

Are we really a nation of pen pushers?

15 October 2013

Tony Abbott wants to axe 12,000 jobs from the public service. But did the previous government really oversee a bloated bureaucracy? The numbers say no, write Ian McAuley and Chris Stone

Tony Abbott has promised to cut the Commonwealth Public Service, which presently employs 170,000 people, by 12,000 – a reduction of around 7 per cent.

Understandably the public service unions aren't happy. Nor are the ACT government and business associations, because about 40 per cent of Commonwealth Public Service jobs are in Canberra. If the cuts are applied proportionately between Canberra and elsewhere, Canberra would lose around 5000 jobs from its workforce of 220,000. That's a significant local effect – much more significant than the highly publicised loss of 600 jobs in the similarly-sized Geelong region associated with the coming Ford closure.

It has been convenient for Abbott to give the impression that the Rudd-Gillard Government oversaw the growth of a massive bureaucracy, but there is no evidence to back this claim. If anything the public service has not kept pace with population growth, grew a little more slowly than the workforce as a whole, and has hardly grown at all in the last few years.

To voters outside the ACT, cutting the number of bureaucrats always has appeal. A 1994 survey asked voters about their attitudes to public sector employment. More than half of respondents wanted to see more government workers in education, health care, policing, transport and environmental protection, but only 8 per cent wanted to see their taxes spent on more administrators.

So how large is our administrative burden? How many of those 170,000 public servants are “pen-pushers”, “shiny-bums”, or “keyboard tappers” to use the common terms of derision?

A precise measure is hard to come by, but data from the 2011 Census can give an indication. We have taken 14 occupation classifications from the census (composed of: all “clerical and administrative workers”; all “managers” excluding farmers and farm managers; and all business, HR, marketing and ICT professionals) as an indication of the number of people in bureaucratic occupations, and have seen how many of these people are employed in the industry called “public administration and safety” and how many are employed elsewhere.

Employment in bureaucratic occupations, '000 June 2001

In Public Administration	
Commonwealth Government	140
State Governments	122
Local-Government	56
Non-Government	22
Total in Public Administration	341
In other industries	2 917
Total bureaucratic occupations	3 258

So where are all these 2.9 million other bureaucrats if they're not in central government agencies?

There are quite a few in sectors dominated by state governments – in education (173,000) and in health care and social assistance (245,000). The big concentrations are in industries dominated by the private sector, such as in wholesale trade (195,000), in retail trade (272,000), in finance and insurance (338,000), and in professional, scientific and technical services (437,000).

That's a quarter of the employed workforce. Every three people making things, teaching young people, caring for the sick, cooking meals, transporting goods and other productive enterprises are carrying one bureaucrat. Bureaucratism is certainly not confined to government.

In the case of retail trade, this figure is an artefact of large total numbers of workers in the industry. Only around 26 per cent of occupations in retail trade are bureaucratic. However, the other three private sector dominated industries are of a similar size or smaller than public administration and safety. So while public administration and safety is 49 per cent bureaucrats, wholesale trade is similar at 48 per cent, professional, scientific and technical services 60 per cent, and finance and insurance tops the list at 90 per cent.

Of course it could be argued that the level of bureaucrats is appropriate for the nature of the work done in the finance and insurance industry. We hope such an argument is made, because then a similar point must be acknowledged for the public service. And that might lead to a productive debate on what the composition of our public service should be, rather than simplistic assumptions that "non-frontline staff" are unimportant and can be cut with impunity.

If Abbott were really trying to reduce the nation's bureaucratic overhead, he would be casting his net far wider than the public service. Yet he has not hesitated to defend some of the most parasitic private bureaucracies – the private health insurers and the salary packaging industry – both reliant on economic distortions embodied in our tax legislation. His concern for productivity is almost singly focussed on wages and conditions, rather than a concern to stem the growth in what David Graeber calls "bullshit jobs" – which covers job descriptions such as "human relations", "corporate law", "accounting and business services", "public relations" and so on, who have to be carried by those performing productive activities.

That is not to say he should leave the public service immune from attention. There is scope to reduce the Commonwealth's bureaucratic overhead, but it would be far better to seek real productivity improvements rather than to impose arbitrary cuts, which are simply an intensification of the similarly arbitrary "efficiency dividends" which have been imposed on the public service over many years. Public servants may be working harder, but not smarter.

There could be big savings, for example, in de-politicising the public service. Over many years, under both Coalition and Labor administrations, the public service has taken on more of a role providing political support for executive government. The taxpaying public would be surprised to learn how much of their time public servants spend writing speeches, briefing ministers to help them through question time, defending government policies before parliamentary committees, drafting replies to ministers' letters and other political work.

Many of the middle and senior ranks of Canberra's bureaucracy would be more honestly classified as "ministerial servants" rather than as "public servants". With his 19 member cabinet, Abbott isn't off to a good start, for we can expect every minister to demand the political support of a small army of bureaucrats.

This politicisation is a waste of resources; not only in salaries, but also because it means that some of Australia's most able and hard-working men and women, who should be providing a bridge between the Australian community and the government it elects, and who should be monitoring, analysing and proposing policies, are neglecting these tasks.

There could also be significant savings in bringing work that has been contracted to consulting and accounting firms back into the public service. This would increase the numbers on the payroll, but, given the transaction costs in contracting out, and the cost differentials between the public service and the consulting firms, it would represent a significant saving.

There are many other productivity reforms that various commissions of inquiry have recommended for the public service, mainly through improving managerial and technical competencies, and through removing some of the shackles that have been imposed on the public service, generally covered by the term "managerialism", including burdensome accounting requirements and petty financial controls. A conspiracy theorist would say that governments have placed these burdens on the public service just so the private sector can be given a head start.

By all means we should make sure that we have an efficient and effective public service, but an arbitrary cut is not the way to achieve that end.