

10 February 2011

Lara Giddings MP
Treasurer

A Smarter, Leaner Public Sector

Treasurer Lara Giddings today said the Government would implement a range of measures to reduce operating expenses in the public service, including labour costs, by around 3% per annum over the next three years.

Ms Giddings said the Mid Year Financial Report made it clear that strong action was needed to reduce the Government's wages bill and improve productivity.

"Wages comprise some 50% of the Government's expenditure and we cannot achieve the savings we need without finding ways to be smarter in the way we deliver our services, Ms Giddings said.

Ms Giddings did not rule out involuntary redundancies if all other measures to reduce expenditure proved insufficient, but said this would be the last resort.

"I will be working closely with Ministers, government agencies and unions to seek productivity savings across the Government.

"Every family in Tasmania knows that when your income falls you have to cut back on expenditure and that is the stark reality the Government faces.

"Our goal of a 3% per annum reduction in labour costs would see savings of \$30 million in 2011-12 and \$200 million in 2014-15.

"Over the next four years that equates to the cost of 2300 fewer full time equivalent jobs, but I want to be absolutely clear on what that means.

"It does not mean we intend to sack 2300 public servants by 2014-15. We will find ways of reducing numbers with forced redundancies a last resort.

"We will also reduce costs in a number of ways, through vacancy control and natural staff turnover, and with savings on supplies and consumables, travel, advertising, motor vehicles and phones.

“Each year we have a staff turnover rate of up to 5% in some agencies, which gives us the opportunity to achieve savings through policies like vacancy control.

“But I will not rule out targeted separations if these measures are insufficient.

“In the coming months as we prepare the State Budget, Heads of Agency will work to identify savings and productivity improvements in the public sector.

“As part of a longer-term Public Sector Productivity Strategy which will continue into the 2012-13 Budget, we will review all programs with a view to ending those that no longer deliver on the Government’s key policies, priorities and responsibilities in an efficient and effective way.

“We also aim to deliver services in a smarter way.

“This is not about reducing the quality of services – it is about getting the basics right and delivering better and more efficient services,” Ms Giddings said.

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