

## **PURPOSE OF BUDGET PAPER NO. 4**

In 2018-19, agencies will have responsibility for administering approximately \$488.6 billion in expenses to deliver services for individuals, families and businesses.

Budget Paper No. 4 sets out the departmental funding for agencies<sup>1</sup>, administered funding managed by agencies, their funding sources and the purposes of that funding under the Outcome statements for each agency in the General Government Sector.<sup>2</sup>

Additionally, information is provided on the staffing of agencies delivering services to the Australian community. Taken together, the information in Budget Paper No. 4 shows the full allocation of resources across government.

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1 For ease of reading, the term 'agency' is used throughout this preface to refer to non-corporate and corporate Commonwealth entities.

2 The General Government Sector provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or distribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding (2018-19 Budget, Budget Paper No. 1, Statement 10, Appendix A).



## PREFACE

The Australian Government continues to respond to the challenges of a rapidly changing global environment and the continued need for fiscal discipline, by transforming the delivery of government services to individuals, families and businesses, and improving how the public sector operates.

### **BETTER SERVICES TO CITIZENS AND BUSINESSES, DELIVERED MORE EFFICIENTLY**

Australian citizens and businesses expect high quality government services, delivered in real-time, and at low cost, that can be accessed with minimal effort. Importantly, in a fiscally constrained environment, the public sector must meet these expectations in the most efficient way possible.

This Government has made significant progress in driving improved efficiency and productivity in the public sector. The overall cost of government administration<sup>3</sup> continues to fall as a proportion of overall government expenditure. Graph 1 shows that departmental expenses (excluding the Department of Defence and the National Disability Insurance Agency) as a proportion of the General Government Sector decreased from 8.5 per cent in 2007-08 to 6.8 per cent in 2017-18, and is expected to further decrease over the current budget and forward estimates period to 5.6 per cent in 2021-22.

In addition, as part of its commitment to budget repair while in a deficit, the Government has maintained the size of staffing in the General Government Sector at sustainable levels – excluding military and reserves, the workforce remains at around or below 2006-07 levels. This has been achieved through efficiency and productivity improvements at a time when the Australian population, and demand for government services, is growing. Graph 1 also shows staffing levels in the General Government Sector decreasing as a proportion of the Australian population.

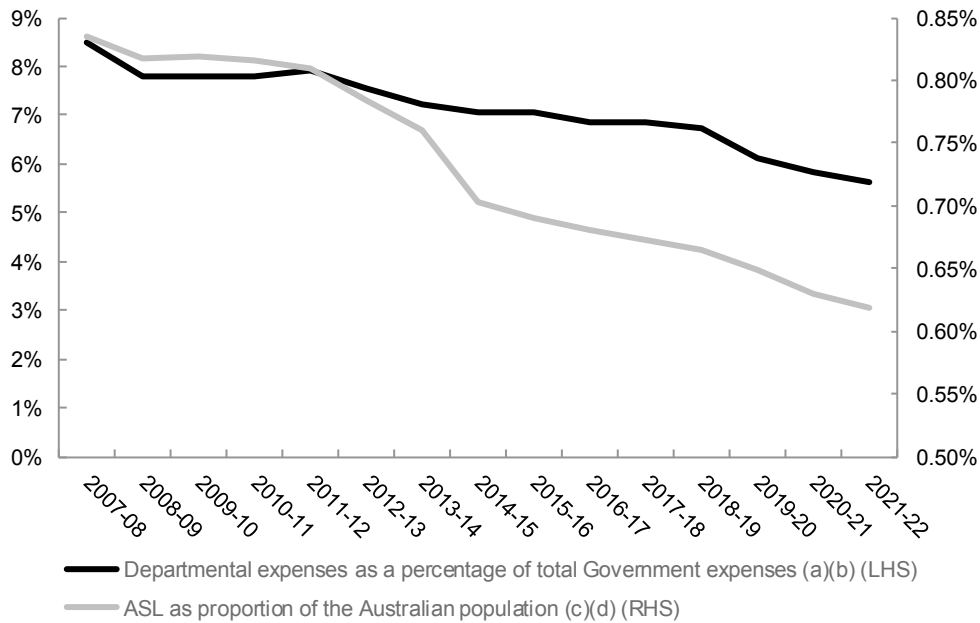
While the staffing level of the Australian Government workforce is steady, this workforce is more experienced than ever – for example, the median length of service for Australian Public Service (APS) staff is 10.5 years<sup>4</sup> – and its capability is growing, with the Government investing in skills development, to allow the public sector to better harness digital technology and to use data analytics to better inform policies, programs and services.

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3 Includes the combined cost of public servants and contracts for goods and services supporting government administration, including consultants.

4 *Australian Public Service Statistical Bulletin*, December 2016-17.

**Graph 1: Departmental expenditure as a percentage of total Government expenses and Average Staffing Level (ASL) as a proportion of the Australian population**



- (a) Expenses data from 2007-08 through to 2016-17 is derived from Final Budget Outcome Statements (FBO). From 2017-18 onwards expenses data reflects revised budget and forward estimates as at 2018-19 Budget.
- (b) Excludes the Department of Defence and the National Disability Insurance Agency.
- (c) ASL excludes military and reserves.
- (d) Population source: ABS, Australian Demographic Statistics, September 2017, cat. No. 3101.0. From 2007-08 to 2016-17, population is based on December-quarter Estimates Resident Population. From 2017-18 onwards population is estimated using September 2017 growth rate.

By continuing to harness technology, and by adopting new ways of working, the Government is driving a smarter and more productive public sector that is best able to meet increasing demand for services and the changing needs and expectations of the population, while maintaining strong fiscal discipline.

Advances in technology allow the APS to make improved use of data to inform policy decisions and drive service improvements. At a time of significant global economic and social change, it is important that the public sector becomes more agile and innovative.

As part of the modernisation agenda, the Prime Minister has commissioned an Independent Review of the APS, to ensure that the APS remains fit for purpose for the coming decades. With a focus on the medium and longer term, the Review will make practical recommendations to ensure the APS's culture, capability and operating model are suited to harness opportunities for a transforming Australian society and economy.

## IMPROVED ENGAGEMENT WITH CITIZENS AND BUSINESSES

The public sector impacts fundamentally on individuals, families and businesses, creating many touchpoints where citizens expect access to quality, reliable services delivered in a way that meets their needs.



**The Government administers** over \$450 billion in expenses annually — up to \$10 billion in payments can be made daily from the Official Public Account.



**Opportunities for businesses:** The public sector reported \$47 billion in procurement — over 64,000 contracts — in 2016-17. In the same year, there were 4.4 million users of business.gov.au, 3.8 million small businesses registered with the Australian Taxation Office, and nearly 937,000 Australian Business Number applications.



**Services for individuals and families:** In 2016-17, there were around 399 million Medicare services provided with an additional 17.8 million services provided to veterans, 700 million digital, online and telephone self-service transactions through the Department of Human Services, and around 52 million calls and assistance to 19 million visitors to service centres. In that same year, \$17.1 billion was provided to the states and territories to fund schools. In December 2017, 897,000 job seekers received assistance through jobactive and Disability Employment Services.



**Services must meet the diverse needs of the population:** Australia's population is ageing. Over the past 40 years the post-working age population has grown from one in eleven, to one in seven Australians. There are 3.7 million Australians aged 65 years and over.

While the majority of the population lives in metropolitan and inner regional areas, around half a million Australians live in remote areas.

Through this Budget, the Government continues to invest in initiatives that will have the most direct and positive impact for Australians.

The Government has already made significant improvements to how students access government payments and services. In this Budget, the Government continues to transform social payments and services for job seekers, older Australians, carers and people with disabilities.



### **Quick and easy access for students**

Students are now able to lodge claims and to check their eligibility for payments online, including Youth Allowance and Austudy. They can also update their employment status. Virtual assistants provide answers to questions, reducing the need for students to contact a call centre or visit a service centre. The previous application process involving 117 questions is now an online process of just 37 questions. The median number of days to process a claim has reduced by around 70 per cent for Austudy and around 50 per cent for Youth Allowance.

Through the Budget, the Government will provide \$316.2 million over four years from 2018-19 (*Delivering Australia's Digital Future – Welfare Payment Infrastructure Transformation – tranche three*) to progress the next stages of payment transformation. When all stages of the welfare payment transformation are complete, around 7 million Australians will have faster and easier access to social services with the ability to lodge claims, update their details and self-manage their obligations online, including through mobile applications.

In this Budget, the Government will provide \$111.9 million over four years from 2018-19 (*Delivering Australia's Digital Future – Veteran Centric Reform – continuation*) to better know, engage with and support veterans and their families, delivering the services they need, where and when they need them.

In its first year, Veteran Centric Reform has created a prototype 'digital front door' and veterans are already seeing they can access services much more quickly; instead of waiting 100 days, claims are being processed, on average, in 33 days. Information is being offered to veterans at locations where they naturally go, ranging from Australia Post to the Australian War Memorial. Veteran services are also being offered in rural and regional areas via mobile buses, and veterans who would have missed out on help are now getting opportunities to connect.

This Budget will continue to expand access to services for veterans and their families. Immediate free access to mental health support is available to veterans 24/7 and can be accessed on a mobile phone. There will be greater integration of the right services to support service men and women as they move into civilian life.

The Government is investing \$106.8 million over four years from 2018-19 to modernise the health and aged care payments systems (*Guaranteeing Medicare – modernising the health and aged care payments systems*). Payments to support the provision of health, pharmaceutical, aged care and veterans' services are now largely digital. Further investment will ensure the system continues to provide a safe, secure and efficient service into the future. Providers and consumers will benefit from enhancements such as increased functionality and usability of the Medicare Online Application and

Medicare App. Aged care registration processes for medical interns and registrars will be digitised and improved.

The Budget also includes a new digital identity solution for accessing government services (\$92.4 million in 2018-19, *Delivering Australia's Digital Future – GovPass program – accelerated implementation*). Individuals will be able to prove their identity to a government agency or accredited non-government organisation, and then re-use this proven identity when accessing other government services. This will save individuals valuable time, reducing the need to visit a shopfront. In future, this service will be offered to the non-government sector, simplifying digital access to a broader range of services.

The number of actively trading businesses in Australia is increasing, with small businesses comprising around half of all private sector employment. The Government is streamlining tax and superannuation reporting for businesses, so that employers can focus less on administration and more on the success of their core business.

From 1 July 2018, employers with 20 or more employees will report payments such as salaries and wages, pay as you go (PAYG) withholding and superannuation information from their payroll solution each time an employee is paid. This aligns reporting obligations to the existing payroll processes of small businesses, regardless of whether wages are paid weekly, fortnightly or monthly. This will also provide a better experience for employees by helping some individuals avoid tax debts from incorrect withholding and providing earlier assurance that employees are receiving the correct superannuation entitlements.

In addition a significant proportion of small businesses with fewer than 20 employees will commence the transition to Single Touch Payroll (STP) from 1 July 2019 (\$15 million over three years, *Modernising Payroll and Superannuation Fund Reporting – additional funding*). STP is expected to reduce duplication and record keeping requirements.

These initiatives continue the Government's Digital Transformation Agenda. Future priorities, that will have the greatest impact for citizens and businesses, will continue to be identified through an evidence-based and user-focused approach.

## **INVESTMENT PRIORITIES**

The Government has taken historic steps towards building the strategic infrastructure assets Australia needs to ensure a competitive position in the global economy. A range of Government investment priorities has been opened to delivery by, or in partnership with, the private sector and other levels of government.

The Government will build Western Sydney Airport by 2026, invest in connecting transport infrastructure and release surrounding land for a vibrant 'aerotropolis'. This is an ambitious project that will alleviate aviation congestion in the Sydney basin and

## *Preface*

provide a world-class airport, of which all Australians can be proud. Private sector expertise is being contracted to undertake the main construction works, supporting thousands of new jobs in the Western Sydney economy. The Government has established a new Commonwealth Company, WSA Co, to make commercial decisions on airport design and construction independent of government.

This Budget commits up to \$5.0 billion (*Infrastructure Investment Program – Victorian infrastructure investments*) towards the construction of a railway line from Melbourne CBD to Melbourne Airport, subject to an equal contribution from the Victorian Government.

The Government has reached an agreement with the New South Wales and Victorian Governments to take full ownership of Snowy Hydro Limited. This will pave the way for the Snowy 2.0 project to proceed to a final investment decision by the Snowy Hydro Limited Board. The project will create up to 5,000 jobs, produce enough power for 500,000 homes and builds on the Government's substantive energy sector reforms to ensure reliable and affordable energy for businesses and households.

The Government has now established Australian Naval Infrastructure Pty Ltd to manage and develop naval shipbuilding infrastructure to support the long-term future of the Australian industry. This will deliver a more flexible approach to managing a continuous naval shipbuilding program, in partnership with leading international Defence contractors. The Osborne South shipyard in South Australia is now under construction and will be one of the most modern shipyards in the world.

The Budget also includes \$3.2 billion for priority regional, urban and water infrastructure in Western Australia (*Infrastructure Investment Program – Western Australia infrastructure package*). The Government continues to invest in City Deals and Regional Growth initiatives to boost economies at a local level.

Inland Rail is a once-in-a-generation project connecting regional Australia to domestic and international markets. It will complete the 'spine' of the national freight network between Melbourne and Brisbane via regional Victoria, New South Wales and Queensland. Inland Rail is expected to be operational in 2025.

The Infrastructure and Project Financing Agency, established in July 2017, is providing advice to Government on infrastructure investments, and supports delivery with portfolio and private sector partners.



## **MODERNISING THE PUBLIC SECTOR**

The Government is maintaining the pace in 2018-19 to roll-out its \$500 million<sup>5</sup> Modernisation Fund investment in the innovation, transformation and sustainability of the public sector. There are 42 Modernisation Fund projects underway to deliver quality services at lower cost, incorporating leading edge technology.

The whole-of-government Shared Services Program is helping agencies better focus on delivery of their core services, by consolidating and standardising the delivery of their corporate services through designated hubs. Already 35 agencies are receiving one or more corporate services through a shared services hub and, by 30 June 2021, more than 90 agencies will receive services from a hub.

Grants administration is being consolidated into two specialist hubs, one for business grants and one for community grants. This reduces red tape for grant applicants and gives the Government better data to compare program performance. The hubs are now delivering 54 per cent of grants identified for delivery through the Program. By 30 June 2019, around 86 per cent of grants will be delivered through the hubs (up from the 74 per cent estimated in the 2017-18 Budget).

Our investment in Data Integration is maximising the use and value of the Government's data holdings to shape policy design and delivery of services. Through a range of projects the Government is improving Australia's data infrastructure and data integration capabilities, while preserving the privacy of individuals. This investment prioritises improved use of data in important areas such as health, education and social welfare, driving collaboration and partnerships across agencies.

Digital Earth Australia (DEA) has developed world-class digital infrastructure that uses satellite data to detect physical changes across Australia in unprecedented detail. By identifying soil and coastal erosion, crop growth, water quality and changes to cities and regions, DEA provides government, industry and individuals with high-quality data and tools for policy and investment decision making. For example, farmers are able to assess and predict the productivity of their land, and information is being made available to contribute to coastal management and habitat mapping.

## **AN ONGOING ROADMAP FOR REFORM**

Departmental Secretaries, the APS Commissioner and the heads of agencies such as the Digital Transformation Agency (DTA) are working together to ensure the success of the new citizen and business-focused initiatives and the Modernisation Fund projects, as well as identifying and delivering new short to medium term reform opportunities, across six work streams:

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<sup>5</sup> Over three years from 2017-18.

## *Preface*

- **Citizen and business engagement** – driving more effective engagement between public sector officials, citizens, businesses and innovators when designing and delivering policies, programs and services.
- **Investment and resourcing** – better aligning finite departmental resources to deliver government priorities and meet service delivery expectations.
- **Policy, data and innovation** – building on the Data Integration Partnership for Australia (DIPA) announced in the 2017-18 Budget, to make best use of data to support government decision making and innovation.
- **Structures and operating models** – ensuring that public sector operating models support integration, efficiency and a focus on citizen services.
- **Workforce and culture** – driving modern workforce practices including through strengthening talent management, data analytical capability and digital skills in the public sector.
- **Productivity** – developing the best contemporary measures for public sector productivity, and using this to improve public sector administration.

This group will also work together with the Independent Review of the APS, to further understand reform opportunities and lead continuous improvement.

## **POLICY, DATA AND INNOVATION**

Australia's data is a significant national resource, offering enormous opportunity for innovation in government services, economic enterprises and research and development.

The Government will remove barriers that prevent the sharing and release of data while ensuring appropriate safeguards are in place to protect personal and confidential information. This Budget includes \$65.1 million over four years from 2018-19 (*Delivering Australia's Digital Future – Data Sharing and Release Arrangements*; and *National Consumer Data Right*) to establish a National Data Commissioner, provide a Consumer Data Right that will allow consumers and small to medium enterprises to access and transfer their data between service providers in designated sectors, and introduce legislation to improve sharing, use and re-use of public data while maintaining security and privacy protections.

The DIPA is already bringing together high-value data assets from across the public sector, including those developed by Health, Education and Social Services, to support analysis of a range of difficult policy problems. Four Analytical Units within the APS are now established and undertaking projects to make best use of such data.



### **New economic insights through big, integrated data**

The Department of Industry, Innovation and Science (DIIS) is using big, integrated data to determine the impact of public interventions and generate new economic insights.

The department has used the Business Longitudinal Analysis Data Environment (BLADE) to assess the impact of Industry Innovation Funds on business performance in South Australia. The department has also used BLADE to investigate the drivers of productivity and growth, the dynamics of employment, the characteristics and performance of high-growth firms, and export behaviour and business performance.

The analysis made possible by BLADE means that the Government is able to draw on the real world experience of Australian businesses to better target its industry support programs.

In addition to making better use of the evidence base, a more joined-up, collaborative approach can assist in tackling complex policy problems.

Innovations in business models and technology are disrupting every sector of the economy. In recent years, many of the big customer-service breakthroughs have been driven by the private sector, such as self-service apps provided by the banks, predictive technologies in the retail sector, virtual reality in the construction industry and data analytics in the financial sector. Many of these breakthrough technologies can be adapted for the public sector, to provide solutions that had not been possible previously.

The DTA is supported in the Budget to investigate areas where blockchain technology could offer the most value for Government services (\$0.7 million in 2018-19, *Delivering Australia's Digital Future – Blockchain – use with Government payments*). This will build on the work of Data61, the Australian Security and Investments Commission Digital Finance Advisory Committee and the Treasurer's FinTech Advisory Group, to explore the use of innovative technology to minimise transaction costs, streamline processes and improve government services.

Through this Budget the Government is modernising Commonwealth cash management, using the New Payments Platform. The New Payments Platform gives citizens, businesses and government agencies a platform to make fast, versatile and data-rich payments to meet the evolving needs of the digital economy.

Innovation will be built and supported as a core enabler of a fit-for-purpose public sector. Agencies, led by the DIIS, will share their expertise, facilities and tools to create a centre of public sector excellence, building on the Public Sector Innovation Network. This will strengthen and support the existing innovation lab eco-system, and enhance

## *Preface*

the use of leading edge data, digital and methodological tools such as behavioural economics to inform better policy and program outcomes.

The Government will trial new approaches to mobilising multi-skilled teams, drawing on private sector and academia, to work on whole-of-government challenges. This will include bringing the right experts together and the use of 'design thinking' methodologies to help solve complex problems. It will also include incorporating citizen feedback (human-centred design) to help identify improvements to service delivery, all the way through to implementation.

Policy development will be strengthened by improved and continuous evaluation throughout the policy cycle, developing tools and guides to encourage and improve access to external suppliers of policy advice, and enabling public sector employees and external experts to connect and collaborate digitally on policy issues.

The Government is ensuring that the public sector engages appropriately with risk. We are investigating the strategies used in large commercial and non-government organisations that have a strong commitment to innovation and a culture of appropriate engagement with risk, so we can apply lessons learnt to the public sector.

## **PUBLIC SECTOR STRUCTURES AND OPERATING MODELS**

The Government has continued to streamline the structure of the public sector so that it better facilitates collaboration, innovation and coordination in corporate services and service delivery.

The Government has driven reform by bringing major functions together into 'super portfolios' such as Home Affairs and Jobs and Innovation. This approach increases alignment and responsiveness to support government priorities and joint ownership of policy and program outcomes.

The Government continues to create centres of excellence to build public sector capability. The Government is automating some of its manual business processes, with an early focus on improving the accuracy and speed of financial and personnel data processing. Staff are being involved in this transformation, which is creating opportunities to learn new skills, increase capabilities and refocus energy on higher priorities. As we adapt automation technology to improve data management in the public sector, we are also sharing best practice between government agencies.



### **Shared Services Program — excellence in process automation**

The Service Delivery Office (SDO), one of the Shared Services hubs, is rapidly modernising its service offering to deliver faster and better outcomes for its clients. The SDO has realised a 10 per cent reduction in operating costs in one year, with savings handed back to client agencies, so that they can focus on delivering better front line services to citizens and businesses.

Building digital workforce capability and the adoption of process automation technologies are part of the solution. The SDO is empowering staff to think creatively about how they can deliver better quality services at lower cost. Staff are now engaged in more worthwhile work, evidenced by a 250 per cent increase in employee engagement scores.

For instance, initial automations in the payroll area have led to a reduction of 15 minutes per activity (80 per cent reduction overall) and reduced error rates. Processing officers are now fully trained as process automation configurers, demonstrating an investment in staff as part of the workforce of the future.

The SDO is sharing its growing expertise and lessons learnt across the public sector as part of a growing 'centre of excellence'.

The Government also continues to build public sector expertise in procurement to drive better value for money.

Government agencies reported over 64,000 contracts on AusTender in 2016-17, with a value of \$47.4 billion. From 1 July 2019, the Government will reduce payment times to a maximum of 20 days for contracts worth up to \$1 million. This will be of particular benefit to small businesses who provide services to the Government.

Expertise in procurement practice and policy is being brought together to build further capability across the public sector. Current strategies include:

- establishing whole-of-government procurement panels to improve consistency in procurement arrangements and deliver efficiencies through economies of scale
- publishing standard contract terms for lower value but higher volume contracts, reducing the burden on businesses, and
- requiring agencies to publish the justification for using a limited tender above relevant thresholds on AusTender, from 1 July 2018.

In order to improve the consistency of data on procurement contracts and the transparency of government procurement practice, the Department of Finance is working with agencies to improve reporting systems and procurement practices.

## *Preface*

The DTA is making it easier and faster for agencies to buy information communication technology (ICT) through consolidating and modernising a number of panel arrangements. Recently, the first category of the new Software Licensing and Services Panel was released, with more categories to be added over time. A new Hardware Marketplace is in the pipeline and will be a one-stop-shop for government agencies for computer hardware, and sellers can offer their services in one place.

The Government has also established whole-of-government coordinated procurement arrangements for leasing and property services that will deliver a more efficient and commercial approach by aggregating the Commonwealth's demand, and ensuring consistent service levels. From 2017 to 2022, this will provide \$105.3 million in savings. The Government continues to look at smarter procurement opportunities in other areas of property services.

Operation Tetris remains on track to realise efficiencies of nearly \$300 million over 10 years, by requiring agencies to fill 70,000 square metres of leased but vacant office space. In addition, since 2014, the Government has reduced the size of its leased property portfolio by almost 300,000 square metres (down nine per cent) and reduced the number of tenancies by 11 per cent. The number of properties meeting the occupational density target has nearly doubled in the past four years.

The ongoing divestment of surplus properties will allow the Government to align its property holdings with current and anticipated needs, and reduce ongoing property management and maintenance costs. Since May 2014, 160 surplus properties have been placed on the divestment program. As at April 2018, over 115 properties were sold or were under offer, with returns to the Budget in excess of \$173 million (excluding GST).

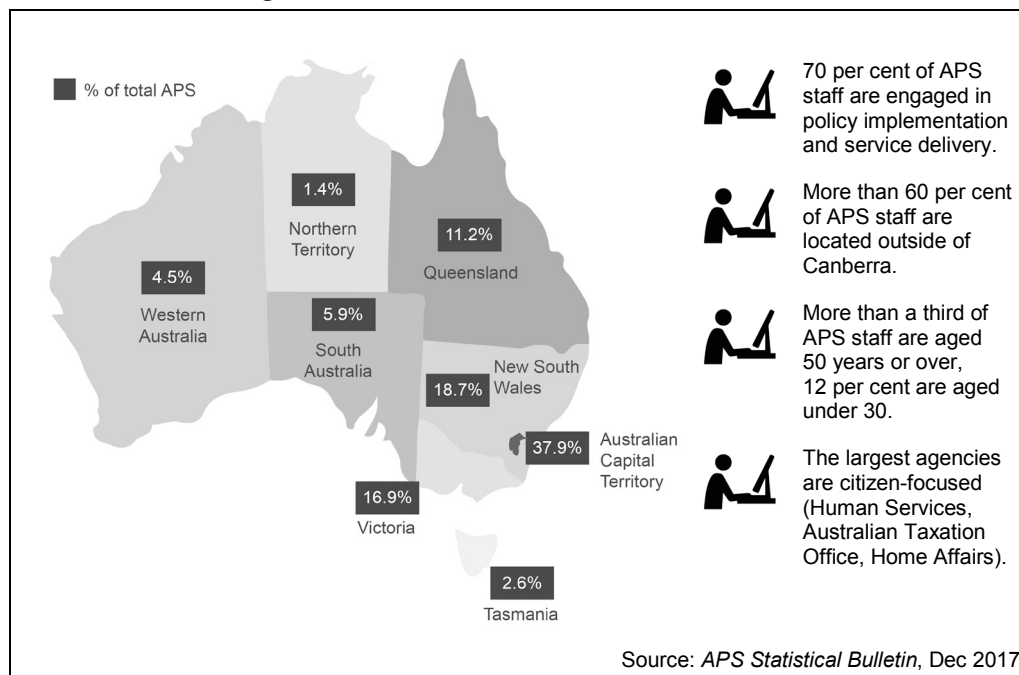
## **BUILDING A WORKFORCE CAPABLE AND READY FOR THE DIGITAL AGE**

When it comes to providing services and delivering benefits to citizens and businesses, the Government expects the public sector, and the professionals employed within it, to be world-class.

The majority of public servants are engaged in policy implementation and service delivery, with the largest agencies being those heavily involved in citizen-focused activities. APS Commission data also shows that the tenure and average age of public servants is increasing, reflecting greater overall workforce experience.

The Government has tasked the APS Commission with developing a whole-of-government workforce strategy to drive modern workforce practices, inform future capability requirements and help prepare public sector employees for the future.

### APS workforce at a glance



Sound decision making requires adaptable and flexible structures. Under the workforce strategy, the Government will consider options to maximise flexibility and better accommodate team-based work.

According to APS employment data, approximately two per cent of APS staff moved agencies in 2017, and 72 per cent of APS staff have only ever worked in one agency. Limited mobility impacts agencies' ability to draw on a broad base of experience when developing programs, designing services for citizens and providing advice to government.

The workforce strategy will include a project to enhance mobility arrangements between agencies, other jurisdictions, and the private and not-for-profit sectors, to improve the capability, capacity and diversity of the workforce. We will also ensure that new entrants into the public sector are adequately developed, including through improved entry-level programs, to provide a strong foundation for their careers.

The Government continues to promote a flexible approach to resourcing that strikes the right balance between a talented, core workforce of permanent public servants and selective use of external expertise. A contractor or consultant may efficiently address the need for specialist skills that could not be expected to be held in-house, or additional temporary or project specific support (while avoiding the ongoing costs which would result from recruiting additional permanent public servants).

## Preface

The use of consultancy contracts as a proportion of total procurement contract notices, by value, has remained relatively stable at approximately one per cent since 2011-12, having fallen from a peak of around 1.6 per cent in 2008-09. Overall, the cost of government administration – which includes contractors and consultants – as a proportion of government expenditure continues to fall (see Graph 1 at page 4).

The Independent Review of the APS will examine options to further ensure the public service attracts and retains the essential in-house skills and capabilities to fulfil its responsibilities in the decades ahead.



### **Building digital capability**

Announced in the 2017-18 Budget, the Building Digital Capability program is empowering the APS with the skills and confidence to provide modern and innovative services and products to the Australian public. Building Digital Capability is a partnership between the APS Commission and the DTA.

Tools and strategies are in place to grow existing capability and attract new employees with the skills to take this work forward. A digital leadership program aimed at senior executives who will lead the transformation of government services will be offered from June 2018.

## **MAINTAINING AFFORDABLE STAFFING LEVELS**

The strategies outlined above will help to ensure that agencies can more easily reallocate human resources between programs and portfolios, to meet Government priorities.

The Government's commitment, as part of Budget repair, to maintain the size of the General Government Sector, excluding military and reserves around, or below, 2006-07 levels while we are in a Budget deficit position, continues to contribute to a financially sustainable public sector. In 2017-18, the ASL for the General Government Sector is estimated to be 166,572 and 167,484 in 2018-19.

The continued restraint on the size of the public sector has been achieved over a period where the private sector has expanded, the Australian population has grown and demand for Government services has broadened (particularly in disability services). In addition, the overall cost of government, as a proportion of overall government expenditure, continues to fall.



**Table 1: Estimates of total ASL in the General Government Sector**

	ASL excluding military and reserves	Military and reserves	Total ASL
2006-07	167,596	71,026	238,622
2007-08	175,531	72,686	248,217
2008-09	175,422	75,144	250,566
2009-10	178,970	79,351	258,321
2010-11	181,018	80,873	261,891
2011-12	182,505	79,132	261,637
2012-13	179,953	76,678	256,631
2013-14	177,258	76,595	253,853
2014-15	166,261	76,874	243,135
2015-16	165,648	77,399	243,047
2016-17	166,181	78,314	244,495
2017-18	166,572	78,296	244,868
2018-19	167,484	79,644	247,128

## ASSESSING PUBLIC SECTOR PERFORMANCE

The Australian public has a right to know how the public sector is adding value and achieving results.

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) was an important step in ensuring the best possible system of governance and accountability for public resources. An independent review of the PGPA Act, due to report this year, will help to ensure continued improvement in transparent reporting and auditing of performance.

The Government Business Analytical Unit, a unit established as part of the DIPA, will build on the current performance framework, undertaking a pilot to measure the productivity of selected public sector functions (for example, corporate services) and assessing public sector performance against known drivers of productivity, such as risk tolerance, innovation, use of technology, and workforce capability.

New digital Annual Reports are being piloted from late 2018 and these will, when mature, make it easier for the public to search for data. They will also enable rapid comparisons of audited data between different years or between agencies, drawing on the digital Annual Reports. The Government will expand the use of this transparency portal over time, to make other mandated data reports or corporate planning documents available in a similar format to allow easier public use of such information.

*Preface*

## **A FIT FOR PURPOSE PUBLIC SECTOR**

The public sector must deliver high quality results for citizens and businesses, in the most efficient way possible. The 2018-19 Budget establishes a clear roadmap for this ongoing reform.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a 'C', set against a light grey rectangular background.

Senator the Hon Mathias Cormann  
Minister for Finance