

**Briefing Paper:**  
***Restoring public sector capability through investment in public  
service employees***

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*This briefing paper examines the make-up of the Australian Public Service (APS) and considers recent efforts to improve APS service delivery. We conclude that recent investment in the employment of more APS employees has improved service delivery and that any reduction in APS employees will reduce service delivery or result in the engagement of more consultants and contractors.*

The Australian Public Service (APS) was founded in 1901 to provide frank and fearless advice to the Commonwealth Government and to deliver services to the Australian community. At the heart of Australia's form of government, is a central role for an "apolitical public service that is efficient and effective in serving the Government, the Parliament and the Australian public".<sup>1</sup> An independent review of the APS conducted in 2019 (the Thodey Review) concluded that significant investment in the APS was needed to achieve the service-wide transformation necessary for the APS to be able to provide "high-quality advice to the Government and outstanding services to the people of Australia now and into the future".<sup>2</sup>

The Thodey review panel noted that the APS, whilst one of the leading public services in the world, was falling short of its own high expectations and the expectations of the Australian community.<sup>3</sup> Long running underinvestment in APS employees was identified by the Thodey Review as a barrier to the APS adapting to address future demands. Investing in the capability of APS employees to strengthen in-house expertise was recommended as part of the solution to transform the APS so that it was fit for its future purpose.<sup>4</sup>

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<sup>1</sup> See *Public Service Act 1999 (Cth)* (PSA Act), Part 1, s.3.

<sup>2</sup> Commonwealth of Australia (2019) *Our Public Service, Our Future. Independent Review of the Australian Public Service*, Department of the Prime Minister and Cabinet, p 30, <https://www.pmc.gov.au/>

<sup>3</sup> Commonwealth of Australia (2019), p 20.

<sup>4</sup> Commonwealth of Australia (2019), p 54.

## Who are APS employees and where do they work?

The Australian Public Service (APS) is responsible for delivering some of the most crucial social services to all Australians. The APS workforce includes employees who work in Medicare and Centrelink, administer the National Disability Insurance Scheme (NDIS), and assist service personnel and veterans via Veterans Affairs. APS employees protect Australia's natural environment from biosecurity risks and facilitate our travel overseas through issuing passports. The approval of government subsidised medicines, through the Pharmaceutical Benefits Scheme, is carried out by APS employees. These are just some of the functions that APS employees undertake. Behind front line service delivery staff are employees who support these staff, work to coordinate and integrate services and those who provide policy and regulatory advice to government.

In June 2024, there were 185,343 APS employees<sup>5</sup> working in 583 locations across Australia. APS employees are more likely to be female, involved in direct service delivery to the public, and to work in a location outside the Australian Capital Territory. APS employees are spread throughout Australia in capital cities (87% of APS employees) and regional areas (12%). Most APS employees (63%) are located outside Canberra, and the number located in the ACT has been decreasing over time.

APS employees work across a wide range of roles and functions including in service delivery, compliance and regulation (e.g. in the Aged Care and NDIS quality and safety commissions), and policy development. Those working in service delivery make up the largest single job grouping representing more than one in four (26%) of all APS employees.<sup>6</sup>

Most APS employees (around 60%) are women, a proportion that has been relatively stable since 2015.<sup>7</sup> Over the same period (2015–2024), there has been a growth in APS employees who are under the age of 30, with almost 16% of APS employees under 30 years of age in 2024.<sup>8</sup>

## How big is the APS?

The number of APS employees has increased over time. This growth appears to be proportionate to the growth in population and increased need for public services, and the increased complexity of the services provided, including in areas such as the NDIS and in administering supports for an ageing population.

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<sup>5</sup> APS employment information is derived from the APS Employment Database (APSED) and is based on headcount of employees. The APSED headcount includes only staff employed under the *Public Service Act 1999* (PS Act). Federal Budget employment figures reported elsewhere in this paper are based on APS average staffing levels (ASL) and include employees in a broader number of agencies including employees in the General Government Sector (GGS). The GGS includes Commonwealth entities beyond the APS, including for example, the Commonwealth Superannuation Corporation, Australian Broadcasting Corporation, and the Australian Federal Police.

<sup>6</sup>APSC (2024), Appendix 1, Figure A1.

<sup>7</sup> APSC (2024), Appendix 1, Table A 11, and Table A 9.

<sup>8</sup> APSC (2024), Appendix 1, Table A 10.

As shown in Table 1, in 2024 the number of APS employees as a percentage of the Australian population was 0.68% (around two employees for every 300 people). This compares to 0.74% in 2012 and 0.59% in 2016.<sup>9</sup> The lower percentage of APS employees in the period 2016-2022 reflects the imposition of a cap on public sector employment first imposed by the Abbott Government in the 2015-2016 budget. This cap is discussed below in detail.

The number of APS employees in 2024, as a percentage of the Australian population, is unexceptional when compared to the numbers in previous decades. APS employees make up fewer than 1.5% of all employed persons in Australia. So, the APS is not overly large, given the importance of the functions carried out by the public service. Further, whilst it is difficult to make international comparisons due to differences in data collected<sup>10</sup>, the size of the public sector in Australia is not out of step with comparable OECD countries.<sup>11</sup>

**Table 1: APS headcount as a proportion of the Australian population and the labour force, 2008–2024, June**

	2008	2012	2016	2020	2024
APS employees	159,299	167,343	155,607	150,360	185,343
Australian population	21,249,200	22,733,500	24,190,900	25,649,200	27,095,255
APS employees as % of population	0.75%	0.74%	0.64%	0.59%	0.68%
Employed persons (million)	10.49	10.96	11.51	11.73	13.65
APS employees as % of employed persons	1.52%	1.53%	1.35%	1.28%	1.36%

Source: APSC (2024) *State of the Service Report 2023-2024*, p 51.

### What's driving the current focus on APS numbers?

In the second half of 2024 coalition front benchers including Opposition Leader Peter Dutton, made public comments indicating that, if elected to government in 2025, they would cut public service jobs, reversing the increase in APS employees made by the

<sup>9</sup> APSC (2024), Appendix 1.

<sup>10</sup> See OECD (2024) Size and composition of public employment: Data sources, methods and gaps towards improved internationally comparative data on public employment, *OECD Working Papers on Public Governance No.76*, <https://www.oecd.org/>

<sup>11</sup> Overseas data on total public sector employment (not just APS equivalents) shows that historically (2011 and 2020) APS employment as a percentage of total employment was above OECD averages but less than several Nordic countries (see OECD 2024, p 11).

Albanese Government. Calls to cut the public service have also come from business leader Gina Rhinehart, who has advocated for the establishment of a department of government efficiency (DOGE) modelled on the Trump-Elon Musk initiative in the United States.<sup>12</sup> The Leader of the Opposition, Peter Dutton and the Shadow Minister for Public Services, Jane Hume have stated cuts should be made as they view the APS as bloated and inefficient.<sup>13</sup> Peter Dutton has also suggested that, if elected, the coalition will fund proposed improvements to Medicare bulk billing by cutting APS jobs.<sup>14</sup>

The role and size of the public service in western democracies have been contested since the late 1980s with the adoption of neoliberal economic and political ideas by many governments. Adoption of these ideas changes the relationship between public and private sectors. The provision of public services through a public sector workforce is opposed in favour of deregulation, marketisation and privatisation of public services.<sup>15</sup> Reducing the size of the public sector is promoted as a means of delivering efficiencies. However, inappropriate cutting back, privatising or outsourcing has been shown to end up costing much more than is saved.<sup>16</sup> There is little evidence that the private sector is intrinsically more efficient than the public sector.<sup>17</sup> Neoliberal strategies applied in Australia to the public sector have included contracting out service delivery, limiting the number of directly employed public service employees and the adoption of wage austerity policies arbitrarily capping public servants' wages.<sup>18</sup>

The concept of New Public Management (NPM), promoted as a mechanism to implement efficiencies in the public sector, fosters the notion that the government shouldn't provide services – rather, it should steer the ship whilst others (the private sector) row.<sup>19</sup> From the late 1980s, the adoption of such approaches in Australia, by both Coalition and Labor governments, led to outsourcing work traditionally performed by public service workers resulting in a hollowing out of the capacity of the public service and a heavy reliance on consultants to shape public policy.<sup>20</sup>

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<sup>12</sup> Roy Hill (2025) 'Gina Rinehart calls for Donald Trump's policy agenda to be followed in Australia', Roy Hill website news post, 23 January 2025, <https://www.royhill.com.au/>

<sup>13</sup> See comments made by Peter Dutton to the ABC Insiders program, 2/05/2025; for comments of Shadow Minister for the Public Service Jane Hume, see <https://www.abc.net.au/news/2025-02-03/>

<sup>14</sup> Chrysanthos, N and Wright, S (2025), 'Dutton says \$24 billion from public service jobs will pay for bulk-billing boost', *Sydney Morning Herald*, 25 May, <https://www.smh.com.au/politics/federal/>

<sup>15</sup> Cahill D & Toner P. (2018) *Wrong Way: How Privatisation and Economic Reform Backfired* (1st ed.). Black Inc.

<sup>16</sup> Stone (2013) *False Economies: Decoding Efficiency*, Centre for Policy Development, <https://cpd.org.au> ; see Mazzucato, M (2021) *Mission Economy: A Moonshot Guide to Changing Capitalism*, Allen Lane, pp 37-38 for a detailed review of circumstances where outsourcing has not saved tax payers' money nor lowered public risk.

<sup>17</sup> UNDP (2015) *Is the Private Sector More Efficient?: A cautionary tale*, UNDP, Global Centre for Public Service Excellence; Knyazeva N, Knyazeva, D, Stiglitz, J.E. (2013) 'Ownership change, institutional development and performance', *Journal of Banking and Finance*, Volume 37, Issue 7, pp 2605-2627; Mazzucato (2021) *Mission Economy*.

<sup>18</sup> Henderson T & Stanford J (2017) *False Economies: Unintended Consequences of Public Sector Wage Restraint*, Centre for Future Work at the Australia Institute, <https://futurework.org.au/report/false-economies-the-unintended-consequences-of-nsw-public-sector-wage-restraint/>

<sup>19</sup> Quiggan J (2024) 'New Public Management and the hollowing out of the state' in Toner P & M Rafferty eds, *Captured: How neoliberalism transformed the Australian State*, Sydney University Press, Sydney pp 25-38.

<sup>20</sup> Quiggan (2024) *New Public Management*, pp 25-38.

A formal constraint on the number of Commonwealth public service employees was introduced in the 2015-2016 budget by the Abbott Coalition Government through a cap placed on average staffing levels (ASL) in the APS.<sup>21</sup> The ASL cap pegged APS staffing levels to what they were in 2006-2007 despite increases in the Australian population and service delivery needs. In 2015-2016 the APS was capped at 167, 596 workers.<sup>22</sup> This cap remained in place until the Albanese Government came into office in 2022.

With the ASL cap in place government agencies were required to substantially reduce the APS workforce.<sup>23</sup> In 2015-2016, following the implementation of the cap, there were 15,165 fewer APS employees than in 2011-12.<sup>24</sup> A shadow workforce of contractors, consultants and labour hire workers grew to meet service delivery needs whilst the cap was in place. The ASL only counts direct employees of the public service. Therefore, while a government (or opposition party) can talk about reducing the ASL, this does not necessarily mean any fewer people or resources being used.

A reduction in the ASL may hide the fact that more work is being carried out by contractors, consultants or labour hire workers who are not counted in the ASL. For example, this occurred under the previous government. In one year (2021-2022) the Morrison Government spent \$20.8 billion on consultants and labour hire agency staff.<sup>25</sup> This equated to 53,911 workers (on a full-time equivalent basis)<sup>26</sup>, which effectively increased the size of the public service workforce by 37% (over the 2021-2022 ASL of 144,271). The APS staffing cap was lifted in 2022 by the Albanese Government, implementing an ALP election promise.<sup>27</sup>

### **What happened when public sector employees were replaced with consultants and contractors?**

The use of consultants and contractors in lieu of public service employees negatively impacted on service delivery and the capacity of the public service. In 2021 the findings of a senate inquiry into the capability of the APS echoed the problems identified in the 2019 Thodey Review.<sup>28</sup> The Senate Inquiry into the Current Capability of the Australian Public Service report noted that:

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<sup>21</sup> The ASL is a measure of the average number of APS employees over the financial year, with adjustments for casual and part-time employees to show the full time equivalent. The ASL is the number usually discussed in the budget and it is the number which has been quoted in recent political and media debates about the number of public service employees.

<sup>22</sup> Commonwealth of Australia (2015) Budget 2015-2016, *Agency Resourcing Budget Paper No.4*, <https://archive.budget.gov.au/2015-16/>

<sup>23</sup> Commonwealth of Australia (2015), pp 129-131.

<sup>24</sup> Commonwealth of Australia (2015), p 131.

<sup>25</sup> Convery S (2023) 'Morrison government spent \$20.8bn on consultants and outsourcing public service in final year, audit finds', *The Guardian*, <https://www.theguardian.com/australia-news/2023/may/05/morrison-government-spent-208bn-on-consultants-and-outsourcing-public-service-in-final-year-audit-finds>

<sup>26</sup> Australian Government (2023), *The Australian Government's report on the Audit of Employment*.

<sup>27</sup> For the election promise see <https://www.alp.org.au/policies/improve-the-public-service>. For the reform see <https://www.apsreform.gov.au/resources/reports/thodey-review-progress-report-november-2023/recommendation-19>

<sup>28</sup> Commonwealth of Australia (2021) *APS Inc: undermining public sector capability and performance*, Senate Finance and Public Administration References Committee,

*Evidence received indicated that the Average Staffing Level (ASL) cap has led to a systemic overreliance on labour hire and contracting arrangements within the APS. This widespread and unnecessary externalisation is eroding workforce capability and leading to poor service delivery outcomes.<sup>29</sup>*

Over-reliance on outsourced labour has resulted in a hollowing-out of public service capacity at the frontline to deliver the services the community needs and expects.<sup>30</sup> The true cost of delivering the services that the Australian public rely on was hidden by the extensive use of consultants, contractors and labour hire workers.

The employment of fewer public servants and engagement of more consultants raises questions about whether the government of the day can be provided with full, frank and fearless advice, where that advice has been formulated by consulting companies with commercial interests that may not accord with the public interest.<sup>31</sup> The recent scandal involving the consulting firm PwC is an example. Here PwC allegedly passed on sensitive government information regarding tax law reforms that it obtained through consulting to the Australian Government, to PwC's commercial clients. These clients allegedly leveraged this information to avoid tax and achieve substantial financial advantages.<sup>32</sup> Reliance on consultants and contractors can also lead to a loss of institutional knowledge within the APS.<sup>33</sup>

### **What has the Albanese Government done?**

Since its election in 2022 the Albanese Government has increased the number of APS employees in front line roles within the APS and has reduced the number of external consultants, contractors and labour hire employees across the public sector and throughout government agencies.<sup>34</sup> The promise to address the Commonwealth Government's heavy reliance on the use of contractors, consultants and labour hire to carry out public service functions was part of Labor's election platform.<sup>35</sup> The Labor Party's commitment to reform the APS was made against the backdrop of the failures identified by the 2019 Thodey Review and in light of evidence of failures in the delivery of critical public services. The

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[https://www.apf.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/CurrentAPSCapabilities/Report](https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/CurrentAPSCapabilities/Report)

<sup>29</sup> Commonwealth of Australia (2021) *APS Inc.* p.xx.

<sup>30</sup> Commonwealth of Australia (2021) *APS Inc*; Dickinson (2023), 'How reliance on consultancy firms like PwC undermines the capacity of governments', *The Conversation*, <https://theconversation.com/how-reliance-on-consultancy-firms-like-pwc-undermines-the-capacity-of-governments-207020>

<sup>31</sup> Shields, T et al (2023), Neither frank nor fearless: Submission to the Senate inquiry into consultancies, Australia Institute, <https://australiainstitute.org.au/report/neither-frank-nor-fearless/>

<sup>32</sup> Commonwealth of Australia (2024), *The Senate Finance and Public Administration References Committee, Management and assurance of integrity by consulting services, Final Report*, [https://www.apf.gov.au/Parliamentary\\_Business/Committees/Senate/Finance\\_and\\_Public\\_Administration/Consultingservices/Report](https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Finance_and_Public_Administration/Consultingservices/Report)

<sup>33</sup> Commonwealth of Australia (2024), *Management and assurance of integrity by consulting services, Final Report*, Senate Finance and Public Administration References Committee; Shields, T et al (2023).

<sup>34</sup> Commonwealth of Australia (2024) *Budget 2024-2025, Budget Paper No.4, Agency Resourcing*.

<sup>35</sup> Australian Government (2023), *The Australian Government's report on the Audit of Employment*, <https://www.finance.gov.au/publications/reviews/australian-governments-report-audit-employment>

Albanese Government adopted the principle that “core work of the APS must be done by our core workforce – APS employees.”<sup>36</sup>

Under the Albanese Government there has been an increase in the number of employees in the APS and other Commonwealth Government agencies. The increase in APS employees between 2021-2022 and 2024-2025 is an estimated 36,000 (from an ASL of 173,142 in 2021-2022 to an estimate of 209,150 in 2024-2025).<sup>37</sup>

In addition to the increase in the number of APS employees there has been a reported reduction in the use of outsourced workers:

- 3,314 roles previously performed by outsourced workers were converted to public service roles in the 2023 -2024 budget period
- 2,500 outsourced roles were converted to APS employee roles in 2024-25
- A further 3,000 roles in Services Australia were converted from outsourced positions to APS employees.

The biggest areas of conversion from outsourced roles to APS employees in 2024-2025 were in front line service delivery in Social Services (1,822) and Health and Aged Care (326).<sup>38</sup>

**Table 2: APS employees 2021-2022 to 2024-2025**

	2021-22 (Actual) - October	2022-23 (Actual)	2023-24 (Actual)	2024-25 (Estimate)	Change from 2021-22 (Actual) - 2024-25 (Estimate)	Change from 2021-22 (Actual) - 2024-25 (Estimate) %
Total <sup>^</sup>	173,142	181,062	197,108	209,150	36,008	21%

<sup>^</sup>For all general government sector agencies minus Australian Defence Forces (ADF) & Reserves.

Sources: Commonwealth of Australia (2022), *Budget 2022-2023, Agency Reporting Budget Paper No.4*, p.16; Commonwealth of Australia (2024) *Budget 2023-2024, Agency Reporting Budget Paper No.4*, p.169.

In June 2024, 37% of APS employees were based in the ACT whilst Victoria and New South Wales each accounted for 17% of APS employees. Other APS employees were in Queensland (13%), South Australia (7%), Western Australia (5%), Tasmania (2%) and the Northern Territory (1%). Between 2022 and 2024 increases in APS employees occurred in all states and territories, with the largest increases (in percentage terms) being in South Australia (24%) Queensland (23%) and the Northern Territory (20%) and the smallest being in the ACT (12%).<sup>39</sup>

<sup>36</sup> See <https://ministers.pmc.gov.au/gallagher/>

<sup>37</sup>These figures do not include contractors, consultants or labour hire workers. Commonwealth of Australia (2022), *Budget 2022-2023, Agency Reporting Budget Paper No. 4*, p 16; Commonwealth of Australia (2024), *Budget 2023-2024, Agency Reporting Budget Paper No. 4*, p 169.

<sup>38</sup> Commonwealth of Australia (2024) *Budget 2024-2025, Agency Resourcing, Budget Paper No. 4*, Table 2.1, p 171.

<sup>39</sup> Australian Public Service Commission (APSC) (2024) *State of the Service Report 2023-2024*, Appendix 1- APS Workforce Trends and APS employment releases tables, June 2024, author’s calculations from Table 16, <https://www.apsc.gov.au/>

## What has happened since there have been more APS employees?

An overview of the performance of two key agencies – Services Australia and the Department of Veterans Affairs – where additional public service employees have been engaged – shows that an increase in APS employees has improved service delivery outcomes.

### **Services Australia**

Services Australia is the government agency that administers key social support services to the Australian population. These services include Medicare, Centrelink, child support and emergency relief payments. Through these services, Services Australia supports 36.7 million Australians.<sup>40</sup>

Services Australia has a significant customer interface – through digital means, over the phone and in person. In the 2023-2024 year the agency handled almost 500 million claims for payments across the variety of services it administers. Most if not all Australians would have had interactions with one or more of the services administered by Services Australia. Services Australia workers are in over 320 service centres throughout Australia.<sup>41</sup>

In 2023, following the Covid-19 pandemic when staffing within Services Australia returned to pre-pandemic levels, the organisation reported staffing shortfalls resulting in a significant backlog in claims processing and an average call wait time of 30 minutes. An additional 5,000 ongoing public servants were recruited by Services Australia towards the end of 2023 and into early 2024.<sup>42</sup> This is reported to have improved service delivery times across multiple services including through reductions in time taken to answer Centrelink and Medicare calls and reductions in the time taken to process claims for parental leave payments, aged pensions and youth allowances.

The Services Australia annual report for 2023–2024 includes the following summary of improved service delivery outcomes following the recruitment of 5,000 ongoing staff in the latter part of 2023 and in January 2024. In July 2024 staff were:

- answering Centrelink calls six minutes faster than in January 2024
- answering Medicare customer calls nine minutes faster than in January 2024
- processing Paid Parental Leave claims in four days, down from 25 days
- processing Job Seeker claims in six days, down from 22 days
- processing Medicare Online Account claims in two days, down from 11 days.<sup>43</sup>

In the Service Australia Annual Report, the improvements in service delivery were linked directly to the employment of additional ongoing APS staff. Further improvements have been reported by government ministers since the report was published. For example, in

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<sup>40</sup> Commonwealth of Australia (2024) *Services Australia Annual Report 2023-2024*, <https://www.servicesaustralia.gov.au/annual-report-2023-24>

<sup>41</sup> Commonwealth of Australia (2024) *Services Australia Annual Report 2023-2024*.

<sup>42</sup> Commonwealth of Australia (2024) *Services Australia Annual Report 2023-2024*, p x.

<sup>43</sup> Commonwealth of Australia (2024) *Services Australia Annual Report 2023-2024*, p x.



November 2024 it was reported that average processing times for a variety of payments were reduced substantially, including:

- processing times for aged pensions were down by 42%,
- processing times for various carer payments were down by 80-83%.
- processing times for Abstudy were down by 65%
- processing times for Family Tax payments were down by between 83% and 87%
- processing times for aged pensions were down by 42%.<sup>44</sup>

### **Department of Veterans Affairs (DVA)**

The purpose of the Department of Veterans Affairs (DVA) is to “support the wellbeing of those who serve or have served in defence of our nation, and their families, and to commemorate their service and sacrifice”.<sup>45</sup> The DVA administers a complex system with several service delivery programs including in the areas of income support, compensation, physical and mental health, counselling and rehabilitation.

In 2022, in their interim report, the Royal Commission into Defence and Veteran Suicide identified substantial delays in processing claims and a backlog of 42,000 unprocessed claims in May 2022.<sup>46</sup> The interim report included the view that the application of the ASL staffing cap meant that DVA staffing numbers had declined during the period 2014–2015 until 2020–2021.<sup>47</sup> Evidence presented by the DVA to a Senate Estimates hearing in February 2022, and cited by the Commissioners, included that, during 2021, as much as 41% of the department was staffed by non-ongoing labour hire employees.<sup>48</sup> The Royal Commissioners noted that these labour hire employees had a higher rate of turnover and a lower proficiency rate for processing claims when compared with direct APS employees.<sup>49</sup>

In line with these findings the Royal Commission recommended that urgent action be taken to fix problems with the processing of claims for veterans. It was also recommended that the application of the ASL cap on DVA be removed to allow for ongoing public sector employees to be engaged.<sup>50</sup> These recommendations were based on the Royal Commission’s finding that the capacity of the DVA to deliver for veterans had been substantially eroded.

When it came into office the Albanese Government responded to the recommendations of the Royal Commission, committing to substantial reforms, including eliminating the backlog

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<sup>44</sup> See: [Landmark investment in Services Australia delivers major improvements for all Australians, Department of Social Services Ministers](https://ministers.dss.gov.au/media-releases/16661), <https://ministers.dss.gov.au/media-releases/16661>

<sup>45</sup> Commonwealth of Australia (2024) *Capability Review: Department of Veterans’ Affairs*, <https://www.apsc.gov.au/sites/default/files/2024-12/DVA%20Capability%20Review%202024.pdf>, p 6.

<sup>46</sup> Commonwealth of Australia (2022) *Royal Commission into Defence and Veteran Suicide Interim Report*,

<sup>47</sup> Commonwealth of Australia (2022), pp 242-243.

<sup>48</sup> Senate Foreign Affairs Defence and Trade Legislation Committee, Hansard, Wednesday 16 February 2022, [https://www.aph.gov.au/Parliamentary\\_Business/Hansard/Hansard\\_Display?bid=committees/estimate/25625/&sid=0004](https://www.aph.gov.au/Parliamentary_Business/Hansard/Hansard_Display?bid=committees/estimate/25625/&sid=0004)

<sup>49</sup> Commonwealth of Australia (2022), p 245.

<sup>50</sup> Commonwealth of Australia (2022), Recommendations 2 and 5.

of claims.<sup>51</sup> In the two-year period from 2022 to 2024 increased investment in DVA front-line services totalled \$233.9 million.<sup>52</sup> The backlog was cleared in early 2024 following the employment of an additional 500 employees within DVA.<sup>53</sup> A further 141 staff were employed in 2024–2025.

The examples of Services Australia and the DVA illustrate how keeping the number of APS employees artificially low, to meet the arbitrarily determined ASL cap, undermined the capacity of essential public services and disguised the actual resources required for effective service provision. The staffing cap bore no resemblance to the actual number of workers needed to provide essential public services to the Australian community. Large number of consultants, contractors and labour hire employees were utilised to provide services. These examples also demonstrate that increasing the number of APS employees dedicated to service have improved service delivery outcomes.

## **Conclusion**

Public investment in the form of additional ongoing public service employees is warranted. Long running underinvestment in APS employees was identified in 2019 as a barrier to capacity of the APS to deliver on what Australians would need from the APS in the future. The policy of capping APS staffing levels operated to keep the number of public sector employees ‘on the books’ at 2006-2007 levels. However, the evidence outlined in this briefing paper shows that keeping APS employment figures down did not result in more efficient delivery of public services as unmet need was addressed using consultants, contractors and labour hire workers.

Public service employee numbers have been increased by the Albanese Government and reliance on consultants, contractors and labour hire workers reduced. There are clear indications that important service delivery outcomes have improved in critical service delivery areas since these changes have occurred. If there are cuts to the number of APS employees in the future, the evidence suggests they are likely to result in a reduction in the services that Australians rely on and/or an increase in reliance on consultants, contractors and labour hire employees.

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<sup>51</sup> Australian Government (2024) *Government response to the Royal Commission into Defence and Veteran Suicide’s Final Report*, <https://www.dva.gov.au/news/latest-stories/government-response-royal-commission-defence-and-veteran-suicides-final-report>

<sup>52</sup> Commonwealth of Australia (2024) *Capability Review: Department of Veterans’ Affairs*, <https://www.apsc.gov.au/sites/default/files/2024-12/DVA%20Capability%20Review%202024.pdf>, p.6

<sup>53</sup> DVA (2025) *Claims Processing*, <https://www.dva.gov.au/claim-processing>