

PSC CIRCULAR

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PSC Circular No: 40/2007

TO: Permanent Secretaries and
Heads of Departments

Date: 26/10/2007

Subject: Reduction of Operating Costs by 10%.

File: 29/299/54

1.0 Background

1.1 In accordance with the Government mandate, the Public Service Commission is enforcing the 10% reduction of operating costs across the board for all Ministries, effective forthwith. Due consideration has been given to the fact that Ministries and Departments have been slow with their response on this cost cutting measure. There will be no exception to this directive unless otherwise approved by the Public Service Commission.

2.0 10% Reduction of Operating Costs

2.1 The recent Staff Establishment Audit Exercise revealed that the staff establishment stood at 28,063 of which 22,262 comprised of the established staff, whilst the unestablished staff making up the balance of 5,801. The Budget Revised Estimate 2007 had highlighted that the salary/wage bill of \$569.9m for Government employees represents 59% of the total operating budget of the Government. The substantial funding level over the years has impacted enormously on Government's capacity to direct adequate funds towards capital investments that directly contribute to the national development programmes.

- 2.2 Accordingly the Commission had therefore decided that with effect from the 26th October 2007, until further notice, the following austerity measures are put in place in the Public Service:
- Impose a freeze on new post creation;
 - Freeze vacancies as they exist on 26th October 2007;
 - Freeze posts that fall vacant;
 - Freeze the overall staff establishment ceiling on the basis of substantively filled posts.
- 2.3 All Ministries/Departments are to note that the 10% reductions are to be sourced first from Seg 1 & 2. Reduction in Seg 1 & 2 in terms of size and costs should automatically address reductions in other Seg. Therefore it is imperative that Ministries should liaise with PSC to re-look at its structures, realign posts to the core delivery of the Ministries and identify areas of overlap of responsibilities and/or duplication of roles for possible hiving off and redeployment.
- 2.4 Any clarification required may be sought and obtained from Mr. Paula Navunisaravi, Acting Director Management Improvement Division, or Asena Raiwalui on Telephone: 3314588 ext 242 and ext 203 respectively. e-mail address: pnavunisaravi@govnet.gov.fj; araiwalui@govnet.gov.fj



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