EXECUTIVE SUMMARY

- There are 2,015 ongoing employees working in the Australian Public Service (APS) in Townsville.
- A hiring freeze will cut 185 or 9.2% of all ongoing jobs in the region over two years with potentially more non-ongoing jobs being lost if contracts are not renewed.
- An additional 69 jobs in the region may be under threat from further cuts required to reach the $50 billion in savings required to fund the Coalition’s promises.
A Commission of Audit process is likely to recommend outsourcing corporate and IT functions that the public service currently provides. Outsourcing may affect up to 152 jobs in agencies such as the Australian Taxation Office, Department of Human Services and Department of Defence.
- Total public service job losses from budget cuts, hiring freeze and the Commission of Audit may be up to 406 in Townsville. These losses would cumulatively take a total of $87m out of the local economy over the next three years.

HOW MANY FEDERAL PUBLIC SERVANTS WORK IN THE REGION?

According to the APSC, 2,015 ongoing employees work in the APS in Townsville.

According to Australian Public Service Employment Database (APSED), 2,015 employees work in the APS in Townsville. Approximately 11.4% of all APS employees in Queensland are based in Townsville.

The largest APS employer is Department of Human Services (DHS), followed by the Australian Taxation Office (ATO), Department of Defence and the Great Barrier Reef Marine Park Authority (GBRMPA). Other agencies include:

- Department of Veterans’ Affairs;
- Bureau of Meteorology (BOM);
- Department of Health and Ageing (DoHA);
- Department of Employment and Workplace Relations (DEEWR);
- Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE);
- Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA)
- Family Court;
- Customs;
- Federal Circuit Court;
- Defence Housing Authority (DHA);
- Commonwealth Director of Public Prosecutions (DPP)
- Department of Regional Australia, Local Government, Arts and Sports (DRLAGAS);
- Australian Competition and Consumer Commission (ACCC)
- Aboriginal Hostels Limited (AHL); and
- Department of Agriculture, Fisheries and Forestry (DAFF).

These APS staffing figures do not include other Commonwealth public sector employees, for example, ABC, CSIRO, Australian Institute of Marine Science, universities or Australia Post, who are not covered by the Public Service Act. Defence Materiel Organisation (DMO) staff are included within Defence.
ALREADY GONE

Impact of the Coalition job freeze

Based on voluntary exit rates from agencies in the region, calculated using snAPShots December 2012 Employment Data and regional staffing figures from the APSC, a two year freeze in hiring would equate to a loss of 9.2% of ongoing APS jobs in Townsville or 185 ongoing jobs (95 in first year and 90 in the second year).ii

The majority of jobs lost in Townsville would be from DHS (63), GBRMPA (34), Defence (33) and the ATO (29). There would also be job losses at the Aboriginal Hostels Ltd (8), DHA (6), DAFF Biosecurity (2) amongst others.

These hiring freeze figures do not include the possible impact of non-ongoing contacts not being renewed. After the election of the Newman Government in Queensland, 3,400 non-ongoing employees did not have their contracts renewed at the end of the 2011-12 financial year.iii This may be a scenario that affects many non-ongoing employees in Townsville.

Job losses from the Coalition hiring freeze = 185

TO GO

Broad cuts to public spending

"An incoming Coalition government will resist new spending commitments that aren't fully funded, nearly always by offsetting expenditure reductions."

Tony Abbott, Budget Reply Speech, May 16 2013iv

Since 2010, the Federal Coalition has made up to $50 billion in unfunded promises.v The size of the savings required, the Coalition’s spending commitments such as its paid parental leave scheme, plans to repeal the carbon and mining taxes and Joe Hockey’s rhetoric about entitlements suggests large cuts to public expenditure. Savings of $50 billion would be the equivalent of a cut of 12.6% of public expenditure in 2013-14.

A 12.6% cut to APS employment would be 254 jobs in Townsville. It would not be achieved by a hiring freeze and require 69 redundancies

Job losses from $50bn in cuts = 69
The other big threat to jobs in the region is outsourcing. Corporate functions (including human resources, administrative support and IT) in the region are under threat if a Coalition Government is elected federally and a Commission of Audit process occurs. Commissions of Audit processes in conservative states have all recommended the outsourcing of these functions; it is likely that a Federal Coalition Government will follow this approach.

The NSW Commission of Audit stated that “functions which are most often considered candidates for early outsourcing include payroll, desktop IT support, fleet management and facilities management.” The Coalition has also indicated that it will encourage the Commonwealth to outsource legal work to the private sector.

Agencies with these functions that will be affected by outsourcing include (but are not limited to)

- ATO
- DHS
- Defence

This section draws from CPSU internal research to reveal how outsourcing may impact on agencies.

**ATO**

According to the APSC, there are 431 ATO staff located in the Townsville region. The ATO comprises 21.4% of all APS jobs in the region.

*Table 1: ATO staff in areas under threat from outsourcing*

<table>
<thead>
<tr>
<th>Subplan</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATO People</td>
<td>11</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>6</td>
</tr>
<tr>
<td>Law &amp; Practice</td>
<td>2</td>
</tr>
<tr>
<td>Enterprise, Solutions and Technology</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>
The CPSU estimates that up to 20 ATO jobs would be under threat under an Abbott Government if they copy Commissions of Audit recommendations and outsource corporate functions. These would come from shared services staff including staff in Human Resources, legal staff, in corporate services and staff in IT.

**DHS**

The Department of Human Services has over seven hundred employees in Townsville. DHS employs 755 staff and they are 37.5% of all APS jobs in the area.

**Table 2: DHS staff in areas under threat from outsourcing**

<table>
<thead>
<tr>
<th>Function</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Services (IT, HR)</td>
<td>25</td>
</tr>
</tbody>
</table>

Of the DHS employees in the region, 25 work in corporate services such as HR or IT. These jobs could all be under threat from a Commission of Audit recommending an agenda of outsourcing.

**Defence**

The Department of Defence employs 356 staff in Townsville according to the APSC. These employees perform functions such as IT, training, administrative support, and human resources. Defence comprises 17.7% of all APS jobs in Townsville.

**Table 3: Defence staff in areas under threat from outsourcing by location**

<table>
<thead>
<tr>
<th>Location</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Townsville</td>
<td>107</td>
</tr>
</tbody>
</table>

Defence employees that perform corporate roles (IT, human resources, travel) and provide administrative support would under threat from an agenda of outsourcing.

The CPSU estimates that up to 107 Defence jobs would be under threat from outsourcing in Townsville.

**Jobs at risk from the Commission of Audit = 152**
BACKGROUND

"We will trim the public service by at least 12,000"
Tony Abbott, Bolt Report, 24 March 2013

Since 2010, the Federal Coalition has said that there are 20,000 too many APS employees and, if elected, it will cut at least 12,000 jobs by a hiring freeze over two years. It is unclear if this includes both ongoing and non-ongoing staff and whether any agencies are exempt.

Ewen Jones, the member for Herbert, has stated in response to questions about the hiring freeze that “we’ve said that’s in Canberra”. CPSU analysis, however, has shown that only 6,208 ongoing jobs will be lost from the ACT through a hiring freeze. Communities across the country including Townsville will be affected if the Coalition seeks to cut the public service by at least 12,000.

History repeating

Past experience has indicated the Coalition has promised limited job losses in Opposition but has cut the public sector and outsourced significantly after being elected. In 1996, the Coalition promised 2,500 APS jobs with no forced redundancies. According to Australian Public Service Commission (APSC) figures, between June 1996 and June 1999, 31,283 APS employees were retrenched. Such a scenario may occur again to achieve the large savings the Coalition is currently discussing.

Austerity measures

The Coalition has also indicated a willingness to adopt a Big Society agenda if it gets into power. The ‘Big Society’ refers to a set of public policies that seek to shrink the state while expanding the private and community sectors. Key ‘Big Society’ thinker Phillip Blond spoke to the Liberal Party’s thinktank, the Menzies Research Institute in June 2011 and James Whelan from the Centre for Policy Development has noted that many of the Coalition’s policy announcements bear a striking resemblance to Big Society policies.

Big Society looms

The Coalition’s willingness to embrace Big Society-style policies can be seen in state conservative governments implementing large scale public sector cuts and reducing funding to the community sector while talking up and trialling the sorts of social entrepreneurship policies that were promoted by Big Society advocates but have so far proven quite limited in the United Kingdom.

Beware a Commission of Audit

Newly-elected state conservative governments have held Commission of Audit processes to justify their ‘Big Society’ agenda. The Commissions of Audit have recommended the extensive outsourcing of government functions including front-line service delivery and corporate services (including IT) which conservative governments have adopted. The Coalition has also committed to holding a Commission of Audit process for Commonwealth services if elected.

State Liberal cuts

The state-level Commissions of Audit have indicated they do not believe government should necessarily be the provider of public services and should only provide a minimal level of public services. For example, the Queensland (QLD) Commission of Audit stated “identification of a service as being the responsibility of government does not necessarily imply that government should directly deliver that service”. The Queensland Government adopted the Commission’s recommendations to privatise aged care, outsource hospital services, limit state provision of primary health care and outsource rail services as well as the corporate functions of public services. Queensland Premier Campbell Newman has called on the federal Coalition to copy these measures.

The Federal Coalition previously conducted a Commission of Audit in 1996. The Commission took an economic focus in determining whether “the Government is involved in the right activities and those activities
are being done at least cost." This is very similar to the rhetoric used by the Coalition. For example, Joe Hockey has stated that the public sector will be reformed to "to ensure it is providing the services which only government can best provide." The Commission also pushed for the government to be a "purchaser of services rather than a provider of services".

The 1996 Commission of Audit also made a number of recommendations in regard to functions that should be transferred to the State such as primary and secondary education, aged care and health related services and housing. Shadow Finance Minister Andrew Robb has recently made similar comments about reducing expenditure and the size of the public sector by outsourcing Commonwealth administration of federal policies to state and territory governments. It is unclear how extensive this would be.

Given the recommendations of the 1996 Commission of Audit, similar recommendations are likely to be made and enacted if the Coalition is elected.

LIBERAL POLICIES TOWARDS THE PUBLIC SERVICE IN GOVERNMENT

"We will need more public servants, not less."
Barry O'Farrell, Fate of our State debate 24 February, 2011

"What I’m saying is that the public service has nothing to fear from me."
Campbell Newman, Brisbane Times, 4 April 2011

Coalition Governments have typically promised little to no job cuts in Opposition but then significantly cut the public service after getting into power. The NSW and QLD Governments have cut 15,000 jobs each while in Victoria it has cut 4,200.

It is unlikely that a hiring freeze will reach the level of savings the Federal Coalition requires to meet all its election commitments, and based on past experience of state conservative governments, there will be a 'Big Society' agenda of further cuts and outsourcing to achieve it.

Unlike the previous rounds of Commonwealth outsourcing that occurred under the Howard Government, work is likely to be offshored. The Australian Financial Review has reported that "an understanding has emerged between the Coalition and industry that outsourcing will increase markedly under its rule." Typically those technology companies that tender for government work send those roles offshore to conduct significant amounts lower-cost destinations like India. Offshoring could affect DHS call centres that are predominantly based in regional communities and employ over a 100 staff per centre. ATO and DHS processing work in regional areas may also be outsourced.

The Coalition has already shown an unwillingness to oppose the offshoring of private sector jobs with Joe Hockey indicating that offshoring is inevitable because of technological change and that it has to be accepted.

TOTAL JOBS LOST UNDER A COALITION GOVERNMENT

Based on the sum of the Coalition hiring freeze (185), jobs lost from additional cuts (69) and jobs likely to be under threat from the Commission of Audit (152), the total number of APS jobs that are known to be under threat is 406 of all ongoing jobs in Townsville.
These job losses would cumulatively take an estimated total of $87 million out of the local economy over the next three years. xxiv

There may be further job losses if the Coalition targets DEEWR and DoHA and non-ongoing staff do not get their contacts renewed and if a Coalition Government seeks to implement a ‘Big Society’ agenda of deep cuts and public service outsourcing.

Total jobs under threat = 406

Sources

1 The voluntary exit rate is calculated based on the number of ongoing employees who left the APS voluntarily during the period as a percentage of the ongoing headcount. It excludes voluntary and involuntary redundancies, invalidity retirements, terminations and Machinery of Government changes. The agency’s national voluntary exit rate is used as separations by location are not provided.
3 NSW Commission of Audit, Final Report: Expenditure, p.293
4 Coalition speaker’s notes, 1 July 2012, p.34
5 NSW Commission of Audit, Final Report: Expenditure, p.295
7 CPSU internal data
8 CPSU internal data
12 CPSU, Report on the impact of a Coalition government on federal public sector jobs (Australian Capital Territory and Capital Region)
14 Calculation base on APSC data, Table 43, 1996-1999, provided by APSC ‘Bulletin Tables 2010 final.xls’
18 Queensland Commission of Audit, Final Report, Volume 2, February 2013, p.31
31 This calculation is based on the estimated wages and salaries for an APS employee of $76,821. This is based on 2013-14 Budget figures that estimate the Commonwealth will spend $19,772 billion on public sector wages and salaries in 2013-14 and the estimated
average staffing level of the Australian government general sector of 257,376. The cumulative total is based on the assumption of outsourcing in the first year and the effect of compounded savings over the three years. This calculation does not include inflation.