



Policy costing

Public Service Maintenance	
Person/party requesting the analysis:	Senator the Hon Jane Hume
Date analysis completed:	10 January 2025 (Note: This response has been prepared consistent with the policy settings and parameters at the 2024-25 Budget. The PBO expects to transition to the 202425 MYEFO parameters during January 2025. The PBO can provide an updated response based on the MYEFO parameters on request through the usual request process.)
Expiry date of the analysis:	Release of the next economic and fiscal outlook report
Status at time of request:	Submitted outside the caretaker period
	<input checked="" type="checkbox"/> Confidential – <i>Authorised for public release on 14 February 2025</i> <input type="checkbox"/> Not confidential
Summary of request: The proposal would maintain Australian Public Service (APS) average staffing levels (ASL) at the 2024-25 level from 1 July 2025 onwards. The request also sought the forecast APS ASL over the forward estimates and medium term to 2034-35.	

Overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$7 billion over the 2024-25 Budget forward estimates period (see Table 1). This impact reflects a change in departmental expenses due to the change in ASL.

The proposal would be expected to have an impact beyond the 2024-25 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2034-35 is provided at Attachment A.

The financial implications of this proposal are highly sensitive to a number of factors including the distribution staff by level and agency, changes in pay rates and government decisions that affect the level of ASL across the in the Australian Public Service (APS). These factors could impact the cost of existing staff as well as the additional staff under this proposal.

Table 1: Public Service Maintenance – Financial implications (\$m)^{(a)(b)}

	2024-25	2025-26	2026-27	2027-28	Total to 2027-28
Fiscal balance	-	-910.0	-2,740.0	-3,390.0	-7,040.0
Underlying cash balance	-	-910.0	-2,740.0	-3,390.0	-7,040.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The PBO has made the following assumptions in costing this proposal:

- In the baseline, ASL declines in line with ‘Total cost of public services as a share of GDP’ over the forward estimates period. This is to reflect the falling total cost of the public service as a share of GDP as forecasted in the 2024-25 Budget. The deflated ASL is then held constant over the medium term. Attachment B provides the PBO’s assumed ASL baseline over the medium term.
- The distribution of APS staff across classification levels and agencies would be similar to 2024-25 over the medium term.
- The maintained level in ASL would occur as specified regardless of any impacts on services and the delivery of Commonwealth Government commitments.

Methodology

The financial implications were calculated by multiplying the estimated total cost per ASL by the specified increase in ASL.

Total cost per ASL was calculated using the PBO’s departmental cost calculator, based on the 2024-25 staff distribution, as per *key assumptions*.

Financial implications were rounded consistent with the PBO’s rounding rules¹.

Data sources

The Department of Finance provided projections for employee and superannuation expenses across the forward estimates as at the 2024-25 Budget.

Commonwealth of Australia, 2024. *2024-25 Budget*, Canberra: Commonwealth of Australia.

¹ <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Public Service Maintenance – Financial implications

Table A1: Public Service Maintenance – Fiscal and underlying cash balances (\$m)^(a)

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total to 2027-28	Total to 2034-35
Expenses													
<i>Departmental</i>													
<i>Maintain ASL level</i>	-	-910.0	-2,740.0	-3,390.0	-3,430.0	-3,460.0	-3,500.0	-3,540.0	-3,580.0	-3,620.0	-3,650.0	-7,040.0	-31,820.0
Total (excluding PDI)	-	-910.0	-2,740.0	-3,390.0	-3,430.0	-3,460.0	-3,500.0	-3,540.0	-3,580.0	-3,620.0	-3,650.0	-7,040.0	-31,820.0

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

- Indicates nil.

Table A2: Public Service Maintenance – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	Total to 2027-28	Total to 2034-35
<i>Fiscal balance</i>	-	-20.0	-100.0	-230.0	-380.0	-550.0	-720.0	-910.0	-1,100.0	-1,310.0	-1,530.0	-350.0	-6,850.0
<i>Underlying cash balance</i>	-	-10.0	-80.0	-200.0	-350.0	-510.0	-680.0	-860.0	-1,060.0	-1,260.0	-1,480.0	-290.0	-6,490.0

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².

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

- Indicates nil.

² https://www.aph.gov.au/about_parliament/parliamentary_departments/parliamentary_budget_office/online_budget_glossary

Attachment B – Public Service Maintenance – Financial implications

Table B1: Public Service Maintenance – Average Staffing Level, baseline compared to proposed options^{(a)(b)}

	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
<i>Baseline – deflated by total departmental expenses as a share of GDP^(a)</i>	209,150	203,627	192,731	189,025	189,025	189,025	189,025	189,025	189,025	189,025	189,025
<i>ASL maintained at 2024-25 levels</i>	209,150	209,150	209,150	209,150	209,150	209,150	209,150	209,150	209,150	209,150	209,150

(a) Consistent with the methodology in the PBO's *Beyond the Budget 2024-25* report, total departmental expenses are estimated as the sum of 'Total employee and superannuation expenses' (2024-25 Budget, page 377) and 'Supply of goods and services' (the subcomponent, not the total, 2024-25 Budget, page 378).

(b) Excludes military and reserves.