

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

In 2019-20, agencies will have responsibility for administering approximately \$500.9 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 the General Government Sector.

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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 (2019-20 Budget, Budget Paper No. 1, Statement 9, Appendix A).



## PREFACE

In my role as the Minister for Finance and the Public Service, I am proud of the Australian Government's world-class public sector.

This Preface outlines the Government's plans to further improve and strengthen our public sector, so that it keeps pace with a rapidly changing environment and remains as efficient, effective and productive as possible. We embrace the opportunities presented by technological innovation to better respond to increasing community expectations and the challenges of the future.

### A MODERN AND PRODUCTIVE PUBLIC SECTOR

The Australian public sector has a proud history of world-class performance.



#### Key achievements

The International Civil Service Effectiveness Index ranks Australia 3<sup>rd</sup> overall on public sector effectiveness (behind only Canada and New Zealand).<sup>3</sup>

The World Justice Project Open Government Index ranks Australia 9<sup>th</sup> out of 102 countries overall, and 5<sup>th</sup> highest in the world in its handling of complaints about public services.<sup>4</sup>

Australia's public servants are committed and values-driven<sup>5</sup>:

- 90 per cent agree that colleagues and supervisors act in accordance with the Australian Public Service (APS) Values in their everyday work
- 83 per cent believe that continually looking for new ways to improve the way the public sector works is one of their responsibilities
- 91 per cent are happy to go the 'extra mile' at work when required.

The most common role for an APS employee is delivering services directly to Australian citizens and businesses.<sup>6</sup>

In May 2018, the Government announced the Independent Review of the APS. The Independent Review will report to the Prime Minister in mid-2019, identifying an ambitious program of reform—what the public service should look like by 2030 and how it should continue to improve the way it does business, over the decades ahead.

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3 State of Service Report 2017-18, APS Commission.





4 Ibid

5 Ibid

6 Ibid

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The Independent Review has identified four trends likely to have the biggest impact on the public service:

	<b>Changing expectations</b> – the Australian public has vastly different preferences and expectations of the government and the public sector than they did 20 years ago, including greater demand for personalised and localised solutions.
	<b>Advances in technology</b> – opportunities will arise for the public sector to harness the power of data and technology to understand public needs, solve complex problems and drive policy.
	<b>Societal and geo-political shifts</b> – what it means to be ‘Australian’, who we are, where we are from, what we are concerned about and where economic and political power resides will change in the future, and the public sector will need to adapt accordingly.
	<b>Changing nature of work</b> – automation is highly likely to gather pace over the coming decades, which will lead to significant changes in the skills required for the jobs of the future.

The Independent Review will recommend ways to prepare for and embrace these trends so that the public service can continue to effectively serve the Government and the Australian people.

The Government is not simply waiting for the outcomes of the Independent Review; it is already acting. Work aligning to some of the proposals in the Independent Review’s interim report is already underway, and featured throughout this Preface.

Since 2014–15, this Preface has progressively outlined the Government’s roadmap for modernising the public sector.

### The journey so far...

[2014-15](#) – A journey towards a smaller public service and government

[2015-16](#) – Building efficiency and effectiveness in the public sector

[2016-17](#) – Modernising the business of government

[2017-18](#) – Improving public sector productivity and sustainability

[2018-19](#) – Better services to citizens and businesses, delivered more efficiently

2019-20 – A professional and connected public sector, delivering results for all Australians.

As in previous years, we must continue to increase efficiency, grow productivity and engage effectively with citizens and businesses, to deliver the best possible results for the community and the economy.

## IMPROVING SERVICES TO CITIZENS AND BUSINESSES

When we improve the efficiency and productivity of the public sector, we create space in the Budget for better programs and more responsive services that directly benefit all Australians.

The 2019-20 Budget delivers a surplus for the first time in over a decade. Through the 2019-20 Budget the Government continues to invest in initiatives that will make a positive difference for citizens and businesses.

Everyone, at some stage in their lives, needs to deal with the Government to get things done, and will be asked to show some form of identification. Having to show identity documents in person is the biggest barrier to government services being available end-to-end online. Through this Budget, the Government is investing a further \$67.1 million in 2019-20 to support accelerated implementation of GovPass, the program that aims to make it easier for people who use government services to prove who they are (*Continued Funding for GovPass – Trusted Digital Identity*). Once fully operational, users of government services will be able to get more done online at a time and place they choose.

In this Budget, Government employment services are being transformed. Through the Future Employment Services Pilot (*New Employment Services Model – pilot and transitional arrangements*) job seekers will be able to use a new self-service digital platform to receive assistance where and when they need it. From July 2019, a pilot of this approach will occur in Adelaide South (South Australia) and Mid North Coast (New South Wales). The pilot will enable co-design with job seekers, employment services providers and employers before the model is considered for national roll out.

The Government is investing \$8.4 million over two years so that the Australian Electoral Commission (AEC) can identify the best way of deploying new polling place technology (*Australian Electoral Commission – polling place technology and upgrade of ICT infrastructure*). The full deployment of new polling place technology will improve services to voters at elections and reduce reliance on paper-based electoral rolls. The Government will also provide \$2.4 million in 2019-20 to assist with the preparatory phase for upgrading the AEC's ICT infrastructure, to identify the best technology to manage elections through the coming decades.

For businesses and their employees, the Government continues to streamline tax and superannuation reporting. Through Single Touch Payroll, businesses can already send their employees' tax and superannuation information to the Australian Taxation Office each time they run their payroll. In 2019-20, the Government will provide \$82.4 million over four years to expand Single Touch Payroll data to include information such as gross pay amounts and child support withholding information (*Single Touch Payroll – expansion*). These changes will reduce the compliance burden for employers and individuals reporting information to multiple agencies and reduce complexity for people who are in both the tax and payment systems.

These new initiatives build on achievements already realised.



Through the Government's continued investment in the Welfare Payment Infrastructure Transformation Program, there has already been a reduction in the average claim processing time for Austudy (by 70 per cent) and Youth Allowance (by 50 per cent). In the 2018-19 Budget, the Government provided \$316.2 million over four years so that by the end of July 2020, job seekers, older Australians, carers and disability payment customers will be able to lodge claims and update their details online.



Veteran Centric Reform is delivering a better experience for veterans and their families. The introduction of MyService online claiming has reduced waiting periods and provided veterans with earlier access to services. Veterans can now lodge claims online for initial liability for over 300 conditions, as well as for educational assistance for students, increases in disability pensions, incapacity claims and veteran cards. Mental health support and counselling services are also immediately available to veterans and their families through their mobile phones.

## INFRASTRUCTURE THAT DRIVES PRODUCTIVITY AND CONNECTIVITY

In addition to having access to high quality services, Australians also want to see the Government build value for our nation. Our strong economic position has allowed the Government to continue to invest in infrastructure to drive productivity and connectivity in Australia's cities and regional areas.

The Government will commit up to \$1.38 billion in equity in the Snowy 2.0 project (*Climate Solutions Package*) as part of its plan to deliver more affordable, reliable power. Snowy 2.0 will help ensure continuity, including at peak times, of reliable renewable energy, produce enough power for 500,000 homes and put downward pressure on wholesale electricity prices. The project will also create up to 2,400 jobs in construction and support up to 5,000 direct and indirect jobs across the Snowy Mountains region, providing opportunities for local businesses, improvements in local infrastructure and increased economic activity.

The Government's \$100 billion national infrastructure plan will benefit people and businesses in every State and Territory by tackling congestion, improving safety and delivering essential transport links.

In the 2019-20 Budget, the Government is providing an additional \$3 billion for the Urban Congestion Fund. This funding will support projects that improve traffic safety and flow and increase network efficiency for commuter and freight movements in major urban areas, including \$500 million for a National Commuter Carpark Fund. It brings the Government's total commitment to the Urban Congestion Fund to \$4 billion.

An additional \$1 billion from 2020-21 is also being provided for the Roads of Strategic Importance initiative to support the upgrade of key regional road corridors, bringing the Government's total commitment to this initiative to \$4.5 billion.

Population growth in recent years has put pressure on our major cities, even as a number of our regional areas and smaller centres call for more people to grow their communities and fill critical skills gaps. In the 2019-20 Budget, the Government will provide \$2.1 billion from 2019-20 to address the impacts of increasing population in congested cities, while ensuring the regions share the benefits of population growth. This includes \$2 billion for the delivery of fast rail from Melbourne to Geelong.

The Government is also providing \$3.5 billion for the first stage of the Western Sydney North South Rail Link from St Marys to the Western Sydney Aerotropolis via Western Sydney (Nancy-Bird Walton) Airport.

These new investments build on the strength of current infrastructure projects.



Construction of the \$5.3 billion Western Sydney International (Nancy-Bird Walton) Airport has commenced. With flights from 2026, this significant investment will benefit not just Western Sydney, but the nation. Airports are important gateways for modern, connected economies and Western Sydney International (Nancy-Bird Walton) Airport will deliver significant new aviation capacity. The project opens new opportunities in a growth region, unlocking over 11,000 jobs during construction and 28,000 during operation.



Australian Naval Infrastructure Pty Ltd continues to manage and develop naval shipbuilding infrastructure to support the long-term future of the Australian industry. The Osborne South Naval Shipyard is over 40 per cent complete and on track for completion in early 2020, to support the build of the Hunter class frigates. On 13 December 2018, work began on the Future Submarine Construction Yard at Osborne North in South Australia, to support the build of an Attack class submarine fleet.



Delivery of Inland Rail by the Australian Rail Track Corporation continues and is expected to be operational in 2025. Inland Rail will form the 'spine' of the national freight network between Melbourne and Brisbane via regional Victoria, New South Wales and Queensland.

By carefully considering how infrastructure should be delivered and financed, including through its Government Business Enterprises, the Government is making sure that we get the best outcomes for taxpayer funds, and that agencies are appropriately managing risk.

## **IMPROVING PUBLIC SECTOR PRODUCTIVITY**

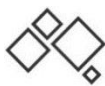
Initiatives to improve efficiency, productivity and service quality demonstrate to the Australian community that the Government and the public sector are focused on meeting their needs.

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Departmental Secretaries, the APS Commissioner and heads of agencies such as the Digital Transformation Agency and Australian Bureau of Statistics continue to lead coordination of the Government's roadmap for reform, overseeing projects that are building a public sector that is better equipped to meet growing citizen and business needs.

The Government's 2017-18 investment of \$500 million over three years in the Modernisation Fund has enabled delivery of 42 projects. \$165.8 million has been spent under the Modernisation Fund to 30 September 2018, with around 50 per cent of project milestones already achieved. Tangible benefits are being realised, as outlined in several of the case studies throughout this Preface.

### Highlights from the Modernisation Fund



Geoscience Australia has continued to build Digital Earth Australia, with satellite data now being used to help prevent water theft in the Murray-Darling Basin and to support the assessment of dam levels in farms across New South Wales. Geoscience Australia has mapped over 60,000 on-farm storages across the Murray-Darling Basin, produced Australia's first comprehensive assessment of mangroves and improved the usability of National Map ([nationalmap.gov.au](http://nationalmap.gov.au)), an online map-based tool to allow easy access to spatial data from agencies.



Trove is a National Library of Australia service that brings together content from Australian libraries, museums, archives, and other research and collecting organisations. Trove provides access to more than 450 million resources such as books, images, historic newspapers, maps, music and archives, including more than 25 million pages of fully searchable content. Ongoing enhancements will expand the data held by Trove and allow it to be accessed by more Australians.

In addition to projects funded through the Modernisation Fund, Secretaries and agency heads are working collaboratively to deliver 25 new projects through six streams of work:



**Productivity**



**Policy, data and innovation**



**Citizen and business engagement**



**Structure and operating model**



**Investment and resourcing**



**Workforce and culture**

Examples of these projects are featured throughout this Preface, such as the Centre of Procurement Excellence, the Productivity and Automation Centre of Excellence, a new approach to workforce mobility, a whole-of-government workforce strategy, collaboration tools such as GovTEAMS and the public sector productivity pilot.

## NEW WAYS OF WORKING

Improving productivity is not just about cost saving and efficiency. Through the use of technology and new ways of working, the Government is driving a public sector that is able to deliver higher quality services, but with fewer resources.

The Shared Services Program is a good example. The Program is removing duplication of corporate ICT systems, and is freeing up time spent by public servants on administrative tasks, meaning they can spend more time focusing on their core business and meeting the needs of citizens and businesses.

There were recently around 170 separate ICT systems in use to deliver corporate services to public servants across 90 agencies, while each agency had its own way of managing these services. Through the Shared Services Program, the Government is reducing the number of corporate ICT systems and standardising business processes. Around thirty agencies are already starting to receive corporate services from a Shared Services Hub.

The Program has mapped over 200 standard business processes that agencies can adopt. This means, into the future, staff will have a common way of managing things like accounts payable and receivable, payroll, credit card management and travel. There will be fewer new processes to learn when staff move jobs within the public service, and people can be confident that the processes they use are the most efficient and comply with relevant quality standards.

Through the Shared Services Program, the Government has already saved \$72.3 million to 2018-19, with additional savings of \$17.3 million per annum from 2019-20.



### Freeing up time to spend on what matters most

The Productivity and Automation Centre of Excellence (PACE), is a whole-of-government initiative being led by the Service Delivery Office (a Shared Services Hub). It is helping to improve productivity and the quality of services using process automation.

The Department of Finance and the Department of Industry, Innovation and Science are using process automation to improve productivity and service quality in shared services. Over 15 automations are now running across payroll and finance operational functions, freeing up more than 5,000 hours of staff capacity each year.

The Service Delivery Office is saving time calculating superannuation entitlements each fortnight. A process that once averaged 17 minutes of staff time per calculation has now been reduced to 2 to 3 minutes. This has reduced errors and enabled staff to focus their attention on more challenging activities to better support their clients and deliver frontline services to citizens and businesses.

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The Streamlining Government Grants Administration Program continues to reduce the duplication of effort and expense associated with agencies administering grants programs individually.

The Program has established two new Grants Hubs (the Community Grants Hub and the Business Grants Hub) to deliver around \$10 billion per annum in grants on behalf of 14 agencies, and to provide an improved experience to grant applicants and recipients.

Using standardised grant guidelines and agreement templates and modern technology, the Hubs are delivering more than 86 per cent of the grants originally identified for the Program. In the Business Grants Hubs, for example, there has been a saving of 10 hours per grant application when an applicant completes their second application, and a saving of 43 business days in finalising a contract.



There is strong public interest in knowing how the Government is investing in communities and business through grant-making. GrantConnect allows citizens and businesses to find local grant opportunities in one place. It also provides transparency on grant trends and outcomes over time, no matter which Hub or agency administers each grant.

During the period 1 July 2018 to 28 February 2019, GrantConnect shows that the Government published 224 new Grant Opportunities across 29 agencies, and awarded around 21,000 grants worth \$14.9 billion, across 71 categories. This includes investment in aged and child care, public health services, medical research and Indigenous health.

In 2018-19 there have been an additional 15,800 users registered on GrantConnect, bringing the total number of users to around 30,000, with roughly 440 new registrations each week.

The Grants Hubs complement the specialist work of the National Health and Medical Research Council (NHMRC) and the Australian Research Council in delivering grants on behalf of the Government.



### **Grants Management Accelerator**

Through the Modernisation Fund, the NHMRC has developed the Grants Management Accelerator (GMA). GMA uses automation and machine learning to quickly and easily distribute thousands of grant applications among teams of reviewers. It identifies whether there may be conflicts of interest, and recommends the best assessor to form review panels based on the necessary expertise.

Deployed in early March 2019, data shows that several weeks of complex sorting can now be completed in only a few hours. This frees up the time of staff to focus on activities that add greater value.

## **WORLD-CLASS CAPABILITY**

The Australian public sector workforce is more experienced than ever. The median length of service for APS staff is 11.3 years<sup>7</sup>. Staff have greater overall career experience, with the median age of staff increasing from 42 years in 2009 to 44 years in 2018<sup>8</sup>.

Among the projects that Secretaries are leading, the APS Commission and the Department of Jobs and Small Business are updating a whole-of-government workforce strategy. The strategy aims to position the APS as an employer of choice, with a high-performing, diverse and flexible workforce, mobilised where and when needed.

The strategy will drive modern workforce practices, inform future capability requirements and help prepare public sector employees for the future. The strategy will be finalised towards the end of 2019 and will have regard to the findings of the Independent Review of the APS.

Many modern public policy challenges don't fit neatly into the responsibilities of just one portfolio or the boundaries of a particular agency. They also cross into other jurisdictions and may benefit from the use of private or not-for-profit sector expertise.

Considering ways to rotate public servants through state governments and other sectors offers a way to ensure the public sector benefits from a freer flow of people, ideas and perspectives that help build a depth of understanding and improves the quality of advice to the Government.

A cross-agency taskforce, led by the APS Commission, has developed a new framework to support secondments into the State and Territory public sectors, private sector and not-for-profit sector. A pilot approach to secondments will occur during 2019. Enhanced mobility will allow the public sector to draw on a broad base of experience when developing programs, designing and delivering services for citizens, and providing advice to the Government.

The Government continues to support the distribution of public sector jobs beyond urban areas, to ensure that services are being provided close to communities. Over 60 per cent of APS staff are located outside of the ACT, with the majority of APS staff involved in delivering services directly to citizens and businesses. Since 2013, over 1,700 public sector positions have been relocated outside of the ACT, Sydney and Melbourne. This includes over 1,000 positions relocated to regional Australia to support local employment and economic diversification in communities such as Alice Springs, Gosford, Launceston and Mildura. The Government continues to

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<sup>7</sup> ASPED 31 December 2018

<sup>8</sup> Ibid.

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consider where it would make sense for public sector employment opportunities to be further extended to regional Australia, as part of future policy-making.

The Government is also focused on boosting new skills to position the public sector for the future—coding, data analytics and cyber security—while ensuring basic enabling skills—financial management, policy development, procurement and contract management—remain strong.



### **Skills for the future**

Building Digital Capability helps public servants prepare for the jobs of the future. It ensures the public sector is at the forefront of digital transformation.

Building Digital Capability brings together leaders across the public sector. This includes people starting their digital careers in government, middle managers and senior executives. Building Digital Capability enables staff to make connections, build knowledge and develop new digital skills. This is done through events, training programs, workshops, mentoring, and coaching, networking and digital resources. In 2018, more than 155 senior executives attended the Leading Digital Transformation program to build their digital leadership capability.

Building Digital Capability is delivered in a partnership between the Digital Transformation Agency and the APS Commission.



### **Better practice in procurement**

The public sector procures goods and services to support policy and program outcomes. In 2017-18, over 73,000 contracts were reported on AusTender, worth a total value of over \$71 billion (including some very large multi-year contracts).

The new Centre of Procurement Excellence, being led by the Department of Finance, aims to enhance procurement capability and productivity across the public sector by:

- sharing experience, knowledge and better practice
- strengthening partnerships with industry to build a shared understanding of issues
- developing and disseminating self-help tools to promote greater efficiency in processes and systems
- considering options to unlock further efficiencies through coordinated procurement.

By simplifying, standardising and coordinating procurement practices and processes, efficiencies can be realised for the Government and business—making buying for and selling to the Government, easier and simpler.

## **STRIKING THE RIGHT WORKFORCE BALANCE**

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. Training, recruitment and procurement will all be used, where appropriate, to enhance skill sets and ways of working.

In specific circumstances, the Government requires access to specialist skills and temporary resources for particular projects, which requires it to look outside the ranks of the public service.

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).

The appropriate use of external specialists is an efficient way to keep the overall cost of government administration low when the business need to access such expertise is temporary. This includes where specialist 'surge capacity' is required to manage peak workloads, or where particular expertise is more efficiently obtained and maintained in a dedicated private sector business.

When public servants and external specialists work together on projects, there is a two-way transfer of skills and experience, and a greater opportunity for diversity of views.



More than ever, the public sector needs tools to facilitate cross-portfolio, cross-agency and cross-sector cooperation and collaboration.

GovTEAMS is a modern digital collaboration service that provides social networking tools that public servants and their external partners can use to connect, share and work together across organisations and geographic boundaries. There are around 10,900 members from 162 organisations on GovTEAMS, working in over 1,620 online communities. Participation continues to grow quickly.

GovTEAMS enables staff to work flexibly—it is accessible 24/7 from corporate networks as well as users' laptops, smartphones and tablets. Employees are using GovTEAMS from locations including the United States, United Kingdom, New Zealand and Japan. The Department of Finance has also used GovTEAMS video-conferencing to confidentially present to an audience of around fifty people from the Malaysian Ministry of Finance.

There are over 1,400 private sector and State government employees registered as external guests in GovTEAMS, demonstrating the service is meeting demand for an effective digital platform that connects government employees and their private sector colleagues.

## DELIVERING BETTER POLICIES AND PROGRAMS

Australia's capacity to deliver better policies and programs to citizens and businesses, and to remain competitive in the digital economy, is contingent upon its ability to harness the value of data.

The Census of Population and Housing (Census) produces statistics that help us understand Australian families, communities, industry and the economy. The Census is used to inform the planning and delivery of government and community services, business decisions and is a key source for important academic research.

The Government is investing an additional \$38.3 million over three years from 2019-20 for the Australian Bureau of Statistics to facilitate the delivery of the 2021 Census, and to make improvements to how the Census is run, based on lessons learnt from the past (*Australian Bureau of Statistics – 2021 Census additional funding*).

Data integration helps answer important and complex questions about families, communities, industry and the economy that single datasets cannot. Through data integration we can combine dataset results to provide a more complete and informed picture of our economy and society.

The Government's investment of \$130.8 million over three years (from 2017-18) in the Data Integration Partnership for Australia (DIPA) (as part of the Modernisation Fund) is yielding benefits. The aim of DIPA is to transform the quality and rigour of advice to Government through improved data infrastructure, extracting new insights from better integrated public sector data and building trust in the use of data.



### Insights gained through data integration

Seventeen agencies continue to work together as part of DIPA to build key integrated datasets and improve data analysis capability across the public sector, through over 40 analytical projects. Recent achievements include:

- an interactive map to support the work of a joint agency drought taskforce
- understanding the economic contribution of high growth firms in Australia
- understanding the drivers of public sector productivity
- investigating where new jobs are created
- identifying potential adverse effects of medications.

As part of the roadmap for reform, Secretaries are working together on projects that will continue to build the capability of the public sector to provide sound policy advice based on broad research and data that is well tested with citizens, experts and implementers, with successful delivery designed-in from the start. This includes

examining the role of evaluation to build the evidence base about what works, and why.

## BETTER USE OF WORKSPACES TO UNLOCK PRODUCTIVITY

In addition to having the right capability and mindset, the public sector also needs the right physical spaces to accommodate different ways of working and different types of workers, in order to unlock productivity gains.



### Greater flexibility in the Australian Bureau of Statistics

In the Australian Bureau of Statistics (ABS) staff have access to a range of supports and tools including sit/stand desks, individual laptops, video conferencing equipment, quiet work rooms and collaboration spaces. Since the implementation of activity-based working, the adoption of additional flexible working arrangements, such as teleworking and a default YES approval policy, there has been a reduction in unscheduled leave (in the September quarter 2018, unscheduled leave was 10 per cent lower than the same quarter in 2017). Staff satisfaction with work-life balance and access to flexible working arrangements has also increased.

These arrangements have also contributed to the ABS reducing its property footprint by 28,000 m<sup>2</sup> since 2014 and has seen an annual ongoing saving in property expenses of \$8 million over the same period.

The implementation of whole-of-government coordinated procurement arrangements for leasing and property services, appointment of a strategic property adviser and introduction of a whole-of-government leasing strategy, have resulted in far better utilisation of space and improvements to the efficiency of the Government's office accommodation.

By 30 June 2019, approximately 96 per cent of agencies will have transitioned to the coordinated arrangements, representing around 97 per cent of properties occupied by non-corporate Commonwealth entities.

The Government has continued to reduce its leased office footprint, with 80 fewer tenancies (down 12.9 per cent) and 42,921 m<sup>2</sup> less area leased (down 1.5 per cent) since 2016. Many of the savings come from Operation Tetris, a policy to require agencies to fill vacant or under-utilised lease space. The most recent data reported that 31.6 per cent of properties meet the Government's occupational density target of 14 m<sup>2</sup> (an increase of 9.5 percentage points since 2016). The occupational density continues to improve from an average of 17.4 m<sup>2</sup> in 2016 to 16 m<sup>2</sup> in 2018.

Building on an estimated \$300 million of savings from Operation Tetris, the efficiency of the Government's leased office accommodation will improve further as leases are negotiated on tenancies that can accommodate more efficient work practices, or as existing tenancy fit-outs are improved.

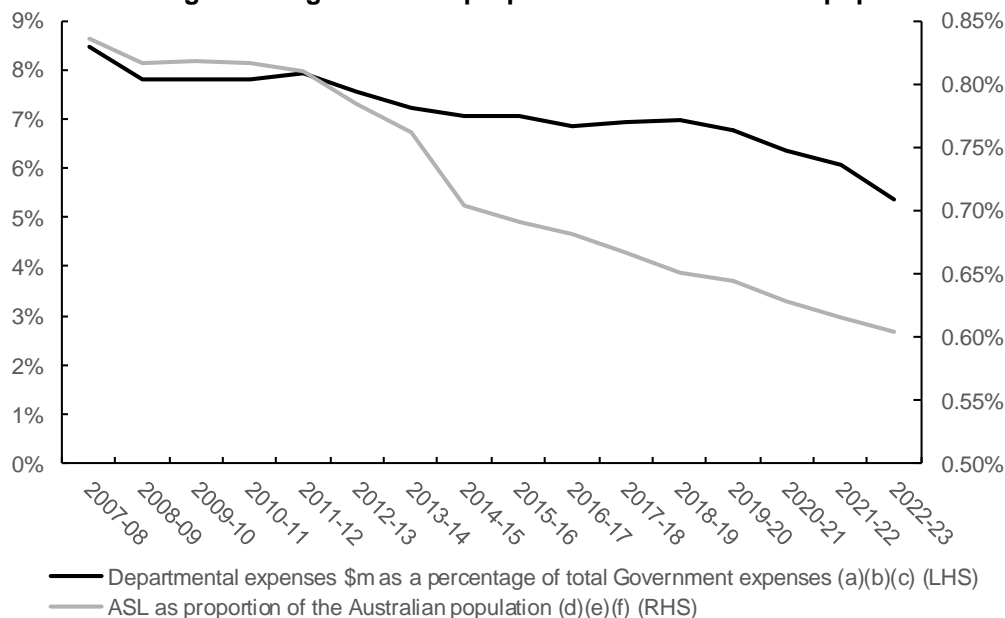
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The Government continues to divest surplus properties to ensure its property portfolio is fit for purpose and meets current and anticipated needs, ensuring that property management and maintenance costs are not unnecessarily incurred on property for which the Government has no efficient use. Since 1 January 2015, 130 surplus properties have been sold, with returns to Budget in excess of \$194 million.

## A SUSTAINABLE APPROACH TO GOVERNMENT ADMINISTRATION

While it has invested in productivity-enhancing projects, the Government has focussed on managing the cost of government administration, at a time when the demand for government services continues to grow. The overall cost of government administration<sup>9</sup> has continued to fall as a proportion of total Government expenses.

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



- (a) Expenses data (both total expenses and departmental expenses) represent General Government Sector expenses only.
- (b) Expenses data from 2007-08 through to 2017-18 is derived from Final Budget Outcome Statements (FBO). From 2018-19 onwards expenses data reflects revised budget and forward estimates as at 2019-20 Budget.
- (c) Excludes the Department of Defence and the National Disability Insurance Agency.
- (d) ASL excludes military and reserves.
- (e) From 2007-08 to 2017-18, population source: ABS, Australian Demographic Statistics, June 2018, cat. No. 3101.0. Population is based on December quarter Estimates Resident Population.
- (f) From 2018-19 onwards, population source: ABS, Population Projections, Australia, 2017 (base) – 2066, cat. No. 3222.0 (22 November 2018). Population is based on projected population at financial year end.

<sup>9</sup> Includes the combined cost of public services as well as contracts for goods and services supporting government administration, including consultants but excluding capital expenses.

**Graph 1** shows that departmental expenses (excluding the Department of Defence and the National Disability Insurance Agency) as a proportion of total Government expenses decreased from 8.5 per cent in 2007-08 to 7 per cent in 2018-19, and are expected to further decrease to 5.4 per cent in 2022-23.

As part of its commitment to budget repair while in a deficit, the Government has maintained affordable staffing levels for the General Government Sector (excluding military and reserves) at or around 2006-07 levels for five years running and is on track for a consistent result in 2019-20. This has been achieved at a time when the Australian population and demand for government services continues to grow (**Graph 1**).

Careful management of resourcing has allowed the Government to be agile in directing talent towards areas of emerging need, such as an investment of public sector expertise towards raising standards in the financial services industry.

**Table 1: Estimates of the 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	165,276	78,497	243,773
2018-19	165,491	78,815	244,306
2019-20	166,762	80,540	247,302

## DEMONSTRATING PERFORMANCE

How do Australians have confidence that the public sector is adding value and achieving results?

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) continues to support the best possible system for governance and accountability for public resources.

The Independent Review of the PGPA Act and Rule is now complete and was tabled in the Parliament on 19 September 2018. Overall, the reviewers found that the PGPA Act and Rule establish a coherent, principles-based system of governance and

## *Preface*

accountability, and a performance framework across agencies, which compares favorably with other frameworks in place overseas.

Fifty-two recommendations have been made on a range of matters relating to: leadership; performance reporting; risk; audit committees; reporting requirements; scrutiny of annual reports; cooperation; and, support provided to agencies. The Government has started work on a number of recommendations including the enhanced reporting of executive remuneration and the roll out of a digital reporting platform for annual reports in 2019 (Transparency.gov.au).



### **Transparency.gov.au**

On 13 March 2019, I launched Transparency.gov.au, a new website where the public and the Parliament can readily find information about the public sector.

The website allows people to find, search, compare and share information about what the Government is doing, and how public money is being spent. By the end of 2019, this website will include the published annual reports for all agencies. Soon after, other key documents, including corporate plans and Portfolio Budget Statements, will be added.

Over time, more information will be made available so that this becomes the 'go to' site for information about what the Government does with taxpayer resources.

The Government Business Analytical Unit, established in the Department of Finance as part of DIPA, is working with the APS Commission to develop a deeper understanding of public sector productivity. This work builds on the current performance framework.

Statistical analysis conducted as part of the project has found drivers of workforce productivity can vary considerably between teams within an agency. Job function (such as policy, service delivery or communications) is often a significant factor. The project is exploring the data at a detailed level to develop a more sophisticated understanding of the characteristics of highly productive teams, and the levers of productivity that matter most for different public sector roles. This data will help guide managers at all levels to get the best out of their teams.

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

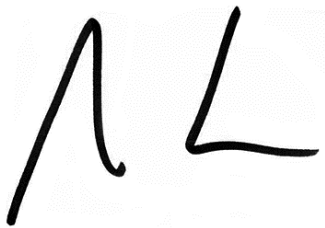
Individuals, families and businesses engage with the public sector many times and in different ways. This could be through one of more than 730 million digital and online service transactions with the Department of Human Services, through one of more than 400 million Medicare services, or as one of the 3.8 million small businesses registered through the tax system.

This is why we must continue our roadmap for reform—every innovation, every small improvement has the capacity to touch large numbers of Australians. This Preface

highlights our significant progress, with case studies demonstrating tangible benefits for public sector employees and the people they serve. More information about initiatives to modernise the public sector can be found at [publicsectorreform.gov.au](http://publicsectorreform.gov.au).

A carefully managed and well-equipped public sector makes it possible for the Government to pursue reforms that increase living standards, provide reward for effort and enterprise, create jobs and opportunities, support a well targeted social safety net and maintain Australia's safety and security.

Our responsible and ambitious program of immediate reforms complements the Independent Review of the APS, together ensuring that the public sector will remain fit for purpose to 2030, and well beyond.

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

Senator the Hon Mathias Cormann  
Minister for Finance and the Public Service