

CHAPTER 10: DEPARTMENTAL WORKFORCE – COMPARATIVE ANALYSIS

Key findings of the Committee:

- 10.1** The maintenance of appropriate staff numbers employed by government sector departments and agencies is required to achieve expected project and program outcomes and the development of a skilled and experienced workforce is essential for succession planning.
- 10.2** Any significant increase or decrease in staff numbers and associated expenditure in government sector departments and agencies should be explained.
- 10.3** Over the two year period of July 2008 to June 2010, the Department of Transport, Department of Planning and Community Development and Department of Justice are expected to increase their staff numbers by 15.7 per cent, 13.2 per cent and 9.2 per cent respectively while numbers are set to decline in the Department of Premier and Cabinet and the Department of Primary Industries by 3.0 per cent and 2.6 per cent respectively.
- 10.4** The analysis of staff numbers in departments indicates that during the period between 1 July 2008 and 30 June 2010, the aggregate number of ongoing and fixed term staff is expected to rise slightly. The aggregate number of casual staff, which decreased between 2008 and 2009, will remain steady over 2009 and 2010 period.
- 10.5** The Committee found that during the period from July 2008 to June 2010, it is expected that all government sector departments and agencies will increase their full-time equivalent staff numbers by 1,973 and 4,442 respectively. This is an increase of 6.1 per cent and 3.2 per cent over the period under consideration.
- 10.6** The Committee recognises that it is important to enhance the quality of the workforce, improve the retention levels of skilled employees, and implement innovative work practices in all government sector departments and agencies.

10.1 Introduction

‘Workforce development’ has been used as an umbrella term for a wide range of workforce improvement strategies and activities including training, policies, and programs that organisations can put in place to support them in achieving their objectives or maximising the skill base of their employees. The 2009-10 Budget Papers indicate that:²⁴¹

In the last decade, the Government has invested in more quality jobs and thriving, innovative industries across Victoria by: enhancing the productivity and competitiveness of Victoria’s economy and workforce by encouraging greater workforce participation and focussing on improving the skills of Victorians.

As part of its 2009-10 Budget Estimates Inquiry the Committee again sought information from departments on their actual full-time equivalent (FTE) staff numbers as at 30 June 2008 and the expected staff numbers as at 30 June 2009 and 30 June 2010. FTE employment encompasses the

²⁴¹ Department of Treasury and Finance, Budget Paper No. 3, 2009-10 Service Delivery, May 2009, p.47

number of FTE jobs in an organisation, defined as total hours worked by all staff divided by the required number of annual hours to be worked in a full-time job. Accordingly, an FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time. FTE is one of the key metrics for measuring the contribution of total workforce and the size of the workforce within an organisation.

The Committee aimed to identify the trends in staff numbers within government sector departments and agencies, using a variety of data sources and additional information provided by departments. This included information and matters impacting on staffing numbers due to machinery of government changes and targeted efficiency savings. Staffing costs are considered as one of the key components of output and recurrent expenditure for government sector departments and agencies.

All government sector departments and agencies are expected to continuously review their staffing profiles under various projects and programs, for efficiency and effectiveness. The Committee considers that the FTE number of staff is an important raw indicator of efficiency and effectiveness for government sector departments and agencies. The Committee recognises the importance of continuous enhancements and improvements in workforce management practices.

With the productivity improvement engendered by departments, the Committee is of the view that, over time, a direct connection to benefits or savings should be realised. The Committee also looks to explanations detailed by departments and agencies in relation to any significant increase or decrease in staff numbers and expenditure associated with such movements.

10.2 Changes in staff numbers in government departments

Information provided by each department in relation to their staff numbers was incorporated in the Committee's *Report on the 2009-10 Budget Estimates – Part One, Volume One*, tabled in Parliament in June 2009. For the purpose of this analysis, the information provided by individual departments with regard to the departmental staff numbers has been presented as aggregate FTE staff numbers along with their expected percentage movements between 30 June 2008 and 30 June 2010 (refer Figure 10.1).

When the aggregate total of estimated staff numbers of all government departments as at 30 June 2009 is compared with 30 June 2010, the Committee notes an increase of 444 FTE, which is equal to a 1.3 per cent increase over this one year period. In relation to individual departments for this period of time, the Committee observed that three departments, namely the Department of Transport (DOT), the Department of Planning and Community Development (DPCD) and the Department of Justice (DOJ) are expected to increase their staff FTE numbers by 3.8 per cent, 2.9 per cent and 2.1 per cent respectively.

The Department of Innovation, Industry and Regional Development (DIIRD), Parliamentary Departments and the Department of Sustainability Environment (DSE) did not expect any considerable increase in staff numbers between 30 June 2009 and 30 June 2010. DIIRD stated that:²⁴²

The Department anticipates that the staff numbers as per 30 June 2009 may change but it is not possible to provide details of overall staff numbers at this point.

Figure 10.1 shows that, during the two year period from June 2008 and June 2010, a total increase of 1,973 FTE staff numbers is expected across all government departments. This represents an approximate 6 per cent increase over the period under consideration.

²⁴² Department of Innovation, Industry and Regional Development, response to the 2009-10 Budget Estimates questionnaire, 12 May 2009, p.45

In relation to the estimated FTE staff numbers to 30 June 2010 as provided to the Committee by individual departments, compared with actual FTE staff numbers as at 30 June 2008, the Committee observed that over this two year period, the Department of Transport (DOT), Department of Planning and Community Development (DPCD) and Department of Justice (DOJ) expected to increase their FTE staff numbers by 15.7 per cent, 13.2 per cent and 9.2 per cent respectively. In contrast, during the same period of time, the Department of Premier and Cabinet (DPC) and the Department of Primary Industries (DPI) expected to reduce their FTE staff numbers by 3.0 per cent and 2.9 per cent respectively.

As a part of the *2009-10 Budget Estimates* question on departments' staff numbers all government departments were asked to provide the details on the composition of their staff numbers in terms of their employment status, whether ongoing, fixed term, casual and funded vacancies categories. While 8 out of 11 departments did not provide any numbers on funded vacancies in their departments, some departments indicated that they do not have such data. DPCD stated that:²⁴³

The department is unable to provide data on funded vacancies as no such category exists. A position does not become vacant but rather ceases, with the departure of its incumbent, and the secretary at his discretion, may not choose to engage another person to undertake the same or other duties depending on the needs of the Department.

The DOT also mentioned that:²⁴⁴

Details of funded vacancies (are) unavailable. Jobs are filled in accordance with project needs and availability of funding. Vacancies arise when occupants cease employment.

Recommendation 21:

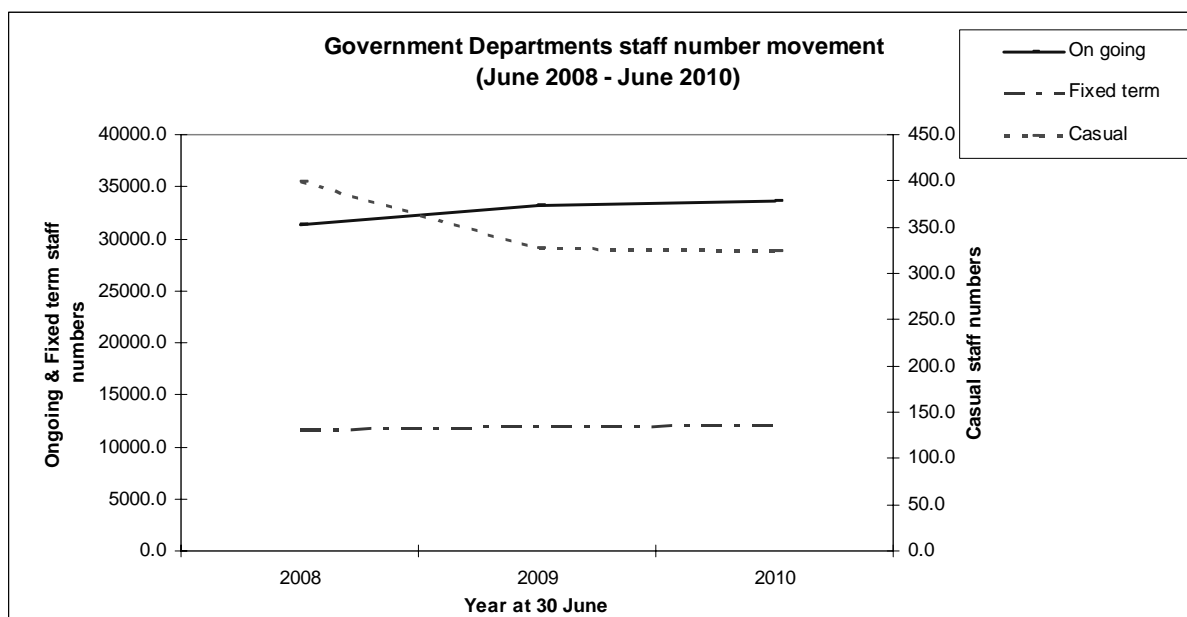
The Department of Treasury and Finance considers the development of appropriate guidelines for the determination of 'funded vacancies' in public sector so that government agencies can report on their staff numbers in a comprehensive and consistent manner.

The aggregated movements of the ongoing, fixed term and casual staff numbers across all government departments for 2008 to 2010 are presented in Figure 10.1. As evident from the analysis, over the two year period between 30 June 2008 and 30 June 2010, the aggregate number of ongoing and fixed term staff is expected to marginally increase. However the aggregate number of casual staff, which is much smaller in size, has decreased between 2008 and 2009, and is expected to become steady over 2009 and 2010 period.

²⁴³ Department of Planning and Community Development, response to the 2009-10 Budget Estimates questionnaire, May 2009, p.43

²⁴⁴ Department of Transport, response to the 2009-10 Budget Estimates questionnaire, May 2009, p.36

Figure 10.1: Number of ongoing, fixed term and casual staff across all government departments



Note: figures do not include school staff and public hospital and age care centres staff.

Source: Responses from the departments to the Committee’s 2009-10 Budget Estimates questionnaire May 2009.

It was highlighted in a 2006 report prepared by the National Reform Initiative Working Group for COAG that:²⁴⁵

Enhancing workforce participation and productivity will require the development of the capabilities of the Australian people – our ‘human capital’. Senior officials recommend that COAG endorse a new National Reform Agenda to enhance workforce participation and productivity by building the nation’s human capital. It will have a major impact on the living standards of Australians, and generate significant dividends for the Australian economy. It is an agenda that is both good for people and good for the economy.

The Organisation for Economic Cooperation and Development (OECD) has described human capital as the fundamental building block for growth strategies in the knowledge-based economy.²⁴⁶

The Committee noted that a number of recent studies and surveys conducted by the State Services Authority have indicated that there is a risk of losing mature age and experienced workers from the public sector to other employment. The Retirement, Retention and Resignation Survey (2004) of the State Services Authority found that while 40 per cent of workers over 50 are intending on leaving the Victorian Public Service (VPS) in the next 10 years (2004 – 2014), 54 per cent will be seeking further paid employment.²⁴⁷ The Committee’s view is that government sector departments and agencies need to monitor and analyse their staff structures and indicative trends more closely, and use such information for workforce planning and future strategy development.

²⁴⁵ Council of Australian Governments, *Human Capital Reform: Report by COAG National Reform Initiative Working Group*, 10 February 2006, p.2

²⁴⁶ Organisation of Economic Cooperation and Development, *Micro-Policies for Growth and Productivity: Final Report*, 2005, p.9

²⁴⁷ State Services Authority, *Research Paper – Understanding the workforce planning challenges facing the Victorian public sector*, State Government of Victoria, 2006, p.27

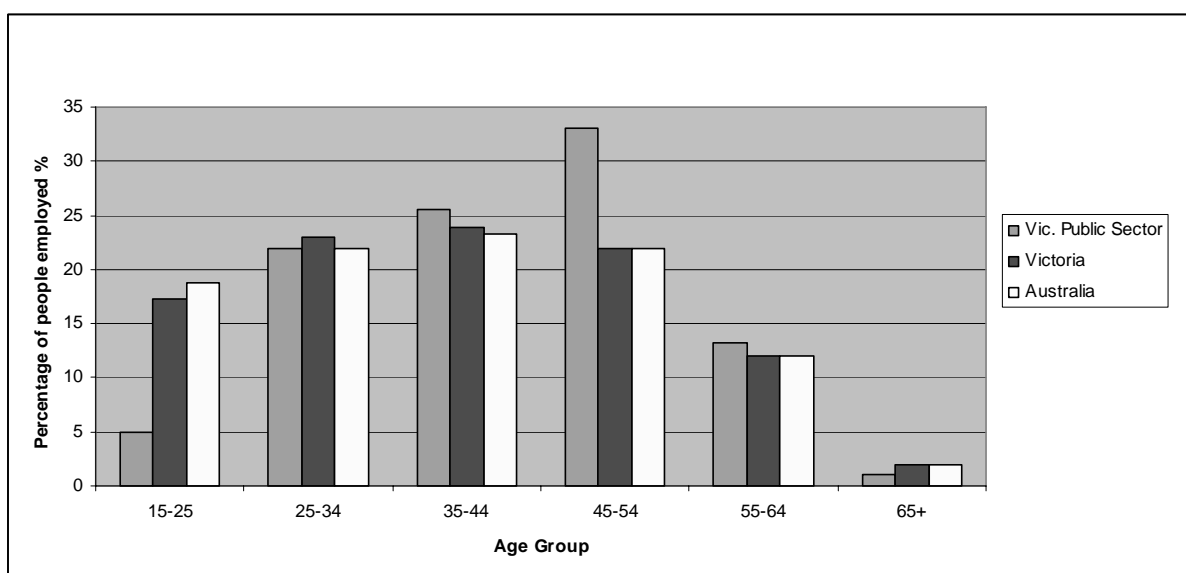
According to the Victorian State Services Authority (2008),²⁴⁸

The public sector represents nine per cent of Victoria's workforce and has an older age profile than the rest of the workforce. In Australia's ageing population, where workforce growth is being concentrated in the over 45 age group, this workforce profile will continue to become older.

It is evident from the above findings of the Victorian State Service Authority and data presented in Figure 10.2 below, that the proportion of mature age work force within the VPS is higher than the general Victorian and Australian employment profile. In acknowledging the importance of developing a capable departmental workforce in Victoria, the Committee considers that government sector departments and agencies should plan and integrate their efforts to build a strong, inter-generational skilful workforce for the future.

The Committee is interested in seeing future evidence of detailed resource planning for the retention of skilled and experienced staff and pro-active succession planning at all operative levels for each government sector department and agency.

Figure 10.2: Victorian Public Sector, Victorian and Australian workforce age profile comparison 2006



Source: Reproduced from Victorian State Services Authority 2008 publication 'Attracting and retaining an aging workforce' P.38

The Committee foreshadows a continuing interest in workforce planning issues in its future inquiries.

²⁴⁸ State Services Authority, Attracting and retaining an aging workforce: A guide for Victorian Public Sector managers, State Government of Victoria, 2008, p.2

10.3 Staff numbers in major government sector departments and agencies

Information on staff numbers with respect to the major agencies under the purview of some government sector departments is published in the *Committee's Report on the 2009-10 Budget Estimates – Part One* (June 2009).

Table 10.1 presents the aggregate FTE numbers provided by government sector departments in relation to the major agencies. Table 10.1 also includes information pertaining to the expected percentage movement of aggregated FTE staff numbers in these agencies for the period between 1 July 2008 and 30 June 2010.

As evident from the table, in June 2008, the majority of the staff numbers of key budget funded agencies (120,517 out of the total of 139,135), i.e. approximately 86 per cent, belong to two major agencies, namely the public hospitals and care centres coming under the Department of Human Services and public schools under the Department of Education and Early Childhood Development.

The Committee observed that the total aggregate number of staff of major agencies has increased by 2,587 FTE between June 2008 and June 2009 and is expected to increase by 1,855 FTE between June 2009 and June 2010. In terms of percentages, the overall expected increase in FTE staff numbers of agencies between June 2008 and June 2010 is 3.2 per cent and 1.3 per cent for the period between June 2008 and June 2009. This indicates that in comparison to the 2008 and 2009 period the increasing trend of staff numbers in agencies is expected to be reduced by about 60 per cent during 2009-2010.

10.4 Conclusions and Recommendations

The aggregated movements in the ongoing, fixed term and casual FTE staff numbers across all government sector departments and agencies for the 2008 to 2010 period were used in the analysis. Other than broad movements of FTE staff numbers, the Committee considers that enhanced data such as the qualitative characteristics of the current and projected workforce and additional quantitative data in relation to entry and exit, retention rates and average years of service for each VPS grade and Executive level, would assist with improved workforce planning in the Victorian public sector.

Recommendation 22:

Government sector departments and agencies should collect and maintain qualitative and quantitative data such as entry and exit of staff, staff retention rates and average years of service for each VPS grade and executive level in each budget year. Such information should be used in the development of the department's workforce management and succession planning strategies. The department should also consider including this information in their corporate strategies reports.

Table 10.1: Departmental staff numbers (excluding the major budget funded agencies)

June 2008 to June 2010 Full-Time Equivalent (FTE) basis

Government Department	30 June 2008 Actual FTE ^(a)	30 June 2009 Estimated FTE ^(a)	30 June 2010 Estimated FTE ^(a)	Variation between 2008 & 2009 (%)	Variation between 2009 & 2010 (%)	Variation between 2008 & 2010 (%)
Parliamentary Departments	589	594	594	0.8	0.0	0.8
Department of Education & Early Childhood Development	2,426 ^(b)	2,580 ^(b)	2,584 ^(b)	6.3	0.1	6.5
Department of Human Services	13,471 ^(c)	14,129 ^(c)	14,344 ^(c)	4.9	1.5	6.5
Department of Transport	1,074	1,197	1,243	11.5	3.8	15.7
Department of Innovation, Industry and Regional Development	994	995	995	0.1	0.0	0.1
Department of Justice	6,909	7,386	7,541	6.9	2.1	9.2
Department for Planning and Community Development	959	1,054	1,085	10.0	2.9	13.2
Department of Premier and Cabinet	361	347	350	-3.9	1.0	-3.0
Department of Primary Industries	2,577	2,519	2,503	-2.3	-0.6	-2.9
Department of Sustainability and Environment	2,605	2,685	2,685	3.1	0.0	3.1
Department of Treasury and Finance	590	596	602	1.1	1.0	2.1
Total or Percentage Average	32,554	34,083	34,527	4.7	1.3	6.1

Notes (a) FTE numbers are rounded to the nearest one

(b) Department of Education and Early Childhood Development figures do not include school staff

(c) Department of Human Services figures do not include public hospitals and aged care centres staff

Source: Responses from Department to the Committee's 2009 -10 Budget Estimate Questionnaire (question 28)

Table 10.2: Staff numbers for major agencies

June 2008 to June 2010 Full-Time Equivalent (FTE) basis

Budget Funded Agency	30 June 2008 Actual FTE ^(a)	30 June 2009 Estimated FTE ^(a)	30 June 2010 Estimated FTE ^(a)	Variation between 2008 & 2009 (%)	Variation between 2009 & 2010 (%)	Variation between 2008 & 2010 (%)
Public Hospitals and Aged Care Centres	68,899	70,529	71,848	2.4	1.9	4.3
Public Schools (teaching staff & school services officers)	51,618	52,165	52,425	1.1	0.5	1.6
Environmental Protection Agency	379	407	407	7.4	0.0	7.4
Parks Victoria	1,009	1,010	1,029	0.1	1.9	2.0
Sustainability Victoria	126	137	131	9.3	-4.9	3.9
Essential Services Commission	63	69	69	10.4	0.0	10.4
State Revenue Offices	452	448	464	-0.9	3.7	2.7
VicRoads	2,773	3,035	3,064	9.4	1.0	10.5
Police Recruits & Reservists	11,195	11,190	11,428	0.0	2.1	2.1
Police (Public Service & Protective Services Officers)	2,622	2,731	2,712	4.2	-0.7	3.5
Total or Percentage Average	139,135	141,722	143,577	1.9	1.3	3.2

Notes (a) FTE numbers are rounded to the nearest one

Source: Responses from departments to the Committee's 2009-10 Budget Estimates questionnaire (question 28)