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## ***FALSE ECONOMIES – PART 2, DOING LESS WITH LESS***

CPD's public service Research Director Christopher Stone contends that sometimes cutting can cost more than it saves. Shifting responsibility to the private sector is not a cost-effective strategy when the public sector is better placed to provide essential services.

While efficiency is defined in terms of producing more with the same or lesser expenditure, and some politicians talk about doing 'more with less', arbitrary spending cuts can in reality mean doing simply less with less. Recent budgetary imperatives to cut service provision underline the importance of careful and evidence-based decisions on where to cut and how.

This second instalment of CPD's three-part ***False economies*** report gives just a few examples of where peremptory cuts would have led to increased costs as well as reduced performance:

“ In 2011 Queensland spent \$120 million maintaining public works skill capacity much higher than that of Victoria. Queensland may have saved nearly three times what it spent, \$350 million, by using that capacity to keep public works costs low.

***Doing less with less*** also highlights examples that question the assumption that the private sector always does the best and most efficient job of delivering essential public services:

“ Detailed analysis by the Productivity Commission comparing public and private hospitals has shown that the efficiency of each is very similar, with both having areas of strength compared to the other.

The cases provide evidence that reducing government can be wasteful and inefficient. They are a warning that when cuts, privatisation, or outsourcing, are considered, there needs to be thorough and sophisticated analysis of the costs and benefits of such actions.

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## Notes for editors

### About the author

**Christopher Stone** is Research Director of the Centre for Policy Development's Public service program. His interests focus on the use of social science concepts and findings to improve the effectiveness of regulation and governance. He has previously worked in university research centres focusing on environmental law and policy. He has qualifications in law, psychology, and philosophy.

### About CPD

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