



Name of Policy to be costed: Reduction of Average Staffing Levels (ASL) in the General Government Sector (GGS)

Description of Policy:

- This policy would reduce the number of ASL employed in the GGS by 12,000.

Financial implications (outturn prices)^(a):

Option 1

Impact on:	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)
Fiscal balance	33.7	505.5	1,078.3	1,213.1
Underlying cash balance	33.7	505.5	1,078.3	1,213.1

Option 2

Impact on:	2013-14 (\$m)	2014-15 (\$m)	2015-16 (\$m)	2016-17 (\$m)
Fiscal balance	-	-	278.0	454.9
Underlying cash balance	-	-	278.0	454.9

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments in cash terms.

Costing methodology:

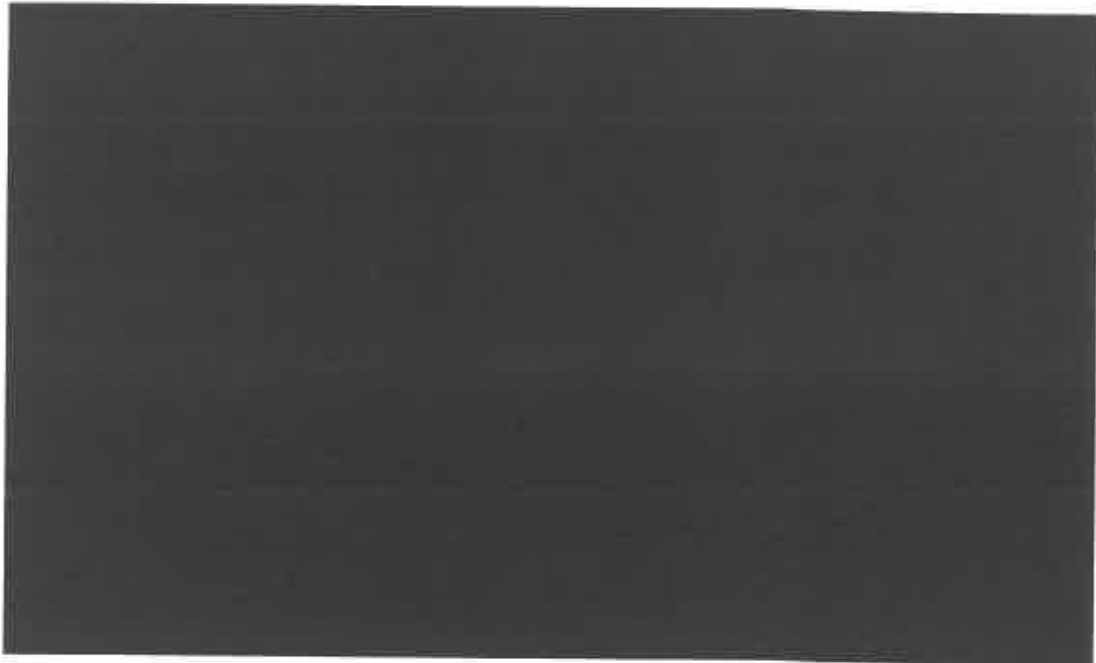
- Based on the 2013-14 Budget estimates, and including the announced *Efficient Management Structures* measure, a reduction of around 7,500 ASL is already included in the forward estimates.
- **Option 1** assumes a further reduction in ASL of 12,000 which would result in a total reduction on 2013-14 levels of around 19,500 by 2016-17.
- **Option 2** takes into account the forecast reduction of 7,500 ASL already in the forward estimates and assumes a further reduction in ASL of 4,500 in order to achieve a total reduction on 2013-14 levels of around 12,000 by 2016-17.

Common assumptions:

- Assumes recruitment ceases on, or as close as possible to, 1 November 2013 for agencies within the GGS;
- ASL estimates taken from data published in Budget Paper 1, Statement 6, Table C3 as provided by agencies as at 2013-14 Budget;
- Wages and Salaries Expenses and Superannuation Expenses taken from data published in Budget Paper 1, Statement 9 as at the 2013-14 Budget;
- Assumes an average salary per ASL of approximately \$92,500 in 2013-14 derived from the sum of Wages and Salaries Expenses plus Superannuation Expenses (\$23.8 billion) and budgeted ASL of 257,376. The derived average salary is indexed by 3% in each of the forward estimates; and
- Excludes ASL in front line agencies, which comprises 45 per cent of ASL employed in the GGS (Defence military and reserves, Centrelink and Medicare components of DHS, AFP, and some components of Customs, DIAC and DAFF).

Caveats of qualifications to the costing:

- This costing has been prepared at an aggregate GGS level, using a broad rule of thumb methodology. Further work would be required to analyse the outcome by agency and to develop a more detailed costing.



Person Making the Request:	
Date and time of request:	29 July 2013, 12:35pm