: 3 year apprenticeships 4 year apprenticeships										
Number of apprentices transferring in and/or out of department/authority: 3 year apprentices 4 year apprentices										
Number of apprentices employed at 30 June: 3 year apprenticeships 4 year apprenticeships										

(a) All apprentices are subject to staff ceilings except NEAT (includes NESAs) and GOYS apprentices.

GUIDELINES FOR COMPLETION OF FORM FSE 5

Please provide the information indicated below under the headings used on Form FSE 5.

RESULT TO BE ACHIEVED

- (i) List standards of service, time scales etc relevant to the output of this program;
- (ii) highlight any variations in these objectives since 1981/82 ceilings were set.

STAFFING VARIATIONS SOUGHT

- (i) New or expanded activities (if any): indicate whether this program includes any new or expanded activities for which staff have not been provided in 1981/82 and indicate what specific endorsement (eg Cabinet Decision number, statement by Minister); if any, has been given by the Government. Please show clearly the number of staff included for any new or expanded activities, with detailed justification;
- (ii) staffing economies: indicate what reductions in staffing are possible by improving methods, deferring activities, varying specific targets and standards;
- (iii) continuing activities: provide detailed justification for the staffing level sought. Indicate what changes are proposed or expected in workloads and standards of performance. Outline the estimated effects on objectives, standards of service etc of proposed staffing levels not being realised;
- (iv) seasonal variations: if seasonal or other workload variations are expected during the year, please attach a statement outlining the reasons for variations and showing estimated staffing levels for each month of 1982/83.

MOST RECENT REVIEW ACTIVITY

- (i) Provide details of the most recent review of staff allocations;
- (ii) indicate what action if any has been taken since the review.

NOTE: Unless exceptional circumstances exist, departments and authorities should not estimate a level of full-time operative staffing, including seasonal staff, at 30 June 1982 which could not be achieved within the approved ceiling for that date.

DEPARTMENT/AUTHORITY:

FSE 5 (See Attached Instructions)

PROGRAM TITLE:

PROGRAM NUMBER:

APPROPRIATION CODE:

PROGRAM DESCRIPTION/RESULT TO BE ACHIEVED

OPERATIVE STAFF	30.6.81	31.12.81	30.6.82	30.5.83
FULL-TIME (excluding apprentices)				
APPRENTICES (excluding NEAT, GOYS apprentices)				
PART-TIME				
WORKLOAD INDICATORS (separate attachment if necessary)	1980/81		1981/82	1982/83

STAFFING VARIATIONS SOUGHT (See Attached Instructions):

MOST RECENT REVIEW ACTIVITY:

FSE 6

ESTIMATED FULL-TIME AND PART-TIME STAFF REQUIRED OVERSEAS

A - BASED STAFF ON LONGTERM POSTINGS AND LOCALLY ENGAGED STAFF

SUMMARY SHEET (A)

DEPARTMENT/AUTHORITY:

PROGRAM		FULL-TIME OPERATIVE STAFF OVERSEAS (B)					PART-TIME OPERATIVE STAFF OVERSEAS (B)				
NO.	TITLE	31/12/81 Actual	30/6/ 82	30/6/83	30/6/84	30/6/85	31/12/ 81 Actual	30/6/82	30/6,83	30/6/84	30/6/ 85
	A-based LES(C)										
	A-based LES(C)										
	A-based LES(C)										
	A-based LES(C)										
	A-based LES(C)										
	A-based LES(C)										
	A-based LES(C)										
	A-based LES(C)										
TOTAL OPERATIVE STAFF					(D)	(D)				(D)	(D)

- A) This sheet summarizes overseas staff already included in the total staff requirements summarized in FSE2.
- B) Does not include A-based staff on visits overseas authorised under OVC quotas.
- C) LES employed by the Departments of Foreign Affairs or Trade and Resources will be included in the return of the employing Department.
- D) Totals (only) required for 1984 and 1985.

GUIDELINES FOR COMPLETION OF FORM FSE 7

A separate form should be completed for each program which has A-based or locally engaged staff overseas. Locally engaged staff will be included in forms submitted by the employing Departments (ie Department of Foreign Affairs or Department of Trade and Resources).

Figures in this form are also to be included in the total figure for each program (ie in Form FSE 5).

If the entry under heading 'Workload Indicators', 'Staffing Variations Sought' and 'Most Recent Review Activity' will be the same as that recorded on the Form FSE 5, annotate the Form FSE 7 accordingly.

See also general instructions for completion of Form FSE 5.

ESTIMATED FULL-TIME AND PART-TIME STAFF OVERSEAS

DEPARTMENT/AUTHORITY:

PROGRAM NUMBER:

PROGRAM TITLE:

APPROPRIATION CODE:

DESCRIPTION/RESULT TO BE ACHIEVED:

OPERATIVE STAFF OVERSEAS		30/6/ 81	31/12/ 81	30/6/ 82	30/6/ 83
Full-Time	A-based				
	LES				
Part-Time	A-based				
	LES				
WORK LOAD INDICATORS (Separate Attachment if Necessary)		1980/81		1981/82	1982/83

STAFFING VARIATIONS SOUGHT
(See Attached Instructions)

STAFFING VARIATIONS SOUGHT (See Attached Instructions)

APPENDIX D

DEPARTMENT OF SOCIAL SECURITY, STAFF CEILING VARIATIONS

Date	Variation Sought	Date	Variation Approved	New Ceiling	Remarks
June 1971				4550	Includes Full-time, Part-time and inoperatives
July 1971			+140	4690	
October 1971			-15	4675	
		July 1972	+304	4929	Full-time operative staff
		December 1972		No Ceiling	Ceiling lifted
12-6-73	+1300	31-8-73	+786	6967	Full-time operative staff
6-2-74	+423	1-5-74	No figures	6967	Can exceed ceilings
24-6-74	+808	2-8-74	+273	7240	
23-8-74	Sought review 9-7-74		0	7240	
	No figures mentioned				
5-11-74	Sought review 9-12-74		+287	7527	
	No figures mentioned				
9.12.74	-44				Functions transferred out
		15-1-75		No ceiling	Ceiling lifted
		18-7-75	-	9117	Ceiling reimposed for full-time operative staff
24-7-75	Upward review 4-8-75		0	9117	
	sought - no figure				
		19-8-75	-10	9107	Functions transferred out
19-9-75	+200				
		7-11-75	+295	9402	
28-11-75	+520	15-12-75	+202	9604	
		24-12-75	+206	9810	

Date	Variation Sought	Date	Variation Approved	New Ceiling	Remarks
		13-2-76	-285	9525	Government's directive to achieve reductions, ceiling includes inoperatives
29-3-76	+6	5-4-76	-75	9450	
28-5-76	+534	15-6-76	+60	9510	
7-6-76	+518	29-6-76	0	9510	
		18-8-76	-673	8837	Functions transferred out
26-8-76	+312	29-8-76	+35	8892	
10-9-76	+190	12-10-76	+150	9022	Also refer 7-6-76
25-10-76	+128	29-11-76	0	9022	
23-11-76	+65	11-1-77	+52	9074	Temporary penetration
1-12-76	+224	11-1-77	+210	9284	
7-2-77	+360	7-3-77	0	9284	
		20-4-77	-32	9252	
		27-4-77	+218	9470	refer 7-2-77
			-60	9410	Approval of
					12-10-76 reduced
13-5-77	+478	31-5-77	+285	9675	Temporary Approval
		1-7-77	+100	9775	Ceiling revised
			-15	9760	refer 7-2-77
					Function transferred out
28-7-77	+235	19-10-77	+150	9910	
		27-10-77	-400	9510	Inoperatives excluded from the ceiling
8-11-77	+757	25-11-77	+403	9913	Joint Advisory Committee recommendations

Date	Variation Sought	Date	Variation Approved	New Ceiling	Remarks
16-2-78	-210	16-2-78	-210	9703	Functions transferred out
7-3-78	+500	4-4-78	+297	10,000	
8-4-78	+1174	2-6-78	+400	10,400	
12-5-78	+326	7-6-78	0	10,400	Bid rejected
19-7-78	+1160	4-8-78	+400	10,800	
31-8-78	+545				
22-9-78	+400	10-10-78	+200	11,000	
13-10-78	+545				
14-12-78	+1011	21-12-78	+400	11,400	
		6-3-79	-6	11,394	
14-2-79	+349	3-5-79	+156	11,550	
15-6-79	+309				
10-10-79	+707	26-10-79	0	11,550	
24-1-80	+227	6-3-80	0	11,550	
		16-4-80	+130	11,680	Ceiling for June 1981 - Ceiling sought was +573
4-6-80	+201	23-7-80	+62 Average	11,680	No change in ceiling
22-8-80	+154				
26-9-80	+4	9-10-80	0	11,680	
21-10-80	+2	7-11-80	-186	11,494	RCF freeze
-1-81	+870	16-4-81	-244	11,250	
		22-5-81	+151	11,401	Function gained
		19-8-81	+245	11,646	RCF 2% cut exemption
26-8-81	+51	29-9-81	+8	11,654	
		10-3-82	+45	11,699	

Source: Information provided by the Department of Social Security, Commonwealth of Australia.

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